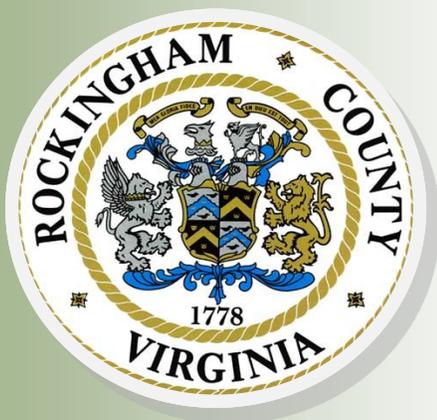




***Comprehensive Annual
Financial Report
Rockingham County, Virginia***



Fiscal Year Ended June 30, 2018

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2018



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, 2018**

TABLE OF CONTENTS

<i>INTRODUCTORY SECTION</i>	
Letter of Transmittal	1 – 5
Directory of Principal Officials	6
Organizational Chart	7
Certificate of Achievement for Excellence in Financial Reporting – 2017	8
<i>FINANCIAL SECTION</i>	
Independent Auditor’s Report	9 – 11
Management's Discussion and Analysis	12 – 26
<i>Basic Financial Statements</i>	
Statement of net position	27 – 28
Statement of activities	29 – 30
Balance sheet – governmental funds	31
Reconciliation of the balance sheet of the governmental funds to the statement of net position	32
Statement of revenues, expenditures and changes in fund balances – governmental funds	33
Reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities	34
Statement of revenues, expenditures and changes in fund balance – budget and actual – general fund	35
Statement of net position – proprietary funds	36
Statement of revenues, expenses and changes in net position – proprietary funds	37
Statement of cash flows – proprietary funds	38 – 39
Statement of net position – fiduciary funds	40
Notes to financial statements	41 – 131
<i>Required Supplementary Information</i>	
Schedule of changes in the County and the District net pension liability and related ratios – Virginia Retirement System	132
Schedule of changes in the School Board non-professional net pension liability and related ratios – Virginia Retirement System	133
Schedule of School Board share of net pension liability – VRS Teacher Retirement Plan (cost-sharing) – Virginia Retirement System	134
Schedule of County and District contributions – Virginia Retirement System	135
Schedule of School Board non-professional contributions – Virginia Retirement System	136
Schedule of School Board professional contributions – Virginia Retirement System	137
Notes to required supplementary information – Virginia Retirement System	138 – 140
Schedule of changes in the County and the District’s total OPEB liability and related ratios – Medical Insurance Program	141
Schedule of changes in the School Board’s total OPEB liability and related ratios – Medical Insurance Program	142

Required Supplementary Information (Continued)

Schedule of the County and the District's plan contributions – OPEB – Medical Insurance Program	143
Schedule of School Board plan contributions – OPEB – Medical Insurance Program	144
Schedule of Employer's share of net OPEB liability – Group Life Insurance Program	145
Schedule of Employer contributions – OPEB – Group Life Insurance Program	146
Schedule of changes in the School Board non-professional plan's net OPEB liability and related ratios – Health Insurance Credit Program	147
Schedule of School Board non-professional Plan contributions – OPEB – Health Insurance Credit Program	148
Schedule of changes in the School Board professional plan's net OPEB liability and related ratios – Health Insurance Credit Program	149
Schedule of School Board professional plan contributions – OPEB – Health Insurance Credit Program	150
Notes to required supplementary information – Other Postemployment Benefits	151 – 153

Supplementary Information

Combining statement of net position – nonmajor proprietary funds	154
Combining statement of revenues, expenses and changes in net position – nonmajor proprietary funds	155
Combining statement of cash flows – nonmajor proprietary funds	156
Combining statement of net position – Internal Service Funds	157
Combining statement of revenues, expenses and changes in net position – Internal Service Funds	158
Combining statement of cash flows – Internal Service Funds	159
Combining statement of net position – fiduciary funds	160
Combining statement of changes in assets and liabilities – all agency funds	161 – 163
Combining balance sheet – discretely presented component unit – School Board	164
Combining statement of revenues, expenditures and changes in fund balances – discretely presented component unit – School Board	165
Combining statement of net position – School Board – fiduciary funds	166
Combining statement of changes in assets and liabilities – School Board – all agency funds	167
Combining balance sheet – discretely presented component unit – Harrisonburg-Rockingham Social Services District	168
Combining statement of revenues, expenditures and changes in fund balances – discretely presented component unit – Harrisonburg-Rockingham Social Services District	169
Combining statement of net position – nonmajor discretely presented component units	170
Combining statement of revenues, expenses and changes in net position – nonmajor discretely presented component units	171
Combining statement of cash flows – nonmajor discretely presented component units	172

Supplemental Schedules

Governmental funds and major discretely presented component units – schedule of revenues – budget and actual	173 – 181
Governmental funds and major discretely presented component units – schedule of expenditures – budget and actual	182 – 187

STATISTICAL SECTION

Tables

1	Comments relative to statistical section	188
2	Net position/assets by component	189 – 190
3	Changes in net position/assets	191 – 194
4	Program revenues by function/program	195
5	Fund balances – governmental funds	196
6	Changes in fund balances – governmental funds	197 – 199
7	Tax revenues by source – governmental funds	200
8	Assessed value and estimated actual value of taxable property	201
9	Direct and overlapping property tax rates	202
10	Principal property taxpayers	203
11	Real property tax levies and collections	204
12	Ratios of outstanding debt by type and general bonded debt outstanding	205
13	Direct and overlapping governmental activities debt	206
14	Pledged-revenue coverage	207 – 208
15	Demographic and economic statistics	209
16	Principal employers	210
17	Full-time equivalent County government employees by function/program	211 – 212
18	Operating indicators by function/program	213 – 214
19	Capital asset statistics by function/program	215 – 216

COMPLIANCE SECTION

Schedule of Expenditures of Federal Awards	217 – 219
Notes to Schedule of Expenditures of Federal Awards	220 – 221
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	222 – 223
Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	224 – 225
Schedule of Findings and Questioned Costs	226
Summary Schedule of Prior Audit Findings	227 – 230

INTRODUCTORY SECTION



STEPHEN G. KING
County Administrator



ROCKINGHAM COUNTY

BOARD OF SUPERVISORS

PABLO CUEVAS

Election District No. 1

SALLIE WOLFE-GARRISON

Election District No. 2

RICK L. CHANDLER

Election District No. 3

WILLIAM B. KYGER, JR.

Election District No. 4

MICHAEL A. BREEDEN

Election District No. 5

November 27, 2018

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, 2018. This report has been prepared in accordance with Section 15.2-2503 of the *Code of Virginia*, 1950, as amended. The report is designed to present fairly the respective financial position of the government activities, business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County in all material respects, and to demonstrate compliance with applicable finance-related legal and contractual provisions.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that has been established for this purpose. Internal controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes: (1) the cost of control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgements by management.

Upon completing your review of this introductory section, you are encouraged to review the narrative introduction, overview, and analysis found in management's discussion and analysis (MD&A) for a more detailed overview of the County's financial position. The MD&A immediately follows the independent auditors report, compliments this letter and should be read in conjunction with it.

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 80,666. The independent city of Harrisonburg, with an estimated population of 54,689 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 major discretely presented component unit. The Economic Development Authority is a separate legal entity and is reported as a nonmajor discretely presented component unit. The Rockingham Recreation Foundation is a separate legal entity and is reported as a nonmajor 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 major discretely presented component unit in the government-wide financial statements.

The School Operating 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 26, 2017, the Board approved the budget for fiscal year 2018. During the fiscal year 2018, 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 2.4%). 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 30,500 students.

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

The economy of the region remains relatively strong, influenced by the steady growth of three local universities and colleges (James Madison University, Eastern Mennonite University and Bridgewater College), and a very diverse local economy. Despite the economic challenges in other areas of Virginia and the United States which impact the funding received from other governments, the County is meeting critical service demands for its citizens. As a result of the Commonwealth's budget difficulties and continued uncertainty of federal funding, management continues a restrained, targeted strategy for local operations with close coordination with the School Board and the Constitutional Officers.

Existing businesses in the County have experienced growth over the last several years and other businesses are planning for growth in the next two to five years. Those businesses include, Miller-Coors, Merck, Sysco, Danone Wave, Shenandoah Growers and Virginia Poultry Growers Cooperative. Private commercial development continues along the new Stone Spring Road corridor, particularly in the area of Port Republic Road and Reservoir Street.

Significant events and actions during this past year include:

- Completion of Phase 1 School renovation projects at John Wayland Elementary and Pleasant Valley Elementary Schools and construction of a new Dayton Learning Center, now called Rockingham Academy. All formally opened in September of this year.
- Implemented device deployment at all Elementary Schools in the County. Fiscal Year 2018 completed the digital technology efforts. Every student in the County, first grade and higher has access to a device appropriate for their grade level.
- Began Phase 2 School renovation projects at John C. Myers and Fulks Run Elementary Schools with the design phase. The projects are to be bid in early 2019.
- Solicited proposals for the design and construction of a new Fire and Rescue response facility to be located on Port Republic Road. Construction is expected to begin in early 2019.
- Solicited proposals for the design and modification of the existing Fire and Rescue training rooms at 20 East Gay Street to house Adult Court Services and finish out the second floor to provide new space for Fire and Rescue training. Construction is expected to be completed in the first quarter of 2019.

- Awarded a contract for design and will solicit proposals to construction a new courtroom and supporting office space in the area currently occupied by Adult Court Services, in order to provide a courtroom for a new Juvenile and Domestic Relations judge expected to be assigned in July of 2019.
- Also worked with the Virginia Department of Transportation (VDOT), to complete critical road infrastructure projects:
 - Completed the widening of Reservoir Street in coordination with the City of Harrisonburg (City) to improve Reservoir Street east from the City limits to Stone Spring Road.
 - Completed the construction of a third lane on Route 33 eastbound, between Stone Spring Road and Massanetta Springs Road.
 - Completed design of the Massanetta Springs Road improvement project in cooperation with the Preston Lake development. The project will begin from just north of the Massanetta Springs conference center and extend to Route 33, with construction expected to be completed in calendar year 2019.
 - Began design of Bike and Buggy Lanes on Route 42 in the Town of Dayton, extended from the town limits to Erickson Avenue, with construction to be completed in calendar year 2019.
- Completed construction of a new Landfill cell.
- Continued the phased upgrade of the County's financial management software. Payroll and Human Resources modules were implemented in early 2015. The next phases are the Commissioner of the Revenue, Treasurer, and Utilities billing systems to be implemented in Fiscal Year 2019.
- Continued design and construction of heating, ventilation, and air conditioning (HVAC) system upgrades in the Harrisonburg-Rockingham Regional Jail.

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

These items include:

- Continue to work toward a long-term plan to address space needs in the District Courts and Circuit Courts buildings.
- Evaluate partnerships with the City and the seven towns in the County to develop water supply resources and related delivery infrastructure, and look to acquire additional wastewater treatment capacity to meet long-term County needs.
- The demand for County-funded fire and rescue services continues to grow as volunteer participation wanes.

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

Rockingham County holds a financial rating from the United States' three largest credit rating agencies - Standard & Poor's, Moody's Investor Service, and Fitch Ratings, including a "AAA" from Standard & Poor's, and a "AA" from Moody's and Fitch. In 2015, the County was notified by Standard & Poor's that after a review of the County's financial position the firm was upgrading Rockingham County from a "AA+" to "AAA" indicating that the agency found the County's economy strong and that the actions taken by the Board to sustain the County's financial strength were significant. These strong ratings reflect recognition by the credit ratings agencies of the strong leadership of the Board and the County's economic viability.

The policies and actions by the Board of Supervisors encourage steady, sustainable growth, fostering a strong local economy. For more information on the services provided by the County, please refer to the County's website at www.rockinghamcountyva.gov.

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

On behalf of the County's management team, we extend our sincerest appreciation to the members of County staff that assisted and contributed in the preparation of this report and to the Board of Supervisors for the confidence expressed and resources entrusted to us throughout the year, which allow for the implementation of the Board's policies. We look forward to continuing to work with you to provide high quality, efficient and effective services for our community.

Respectfully submitted,


Stephen G. King
County Administrator


Patricia D. Davidson
Director of Finance

COUNTY OF ROCKINGHAM, VIRGINIA

Directory of Principal Officials June 30, 2018

Board of Supervisors

Pablo Cuevas, Chairman
District 1
Michael A. Breeden, Vice-Chairman
District 5

Sallie Wolfe-Garrison
District 2

Rich Chandler
District 3

William B. Kyger Jr.
District 4

County Administrator

Stephen G. King

School Board

Dan Breeden, Chairman
District 5
Dr. Charlette E. McQuilkin, Vice-Chairman
District 4

Jackie Lohr
District 1

Lowell Fulk
District 2

Renee A. Reed
District 3

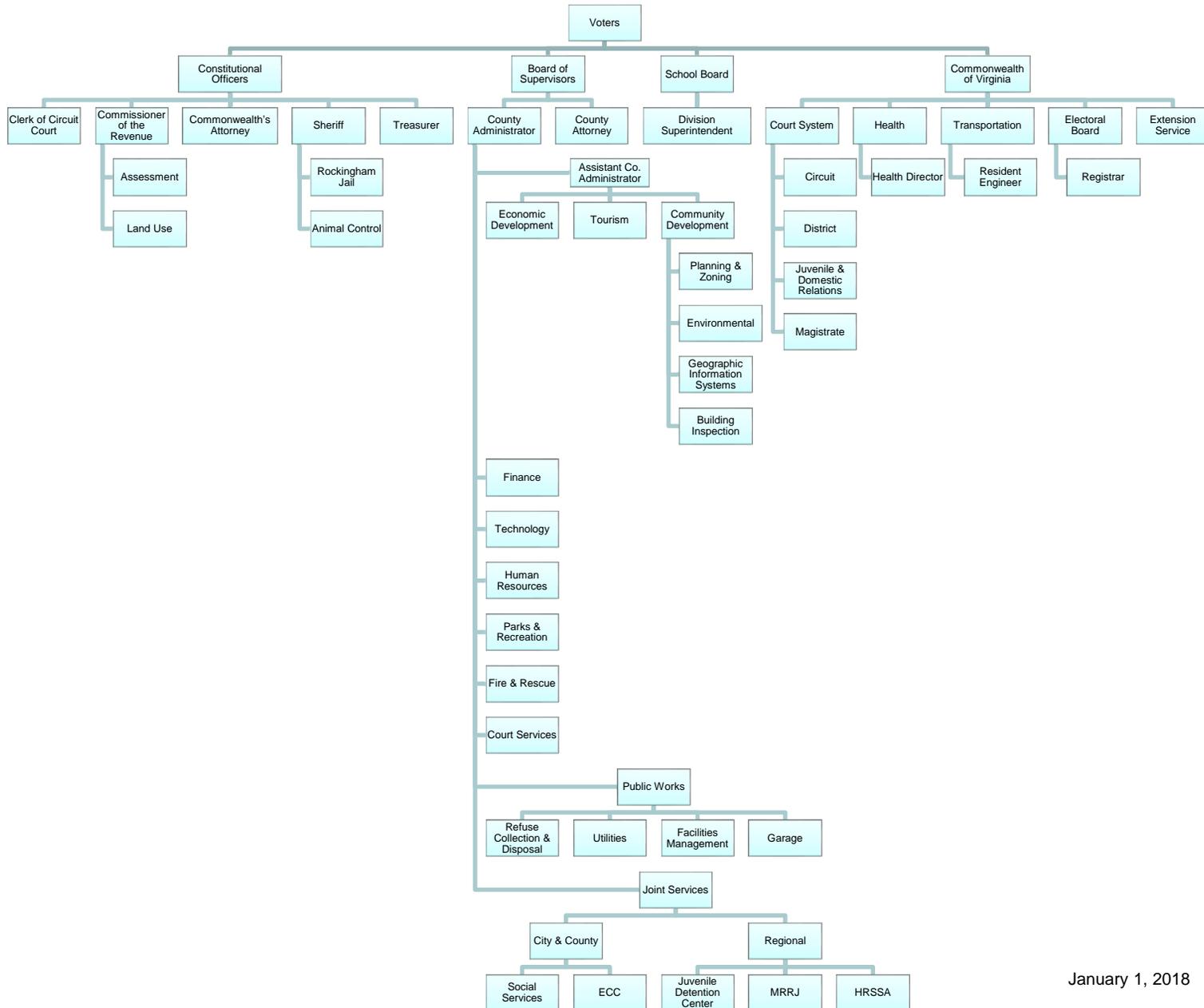
Superintendent of Schools

Dr. Oskar Scheickl

Other Officials

Casey Armstrong	Assistant County Administrator
Thomas H. Miller, Jr.	County Attorney
Lowell R. Barb	Commissioner of the Revenue
Bryan F. Hutcheson	Sheriff
L. Todd Garber	Treasurer
Marsha L. Garst	Commonwealth Attorney
Chaz W. Haywood	Clerk of the Circuit Court
Patricia D. Davidson	Director of Finance
Celest D. Williams	Director of Social Services
Terri M. Perry	Director of Technology
Kirby Dean	Director of Parks and Recreation
Phillip Rhodes	Director of Public Works
Ann Marie Freeman	Director of Court Services
Jennifer J. Mongold	Director of Human Resources
Lisa B. Gooden	Registrar
Jeremy C. Holloway	Director of Fire and Rescue
Casey Armstrong	Director of Community Development

Rockingham County, VA Government Organizational Chart



January 1, 2018



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**County of Rockingham
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the budgetary comparison of the General Fund of the County of Rockingham, Virginia (County), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2018, the respective changes in financial position and the budgetary comparison of the General Fund and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principles

As discussed in Note 24 to the financial statements, the County restated beginning net position of the Governmental Activities, Business-Type Activities, Water and Sewer Fund, Solid Waste Fund, and Component Units, School Board and Harrisonburg-Rockingham Social Services District, in order to record the liabilities for other postemployment benefits and related components in accordance with the implementation of GASB Statement No. 75.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis and the required supplementary information on pages 12-26 and 132-153, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedules listed in the table of contents as supplementary information, supplemental schedules, introductory section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2018 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

PBMares, LLP

Harrisonburg, Virginia
November 27, 2018

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, 2018. We encourage readers to consider the information presented here in conjunction with the letter of transmittal in the Introductory Section of this report and the County's financial statements following this analysis. **All amounts, unless otherwise indicated, are expressed in thousands of dollars.**

Financial Highlights

- The County's total net position, excluding component units, totaled \$27,053 at June 30, 2018. Of this amount, there was \$76,463 invested in the County's capital assets, net of related debt, \$5,143 in restricted funds assets, and a negative \$54,553 in unrestricted funds.
- The negative \$54,533 in unrestricted funds is a result of recording \$79,062 in debt for the component unit – School Board within the governmental activities. Debt is recorded within the primary government since the County is legally obligated to make payments for this debt; however, the corresponding assets are reported 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 \$38,820. Approximately 68 percent of this total amount, \$26,465 is available for spending at the government's discretion (unassigned fund balance). There is an additional \$3,979 in the General Capital Projects Fund assigned to unspecified future capital outlays that could be returned to the General Fund at the Board of Supervisors' (Board) discretion.
- At the end of the current fiscal year, the unassigned fund balance in the General Fund was \$26,465, which represents 18 percent of total General Fund expenditures. As mentioned above, an additional 3,979, which represents 3 percent of total General Fund expenditures, is assigned to future unspecified capital outlays in the General Capital Projects Fund.

Overview of the Financial Statements

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

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

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

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

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

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

The government-wide financial statements can be found on pages 27-30 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 three 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 and the Asset Forfeiture Fund, which is considered to be a nonmajor fund.

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 31-34 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 36-39 of this report.

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

The basic fiduciary fund financial statement can be found on page 40 of this report.

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

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

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$27,053 at the close of the most recent fiscal year. This is a decrease of \$17,621 in comparison with the prior year's net position. The explanation for this change is provided below.

By far, the largest portion of the County's net position, \$76,463, reflects its investment in capital assets (e.g. land, easements, buildings, improvements, machinery and equipment, software, and construction in progress, net of accumulated depreciation and amortization), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to its citizens; consequently, these assets are not readily available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves would not likely be used to liquidate these liabilities. The balance increased from the prior year balance of \$66,820 to \$76,463.

An additional portion of the County's net position, \$5,143, represents resources that are subject to external restrictions on how they may be used. There was a decrease of \$5,659 in restricted net assets reported in connection with the County's business-type activities and governmental activities.

The unrestricted portion of the County's net position for the primary government's governmental activities decreased from negative \$29,622 to negative \$54,553. This change in the unrestricted portion of the County's net position was impacted by the recording of construction in progress.

The unrestricted portion of the County's net position for the primary government is also lower than the preferred balance due to the County financing the necessary capital asset projects of the component unit School Board. Since the County is legally obligated for the retirement of the debt, it is required to record the liability for this financing; however, the capital asset which statutorily is owned by the School Board is recorded with the component unit. Please refer to Note 1(E)(10) of the financial statements for further explanation.

The largest portion of the component unit School Board's net position reflects its investment in capital assets (e.g. land, easements, buildings, improvements, equipment, and construction in progress, net of accumulated depreciation and amortization). As explained above and in Note 1(E)(10) of the financial statements, the School Board does not have taxing authority by law and, therefore, cannot incur debt through general obligation bonds for its capital assets.

County of Rockingham, Virginia
Summary Statement of Net Position
June 30, 2018 and 2017

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 55,814	\$ 58,747	\$ 27,431	\$ 29,097	\$ 83,245	\$ 87,844
Capital assets, net	53,105	50,975	65,164	57,339	118,269	108,314
Total assets	108,919	109,722	92,595	86,436	201,514	196,158
Deferred outflows of resources	2,922	3,992	728	856	3,650	4,848
Other liabilities	9,018	7,660	2,514	1,788	11,532	9,448
Noncurrent liabilities	118,921	101,436	45,394	41,884	164,315	143,320
Total liabilities	127,939	109,096	47,908	43,672	175,847	152,768
Deferred inflows of resources	2,077	224	185	14	2,262	238
Net position:						
Net investment in capital assets	42,693	38,693	33,770	28,127	76,463	66,820
Restricted	404	235	4,739	10,567	5,143	10,802
Unrestricted (deficit)	(61,273)	(34,534)	6,720	4,912	(54,553)	(29,622)
Total net position	\$ (18,176)	\$ 4,394	\$ 45,229	\$ 43,606	\$ 27,053	\$ 48,000

	Component Units			
	School Board		Harrisonburg- Rockingham Social Services District	
	2018	2017	2018	2017
Current and other assets	\$ 38,479	\$ 30,841	\$ 9,008	\$ 8,067
Capital assets, net	139,675	129,603	2,323	2,366
Total assets	178,154	160,444	11,331	10,433
Deferred outflows of resources	16,323	18,223	829	1,133
Other liabilities	25,365	26,061	1,828	1,348
Noncurrent liabilities	141,345	130,396	4,095	3,388
Total liabilities	166,710	156,457	5,923	4,736
Deferred inflows of resources	13,843	4,426	590	44
Net position:				
Net investment in capital assets	139,675	129,603	2,323	2,366
Restricted	4,134	-	2,121	2,020
Unrestricted (deficit)	(129,884)	(111,819)	1,204	2,400
Total net position	\$ 13,925	\$ 17,784	\$ 5,648	\$ 6,786

County of Rockingham, Virginia
Summary Statement of Changes in Net Position
Years Ended June 30, 2018 and 2017

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 11,284	\$ 10,574	\$ 13,529	\$ 12,601	\$ 24,813	\$ 23,175
Operating grants and contributions	10,458	10,897	1,415	2,192	11,873	13,089
Capital grants and contributions	3,141	306	-	-	3,141	306
General revenues:						
General property taxes	88,480	81,434	-	-	88,480	81,434
Other local taxes	11,722	11,484	-	-	11,722	11,484
Intergovernmental non-categorical aid	8,584	8,051	-	-	8,584	8,051
Use of money and property	712	1,133	273	172	985	1,305
Miscellaneous	536	628	775	763	1,311	1,391
Total revenues	134,917	124,507	15,992	15,728	150,909	140,235
Expenses:						
General government administration						
	5,955	5,933	-	-	5,955	5,933
Judicial administration						
	4,831	4,107	-	-	4,831	4,107
Public safety						
	30,668	27,124	-	-	30,668	27,124
Public works						
	9,565	3,365	13,990	13,188	23,555	16,553
Health and social services						
	8,212	5,786	-	-	8,212	5,786
Education						
	85,021	60,962	-	-	85,021	60,962
Parks, recreation and cultural						
	2,504	2,434	-	-	2,504	2,434
Community development						
	4,383	4,745	-	-	4,383	4,745
Interest						
	3,401	3,149	-	-	3,401	3,149
Total expenses	154,540	117,605	13,990	13,188	168,530	130,793
Change in net position	(19,623)	6,902	2,002	2,540	(17,621)	9,442
Net position, beginning, as restated	1,447	(2,508)	43,227	41,066	44,674	38,558
Net position, ending	\$ (18,176)	\$ 4,394	\$ 45,229	\$ 43,606	\$ 27,053	\$ 48,000

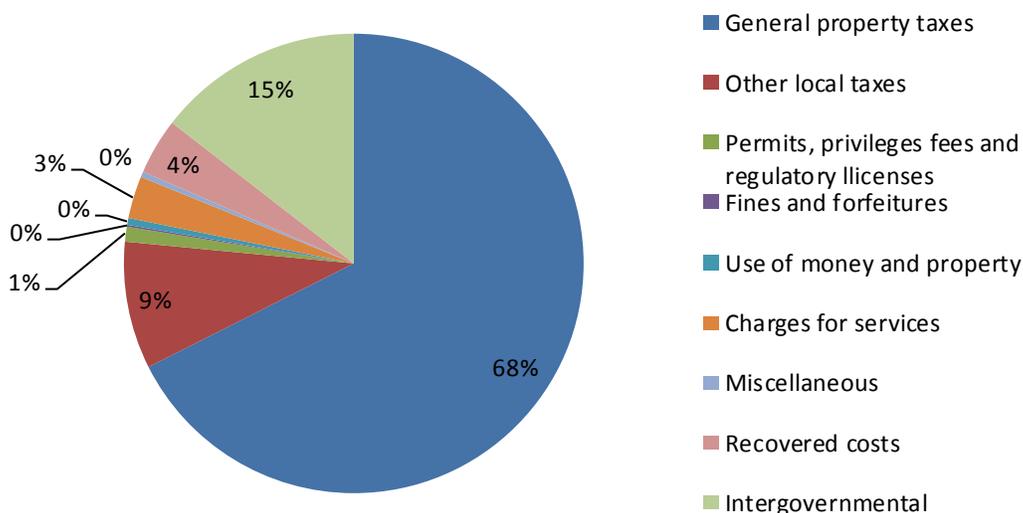
County of Rockingham, Virginia
Summary Statement of Changes in Net Position (Continued)
Years Ended June 30, 2018 and 2017

	Component Units			
	School Board		Harrisonburg-Rockingham Social Services District	
	2018	2017	2018	2017
Revenues:				
Program revenues:				
Charges for services	\$ 5,452	\$ 5,596	\$ -	\$ -
Operating grants and contributions	79,994	76,639	17,606	17,128
Capital grants and contributions	99	176	-	-
General revenues:				
Grants and contributions not restricted to specific programs	85,030	60,962	8,209	8,092
Intergovernmental non-categorical aid	74	77	-	-
Use of money and property	137	44	41	32
Miscellaneous	250	543	49	50
Total revenues	171,036	144,037	25,905	25,302
Expenses:				
Health and social services	-	-	26,332	24,120
Education	148,669	147,967	-	-
Total expenses	148,669	147,967	26,332	24,120
Change in net position	22,367	(3,930)	(427)	1,182
Net position, beginning, as restated	(8,442)	21,714	6,075	5,604
Net position, ending	\$ 13,925	\$ 17,784	\$ 5,648	\$ 6,786

Governmental activities. Governmental activities increased the deficit in the County’s net position by \$19,623 compared to a decreased deficit in the County’s net position by \$6,902 in fiscal year 2017. Key factors for this change are as follows:

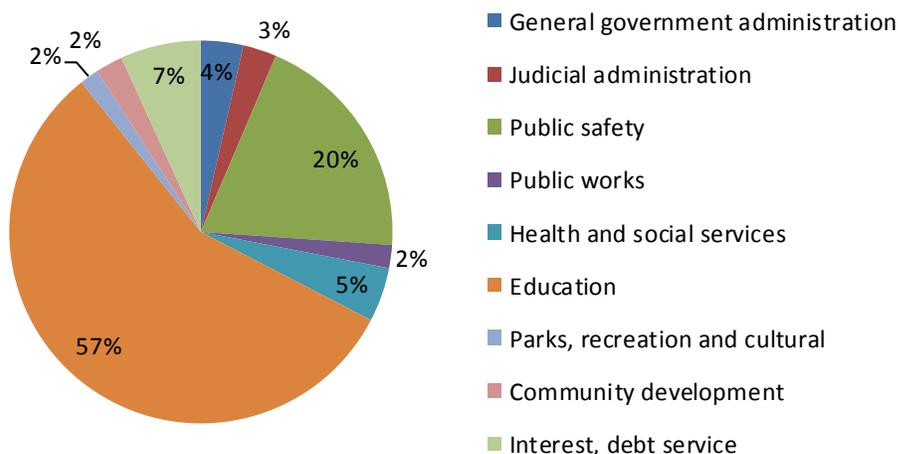
Total revenues increased \$10,410 (from \$124,507 to \$134,917) compared to last year. Revenues by source are shown in the chart below. Revenues from general property taxes make up 68 percent of total revenues.

Revenues by Source - Governmental Activities



Total expenses increased by \$36,935 (from \$117,605 to \$154,540) compared to last year. The local transfer to Education in the amount of \$85,030 makes up 55 percent of total Governmental activities with Public Safety coming in second at 20 percent of the total.

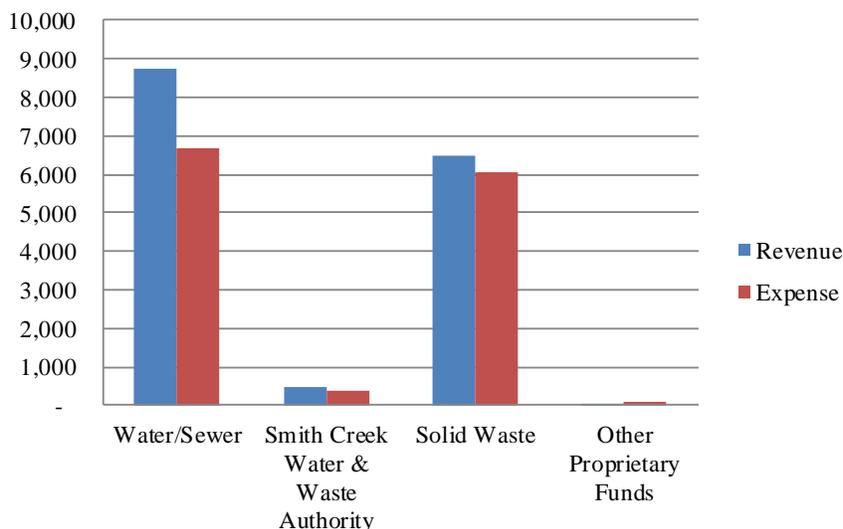
Expenditures by Type - Governmental Activities



A detailed explanation of the key components for the revenue and expense changes is outlined on pages 20-21 under the Financial Analysis of the Government’s Funds.

Business-type activities. Business-type activities increased the County’s net position by \$2,002 compared to an increase of \$2,540 last fiscal year. Each of these businesses is monitored on a regular basis to assure that they are operating as a self-sustaining enterprise.

Revenues and Expenses – Business-type Activities



Component Unit – School Board. The School Board’s net position increased by \$22,367 this fiscal year compared to a decrease of \$3,930 in fiscal year 2017. Key elements of this increase are as follows:

1. Revenues increased by \$26,999 (from \$144,037 to \$171,036) primarily due to an increase in the local transfer from government (from \$60,962 to \$85,030).
2. Expenses also increased by a total of \$702 (from \$147,967 to \$148,669) due to slightly higher operating costs.
3. Included in 2018 Expenses are depreciation and amortization totaling \$8,791, which are a non-cash reduction in net position.

Financial Analysis of the Government’s Funds

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

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

As of the end of the current fiscal year, the County’s governmental funds reported combined ending fund balances of \$38,820, a decrease of \$448 in comparison with the prior year.

Approximately 68 percent of this total amount (\$26,465) constitutes unassigned general fund balance, which is available for spending at the government's discretion. In addition, another 10 percent of this total amount (\$3,979) constitutes fund balance assigned to future unspecified capital outlays in the General Capital Projects Fund. However, these funds may be returned to the General Fund at the Board's discretion.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$26,465, while total fund balance reached \$30,473. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 18 percent of total General Fund expenditures, while total fund balance represents 20 percent of that same amount.

The fund balance of the County's General Fund increased \$3,042 during the current fiscal year compared to a decrease of \$2,900 for fiscal year 2017. This \$3,042 increase is significantly better than the original budget, which projected a \$2,925 decrease, and the final budget projecting a \$6,662 decrease. The key factors influencing these results are as follows:

- Total expenditures increased by \$23,922 compared to last year. Many of the expenditure categories remained relatively flat. The key components with changes were:
 - General government administration decreased \$194 compared to the prior fiscal year total of \$5,543.
 - Judicial administration increased \$76 compared to the prior fiscal year total of \$4,156.
 - Public safety increased \$911 compared to the prior fiscal year total of \$28,634.
 - Public works was decreased \$180 compared to the prior fiscal year total of \$3,108.
 - Health and social services increased \$696 compared to the prior fiscal year total of \$6,171.
 - Education increased \$24,223 compared to the prior fiscal year total of \$60,756 due to a carryforward of loan proceeds from fiscal year 2017.
 - Community development decreased \$480 compared to prior fiscal year total of \$3,959.
 - Parks, Recreation and cultural increased \$26 compared to prior fiscal year total of \$2,365.
 - Principal and interest decreased \$1,156 compared to the prior fiscal year total of \$11,368.

The General Capital Projects Fund has a total fund balance of \$8,129, of which the entire amount is committed to specified future capital outlays or assigned to unspecified future capital outlays. The County had capital outlays of \$14,218 during the current fiscal year, which were funded by revenues and the fund balance.

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

Net position of these funds increased \$2,002 this fiscal year to \$45,229. The largest portion of the net position, \$33,769, continues to reflect the County's net investment in capital assets.

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

General Fund Budgetary Highlights

Total revenues were \$3,169 over the final budgeted amounts and the key factors for this were:

- General property taxes were \$3,199 greater than the budget due to the reassessment of real property in 2018, an increase in Personal Property tax assessments and Machinery and Tools tax assessed values as several large businesses in the County expanded.

Total expenditures were \$6,515 under the final budgeted amounts and the key factors were:

- The appropriation to the Rockingham County School Board for general operations was less than the final budget by \$2,825. The remaining funds were left unspent at year-end by the School Board in recognition of the need to conserve resources.
- Public Safety was \$1,326 less than budgeted primarily due to the Lighting Upgrades and HVAC renovations in the jail. Much of the work remains to be completed in fiscal year 2019.
- Most of the other expenditure categories were less than the final budget amounts to varying degrees, but primarily due to containment of costs.

Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of June 30, 2018, amounted to \$118,269 (net of accumulated depreciation and amortization). This investment in capital assets includes land, easements, construction in progress, buildings, improvements, machinery and equipment, and software. The County's investment in capital assets for the current fiscal year increased to \$118,269 compared to \$108,314 last year.

County of Rockingham, Virginia Summary Statement of Capital Assets June 30, 2018 and 2017

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Non-depreciable assets:						
Land	\$ 3,226	\$ 3,226	\$ 2,549	\$ 2,449	\$ 5,775	\$ 5,675
Easements	-	-	227	227	227	227
Construction in progress	8,835	4,778	14,566	4,443	23,401	9,221
Depreciable capital assets:						
Buildings	49,279	49,279	929	929	50,208	50,208
Improvements	11,802	11,774	77,399	77,043	89,201	88,817
Machinery and equipment	21,098	19,378	5,933	5,945	27,031	25,323
Software	1,803	1,803	44	44	1,847	1,847
Accumulated depreciation and amortization	(42,938)	(39,263)	(36,483)	(33,741)	(79,421)	(73,004)
Capital assets, net	\$ 53,105	\$ 50,975	\$ 65,164	\$ 57,339	\$ 118,269	\$ 108,314

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

- Construction in progress under Governmental Activities of \$3,726 for Rockingham Park.
- Construction in progress under Governmental Activities of \$570 for the Jail HVAC renovation.
- Construction in progress under Business-type Activities of \$8,030 for a new landfill cell.
- Construction in progress under Business-type Activities of \$1,794 for the McGaheysville Waterline Project.
- Construction in progress under Business-type Activities of \$356 for the 3 Springs Water Treatment Plant Finish Pump Project.
- Machinery and equipment under Governmental Activities of \$579 for a Sutphen Pumper Tanker.

County of Rockingham, Virginia
Summary Statement of Capital Assets (Continued)
June 30, 2018 and 2017

	Component Units			
	School Board		Harrisonburg-Rockingham Social Services District	
	2018	2017	2018	2017
Non-depreciable assets:				
Land	\$ 5,470	\$ 5,470	\$ 202	\$ 202
Easements	37	37	-	-
Construction in progress	22,796	5,813	-	-
Depreciable capital assets:				
Buildings	176,649	176,685	501	501
Improvements	54,868	54,032	1,976	1,929
Machinery and equipment	41,677	40,826	688	625
Software	49	49	-	-
Accumulated depreciation and amortization	(161,871)	(153,309)	(1,044)	(891)
Capital assets, net	\$ 139,675	\$ 129,603	\$ 2,323	\$ 2,366

The increase in construction in progress for the component unit School Board of \$16,983 was the renovation of John Wayland Elementary School, Pleasant Valley Elementary School and construction of Rockingham Academy. Architectural services for renovations at Fulks Run Elementary and John C. Myers Elementary are also included.

The increase in improvements for the component unit School Board of \$593 was for the replacement of chillers and HVAC equipment in several schools.

The increase in machinery and equipment for the component unit School Board was the purchase of \$692 for the replacement of 7 passenger buses and 5 other vehicles during the current fiscal year.

The increase in improvements for the component unit Harrisonburg-Rockingham Social Services District was furniture and fixtures for the remodel of the Human Services Building.

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 net bonded debt outstanding of \$83,340. All general obligation bonds issued by the County are for educational purposes, primarily for the construction of school facilities.

County of Rockingham, Virginia
Summary Statement of Long-Term Obligations
June 30, 2018 and 2017

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 79,062	\$ 61,627	\$ -	\$ -	\$ 79,062	\$ 61,627
Unamortized premiums	4,278	2,634	3,334	3,118	7,612	5,752
Capital leases	10,411	12,283	-	-	10,411	12,283
Note payable	9,886	7,827	-	-	9,886	7,827
Revenue bonds	-	-	28,511	26,594	28,511	26,594
Landfill obligation	-	-	11,929	10,833	11,929	10,833
Compensated absences	808	910	178	197	986	1,107
Net pension liability	8,629	13,902	770	872	9,399	14,774
Other postemployment benefits	5,847	2,253	672	270	6,519	2,523
	<u>\$ 118,921</u>	<u>\$ 101,436</u>	<u>\$ 45,394</u>	<u>\$ 41,884</u>	<u>\$ 164,315</u>	<u>\$ 143,320</u>

Article VII, Section 10(b), *Constitution of Virginia*, stipulates that no debt shall be contracted by or on behalf of any county or district thereof unless approved by an affirmative vote of a majority of the qualified voters of the County. No referendum was called to issue general obligation debt in the fiscal year.

The ratio of net bonded debt to assessed valuation and the amount of bonded debt per capita are useful indicators of the County's debt position to management, citizens, and investors. Data for the County at the end of the 2018 fiscal year is presented as actual amounts as follows:

Estimated Population	Assessed Valuation of All Taxable Property	Net Bonded Debt	Ratio of Debt to Assessed Valuation	Net Bonded Debt per Capita
80,666	\$ 9,703,239,006	\$ 83,339,596	0.0086	\$ 1,033

More detailed information about the County's long-term obligations is presented in Note 8 of the financial statements.

Economic Factors and Next Year's Budget and Rates

- The unemployment rate for September 2018 in Rockingham County was 2.4 percent, which is lower than the 3.9 percent rate a year ago. This compares close to the Virginia statewide unemployment rate of 2.7 percent and the United States national average of 3.7 percent.
- Fiscal year 2019 General Fund Revenue is budgeted to increase 4.3 percent to \$133,308 in comparison to the fiscal year 2018 Amended Budget of \$127,783.
- Federal revenues are primarily from grant sources, and with the federal fiscal year not beginning until October 1, it is difficult to project which grants will be approved. However, it is important to mention that those expenditures dependent upon federal grants will not be incurred until the grant is approved and the County has assurances that it will receive those funds.

- Revenue estimates continue to be projected conservatively by staff to be responsible to the County's citizens in funding planned levels of service for next year.
- Fiscal year 2019 General Fund Expenditures are budgeted to decrease in 14.82 percent to \$133,308 in comparison to the fiscal year 2018 Amended Budget of \$156,502.
- The unassigned fund balance in the General Fund at fiscal year-end was \$26,465. The County has appropriated \$1,686 of this amount for spending in the fiscal year 2019 budget. The drawdown in the fund balance is used for one-time capital and maintenance expenditures and, therefore, lessens the need to raise taxes.

All of these factors were considered in preparing the County's budget for fiscal year 2019.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF NET POSITION

June 30, 2018

	Primary Government			Component Units		
	Governmental	Business-type	Totals	School	Harrisonburg- Rockingham Social Services	Nonmajor
	Activities	Activities		Board	District	
ASSETS						
Cash and cash equivalents	\$ 20,802,546	\$ 8,046,470	\$ 28,849,016	\$ 15,227,333	\$ 2,622,945	\$ 47,929
Investments	14,874,346	12,131,892	27,006,238	9,765,240	2,232,855	2,994
Receivables, net:						
Property taxes	3,687,455	-	3,687,455	-	-	-
Utility taxes	162,624	-	162,624	-	-	-
Trade and other accounts	1,011,123	2,257,105	3,268,228	235,768	33,388	6,018
Accrued interest	99,579	47,579	147,158	33,053	10,832	-
Due from other governments	10,759,343	-	10,759,343	5,165,267	3,975,970	-
Internal balances	138,754	(138,754)	-	-	-	-
Prepaid items	536,555	80,262	616,817	3,731,277	132,016	-
Inventory	25,933	266,997	292,930	187,726	-	-
Restricted cash	187,667	4,739,335	4,927,002	4,133,596	-	-
Investment in Harrisonburg-Rockingham Social Services District	3,527,818	-	3,527,818	-	-	-
Capital assets, net of accumulated depreciation and amortization:						
Land	3,225,766	2,549,023	5,774,789	5,469,535	202,036	-
Easements	-	227,156	227,156	36,654	-	-
Buildings and improvements	49,279,517	929,335	50,208,852	176,649,350	500,979	-
Improvements other than buildings	11,801,902	77,399,190	89,201,092	54,868,412	1,975,985	-
Machinery and equipment	21,097,570	5,933,160	27,030,730	41,676,745	688,085	-
Software	1,802,762	44,004	1,846,766	49,407	-	-
Construction in progress	8,835,185	14,564,929	23,400,114	22,796,266	-	-
Less accumulated depreciation and amortization	(42,937,878)	(36,482,945)	(79,420,823)	(161,870,953)	(1,043,752)	-
Total assets	108,918,567	92,594,738	201,513,305	178,154,676	11,331,339	56,941
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charge on refunding	-	450,166	450,166	-	-	-
Pension plan	2,370,009	213,829	2,583,838	13,126,550	677,436	-
Other postemployment benefits	552,178	63,774	615,952	3,196,934	151,845	-
Total deferred outflows of resources	2,922,187	727,769	3,649,956	16,323,484	829,281	-

LIABILITIES						
Accounts payable	2,282,843	1,586,106	3,868,949	4,599,831	1,537,118	-
Accrued payroll	1,132,406	112,698	1,245,104	16,863,796	290,875	-
Accrued liabilities	374,998	-	374,998	-	-	-
Accrued interest	2,019,356	315,766	2,335,122	-	-	-
Unearned revenue	2,550,179	499,023	3,049,202	1,773,840	-	-
Insurance and benefit claims	658,545	-	658,545	1,975,634	-	-
Due to other governments	-	-	-	151,503	-	-
Noncurrent liabilities:						
Due within one year:						
Bonds payable	5,771,477	1,915,135	7,686,612	-	-	-
Capital leases	1,897,218	-	1,897,218	-	-	-
Notes payable	1,566,077	-	1,566,077	-	-	-
Compensated absences	515,463	101,387	616,850	2,753,169	23,471	-
Due in more than one year:						
Bonds payable, net	77,568,119	29,929,210	107,497,329	-	-	-
Capital leases	8,514,297	-	8,514,297	-	-	-
Notes payable	8,320,437	-	8,320,437	-	-	-
Landfill obligation	-	11,928,910	11,928,910	-	-	-
Compensated absences	292,087	77,086	369,173	1,039,495	15,322	-
Net pension liability	8,628,783	770,283	9,399,066	100,666,111	2,449,846	-
Other postemployment benefits	5,846,977	672,383	6,519,360	36,886,324	1,605,869	-
Total liabilities	127,939,262	47,907,987	175,847,249	166,709,703	5,922,501	-
DEFERRED INFLOWS OF RESOURCES						
Pension plan	1,911,258	170,616	2,081,874	12,881,001	542,636	-
Other postemployment benefits	166,046	14,847	180,893	962,378	47,107	-
Total deferred inflows of resources	2,077,304	185,463	2,262,767	13,843,379	589,743	-
NET POSITION						
Net investment in capital assets	42,693,309	33,769,673	76,462,982	139,675,416	2,323,333	-
Restricted:						
Nonexpendable minority interest	-	-	-	-	2,120,558	-
Capital projects	-	4,739,335	4,739,335	4,133,596	-	-
Judicial administration	66,878	-	66,878	-	-	-
Public safety	149,638	-	149,638	-	-	-
Capital outlay	187,667	-	187,667	-	-	-
Unrestricted (deficit)	(61,273,304)	6,720,049	(54,553,255)	(129,883,934)	1,204,485	56,941
Total net position	\$ (18,175,812)	\$ 45,229,057	\$ 27,053,245	\$ 13,925,078	\$ 5,648,376	\$ 56,941

COUNTY OF ROCKINGHAM, VIRGINIA

**STATEMENT OF ACTIVITIES
Year Ended June 30, 2018**

Functions/Programs	Net (Expense) Revenue and Changes in Net Position									
	Program Revenues				Primary Government			Component Units		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals	School Board	Harrisonburg-Rockingham Social Services District	Nonmajor Discretely Presented
Primary Government:										
Governmental activities:										
General government administration	\$ 5,954,830	\$ 1,727	\$ 434,401	\$ -	\$ (5,518,702)	\$ -	\$ (5,518,702)	\$ -	\$ -	\$ -
Judicial administration	4,830,865	1,417,626	2,345,308	-	(1,067,931)	-	(1,067,931)	-	-	-
Public safety	30,667,940	7,833,177	7,448,343	-	(15,386,420)	-	(15,386,420)	-	-	-
Public works	9,564,783	1,161,736	-	3,140,931	(5,262,116)	-	(5,262,116)	-	-	-
Health and social services	8,212,284	26,013	230,468	-	(7,955,803)	-	(7,955,803)	-	-	-
Education	85,021,862	-	-	-	(85,021,862)	-	(85,021,862)	-	-	-
Parks, recreation and cultural	2,503,886	843,541	-	-	(1,660,345)	-	(1,660,345)	-	-	-
Community development	4,382,927	143	-	-	(4,382,784)	-	(4,382,784)	-	-	-
Interest	3,400,804	-	-	-	(3,400,804)	-	(3,400,804)	-	-	-
Total governmental activities	154,540,181	11,283,963	10,458,520	3,140,931	(129,656,767)	-	(129,656,767)	-	-	-
Business-type activities:										
Water and sewer	7,873,463	7,478,485	1,341,662	-	-	946,684	946,684	-	-	-
Solid waste	6,116,340	6,050,596	73,273	-	-	7,529	7,529	-	-	-
Total business-type activities	13,989,803	13,529,081	1,414,935	-	-	954,213	954,213	-	-	-
Total primary government	\$ 168,529,984	\$ 24,813,044	\$ 11,873,455	\$ 3,140,931	(129,656,767)	954,213	(128,702,554)	-	-	-
Component Units:										
Rockingham County School Board:										
Education:										
Instruction	\$ 115,650,916	\$ 3,576,935	\$ 76,540,455	\$ 98,915	-	-	-	(35,434,611)	-	-
Administration, attendance and health	4,995,480	-	-	-	-	-	-	(4,995,480)	-	-
Pupil transportation services	9,519,163	-	-	-	-	-	-	(9,519,163)	-	-
Operation and maintenance services	13,290,806	-	-	-	-	-	-	(13,290,806)	-	-
School food services	5,213,331	1,874,744	3,453,858	-	-	-	-	115,271	-	-
Total school board	148,669,696	5,451,679	79,994,313	98,915	-	-	-	(63,124,789)	-	-

Harrisonburg-Rockingham Social Services District:										
Social Services:										
Public assistance	7,451,225	-	5,034,759	-	-	-	-	-	(2,416,466)	-
Children's services	9,755,890	-	5,527,679	-	-	-	-	-	(4,228,211)	-
Administration:										
Welfare	9,037,932	-	6,956,814	-	-	-	-	-	(2,081,118)	-
VJCCA	86,672	-	86,831	-	-	-	-	-	159	-
Total social services district	26,331,719	-	17,606,083	-	-	-	-	-	(8,725,636)	-
Economic Development Authority:										
Economic development	1,381,314	6,000	-	1,379,696	-	-	-	-	-	4,382
Rockingham County Recreation Foundation:										
Parks and recreation	200	-	-	-	-	-	-	-	-	(200)
Total component units	\$ 176,382,929	\$ 5,457,679	\$ 97,600,396	\$ 1,478,611	-	-	-	(63,124,789)	(8,725,636)	4,182
General revenues:										
Taxes:										
General property taxes					88,479,898	-	88,479,898	-	-	-
Other local taxes:										
Local sales and use					6,276,421	-	6,276,421	-	-	-
Consumer utility					1,116,085	-	1,116,085	-	-	-
Motor vehicle licenses					1,304,491	-	1,304,491	-	-	-
Food and beverage					1,242,234	-	1,242,234	-	-	-
Other					1,782,847	-	1,782,847	-	-	-
Grants and contributions not restricted to specific programs					-	-	-	85,030,486	8,209,413	-
Intergovernmental, non-categorical aid					8,583,682	-	8,583,682	74,224	-	-
Use of money and property					711,810	272,958	984,768	137,296	40,755	66
Miscellaneous					536,673	774,434	1,311,107	249,859	48,830	100
Total general revenues					110,034,141	1,047,392	111,081,533	85,491,865	8,298,998	166
Change in net position					(19,622,626)	2,001,605	(17,621,021)	22,367,076	(426,638)	4,348
Net position, beginning, as restated					1,446,814	43,227,452	44,674,266	(8,441,998)	6,075,014	52,593
Net position, ending					\$ (18,175,812)	\$ 45,229,057	\$ 27,053,245	\$ 13,925,078	\$ 5,648,376	\$ 56,941

COUNTY OF ROCKINGHAM, VIRGINIA

**BALANCE SHEET –
GOVERNMENTAL FUNDS
June 30, 2018**

	General	General Capital Projects	Nonmajor Governmental Fund - Asset Forfeiture	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 14,932,429	\$ 3,906,364	\$ 197,474	\$ 19,036,267
Investments	10,250,017	2,665,694	134,757	13,050,468
Receivables, net:				
Property taxes	3,687,455	-	-	3,687,455
Utility taxes	162,624	-	-	162,624
Trade and other accounts	999,478	6,216	-	1,005,694
Accrued interest	75,235	16,733	789	92,757
Due from other governments	3,979,949	2,973,949	-	6,953,898
Prepaid items	536,555	-	-	536,555
Inventory	19,698	-	-	19,698
Advance to other funds	138,754	-	-	138,754
Restricted cash	-	187,667	-	187,667
Investment in Harrisonburg-Rockingham Social Services District	3,088,162	-	-	3,088,162
Total assets	\$ 37,870,356	\$ 9,756,623	\$ 333,020	\$ 47,959,999
LIABILITIES				
Accounts payable	\$ 805,571	\$ 1,252,022	\$ 3,374	\$ 2,060,967
Accrued payroll	1,131,253	-	1,153	1,132,406
Accrued liabilities	-	374,998	-	374,998
Unearned revenue	1,846,922	-	111,977	1,958,899
Total liabilities	3,783,746	1,627,020	116,504	5,527,270
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	3,256,954	-	-	3,256,954
Unavailable revenue - radio lease	355,785	-	-	355,785
Total deferred inflows of resources	3,612,739	-	-	3,612,739
FUND BALANCES				
Nonspendable:				
Prepaid items	536,555	-	-	536,555
Inventory	19,698	-	-	19,698
Advance to other funds	138,754	-	-	138,754
Restricted for:				
Harrisonburg-Rockingham Social Services District	3,088,162	-	-	3,088,162
Judicial administration	-	-	66,878	66,878
Public safety	-	-	149,638	149,638
Capital outlay	-	187,667	-	187,667
Committed to:				
Public safety	171,434	-	-	171,434
Parks, recreation and cultural	-	3,962,920	-	3,962,920
Assigned to:				
General government administration	16,814	-	-	16,814
Public safety	37,008	-	-	37,008
Capital outlay	-	3,979,016	-	3,979,016
Unassigned:				
General fund	26,465,446	-	-	26,465,446
Total fund balances	30,473,871	8,129,603	216,516	38,819,990
Total liabilities, deferred inflows of resources and fund balances	\$ 37,870,356	\$ 9,756,623	\$ 333,020	\$ 47,959,999

COUNTY OF ROCKINGHAM, VIRGINIA

**RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2018**

	Governmental Funds	
Total fund balances - total governmental funds	\$	38,819,990
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets	\$	96,042,702
Less accumulated depreciation and amortization		<u>(42,937,878)</u>
Net capital assets		53,104,824
Unavailable revenue represents amounts that were not available to fund current expenditures and, therefore, is not reported as revenue in the governmental funds.		
		3,612,739
Other assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Investment in Harrisonburg-Rockingham Social Services District		439,656
Deferred outflows of resources represent a consumption of net position that applies to a future period and are not recognized as deferred outflows of resources in the governmental funds.		
Pension plan		2,370,009
Other postemployment benefits		<u>552,178</u>
		2,922,187
Internal service funds are used by management to charge the costs of goods provided to other departments or funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		
		2,136,942
Long-term due from other government - pension		2,374,633
Long-term due from other government - other postemployment benefits		1,430,812
Long-term liabilities, including bonds payable, are not due and payable in the funds.		
General obligation bonds, including unamortized premiums		(83,339,596)
Capital leases		(10,411,515)
Note payable		(9,886,514)
Compensated absences		(807,550)
Interest payable		(2,019,356)
Other postemployment benefits		(5,846,977)
Net pension liability		<u>(8,628,783)</u>
		(120,940,291)
Deferred inflows of resources represent an acquisition of net position that applies to a future period and are not recognized as deferred inflows of resources in the governmental funds.		
Pension plan		(1,911,258)
Other postemployment benefits		<u>(166,046)</u>
		(2,077,304)
Net position of governmental activities	\$	<u><u>(18,175,812)</u></u>

COUNTY OF ROCKINGHAM, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year Ended June 30, 2018**

	General	General Capital Projects	Nonmajor Governmental Fund - Asset Forfeiture	Total Governmental Funds
Revenues:				
General property taxes	\$ 88,474,133	\$ -	\$ -	\$ 88,474,133
Other local taxes	11,722,078	-	-	11,722,078
Permits, privilege fees and regulatory licenses	1,364,545	-	-	1,364,545
Fines and forfeitures	177,819	-	30,232	208,051
Use of money and property	633,771	51,414	2,752	687,937
Charges for services	3,898,039	-	-	3,898,039
Miscellaneous	498,862	37,575	236	536,673
Recovered costs	5,172,691	284,852	-	5,457,543
Intergovernmental	19,011,239	3,140,931	30,963	22,183,133
Total revenues	130,953,177	3,514,772	64,183	134,532,132
Expenditures:				
Current:				
General government administration	5,349,427	-	-	5,349,427
Judicial administration	4,232,928	-	46,107	4,279,035
Public safety	29,545,996	-	36,668	29,582,664
Public works	2,927,766	-	-	2,927,766
Health and social services	6,868,468	-	-	6,868,468
Education	84,980,486	50,000	-	85,030,486
Parks, recreation and cultural	2,392,388	-	-	2,392,388
Community development	3,479,239	-	-	3,479,239
Capital outlays	-	14,168,378	-	14,168,378
Debt service:				
Principal	6,975,972	-	-	6,975,972
Interest and fiscal charges	3,235,080	-	-	3,235,080
Total expenditures	149,987,750	14,218,378	82,775	164,288,903
Deficiency of revenues under expenses	(19,034,573)	(10,703,606)	(18,592)	(29,756,771)
Other financing sources (uses):				
Issuance of general obligation bond	22,540,000	-	-	22,540,000
Premium on the issuance of general obligation bond	1,962,256	-	-	1,962,256
Issuance of note payable	3,282,000	-	-	3,282,000
Transfers in	1,525,000	7,232,000	-	8,757,000
Transfers out	(7,232,000)	-	-	(7,232,000)
Other financing sources, net	22,077,256	7,232,000	-	29,309,256
Net change in fund balances	3,042,683	(3,471,606)	(18,592)	(447,515)
Fund balance, beginning	27,431,188	11,601,209	235,108	39,267,505
Fund balance, ending	\$ 30,473,871	\$ 8,129,603	\$ 216,516	\$ 38,819,990

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, 2018**

	Governmental Funds	
Net change in fund balances - total governmental funds	\$	(447,515)
Reconciliation of amounts reported for governmental activities in the Statement of Activities:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlays exceeded depreciation and amortization in the current period.		
Expenditures for capital assets	\$	5,912,172
Less depreciation and amortization expense		<u>(3,738,082)</u>
Excess of capital outlays over depreciation and amortization		2,174,090
The net effect of miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to decrease net position.		(44,267)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Unavailable revenue		361,550
Investment in Harrisonburg-Rockingham Social Services District		(1,300,079)
Long-term due from other government - pension		(1,737,483)
Long-term due from other government - other postemployment benefits		<u>374,698</u>
		(2,301,314)
Deferred outflows of resources - pension plan contributions subsequent to measurement date		2,045,446
Deferred outflows of resources - other postemployment benefits contributions subsequent to measurement date		514,383
The issuance of long-term debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Issuance of debt:		
General obligation debt		(22,540,000)
Premium on general obligation debt		(1,962,256)
Note payable		<u>(3,282,000)</u>
		(27,784,256)
Principal repayments:		
General obligation debt		5,105,034
Capital leases		1,870,938
Notes payable - payments recorded in public safety		<u>1,222,438</u>
		8,198,410
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Accrued interest		(489,615)
Compensated absences		102,774
Arbitrage		5,352
Other postemployment benefits expense		(293,701)
Amortization of premium		318,539
Pension expense		<u>(81,223)</u>
		(437,874)
Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The net loss of the Internal Service Funds are reported with governmental activities.		
Total revenues		7,321,899
Total expenses		<u>(8,861,628)</u>
		<u>(1,539,729)</u>
Change in net position of governmental activities	\$	<u>(19,622,626)</u>

COUNTY OF ROCKINGHAM, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
Year Ended June 30, 2018**

	General Fund			Variance with Final Budget Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
General property taxes	\$ 85,274,500	\$ 85,274,500	\$ 88,474,133	\$ 3,199,633
Other local taxes	11,521,350	11,521,350	11,722,078	200,728
Permits, privilege fees and regulatory licenses	1,340,300	1,340,300	1,364,545	24,245
Fines and forfeitures	121,500	121,500	177,819	56,319
Use of money and property	638,608	638,608	633,771	(4,837)
Charges for services	3,634,650	3,634,650	3,898,039	263,389
Miscellaneous	261,486	336,976	498,862	161,886
Recovered costs	6,049,771	5,570,036	5,172,691	(397,345)
Intergovernmental	18,812,629	19,345,720	19,011,239	(334,481)
Total revenues	127,654,794	127,783,640	130,953,177	3,169,537
Expenditures:				
Current:				
General government administration	6,003,725	6,043,725	5,349,427	(694,298)
Judicial administration	4,325,409	4,674,847	4,232,928	(441,919)
Public safety	31,569,943	30,872,556	29,545,996	(1,326,560)
Public works	3,390,952	3,584,815	2,927,766	(657,049)
Health and social services	6,027,160	7,042,160	6,868,468	(173,692)
Education	62,503,791	87,806,047	84,980,486	(2,825,561)
Parks, recreation and cultural	2,552,573	2,552,573	2,392,388	(160,185)
Community development	3,439,470	3,729,030	3,479,239	(249,791)
Debt service:				
Principal	6,975,972	6,975,972	6,975,972	-
Interest and fiscal charges	3,221,106	3,221,106	3,235,080	13,974
Total expenditures	130,010,101	156,502,831	149,987,750	(6,515,081)
Deficiency of revenues under expenditures	(2,355,307)	(28,719,191)	(19,034,573)	9,684,618
Other financing sources (uses):				
Issuance of general obligation bond	-	22,540,000	22,540,000	-
Premium on the issuance of general obligation bond	-	1,962,256	1,962,256	-
Issuance of note payable	-	3,267,274	3,282,000	14,726
Transfers in	-	1,525,000	1,525,000	-
Transfers out	(569,740)	(7,237,014)	(7,232,000)	5,014
Total other financing sources (uses), net	(569,740)	22,057,516	22,077,256	19,740
Net change in fund balance	(2,925,047)	(6,661,675)	3,042,683	9,704,358
Fund balance, beginning	2,925,047	6,661,675	27,431,188	20,769,513
Fund balance, ending	\$ -	\$ -	\$ 30,473,871	\$ 30,473,871

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF NET POSITION –
 PROPRIETARY FUNDS
 June 30, 2018

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Smith Creek				Totals	
	Water and Sewer	Water & Waste Authority	Solid Waste	Nonmajor Proprietary Funds		
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 7,148,543	\$ 6,333	\$ 840,125	\$ 51,469	\$ 8,046,470	\$ 7,038,475
Investments	4,878,149	4,321	7,214,299	35,123	12,131,892	4,803,039
Trade and other accounts receivable	1,079,041	52,666	1,119,108	6,290	2,257,105	11,739
Accrued interest	28,399	-	18,977	203	47,579	27,290
Prepaid items	29,056	-	51,206	-	80,262	-
Inventory	266,997	-	-	-	266,997	6,235
Restricted cash	2,646,672	-	2,092,663	-	4,739,335	-
Total current assets	16,076,857	63,320	11,336,378	93,085	27,569,640	11,886,778
Noncurrent assets:						
Capital assets:						
Land	362,198	-	2,166,225	20,600	2,549,023	-
Easements	206,525	-	-	20,631	227,156	-
Buildings and improvements	12,995	-	916,340	-	929,335	-
Improvements other than buildings	42,080,762	6,616,233	26,783,092	1,919,103	77,399,190	-
Machinery and equipment	1,334,177	332,937	4,237,154	28,892	5,933,160	-
Software	-	-	44,004	-	44,004	-
Construction in progress	2,418,613	-	12,146,316	-	14,564,929	-
Less accumulated depreciation and amortization	(15,646,492)	(2,208,298)	(18,171,078)	(457,077)	(36,482,945)	-
Total capital assets, net of accumulated depreciation and amortization	30,768,778	4,740,872	28,122,053	1,532,149	65,163,852	-
Total noncurrent assets	30,768,778	4,740,872	28,122,053	1,532,149	65,163,852	-
Total assets	46,845,635	4,804,192	39,458,431	1,625,234	92,733,492	11,886,778
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charge on refunding	450,166	-	-	-	450,166	-
Pension plan	101,802	-	112,027	-	213,829	-
Other postemployment benefits	29,249	-	34,525	-	63,774	-
Total deferred outflows of resources	581,217	-	146,552	-	727,769	-
LIABILITIES						
Current liabilities:						
Accounts payable and deposits	640,088	41,945	900,021	4,052	1,586,106	885,543
Compensated absences	46,493	-	54,894	-	101,387	-
Accrued payroll	52,199	-	60,499	-	112,698	-
Accrued interest	143,729	15,211	149,061	7,765	315,766	-
Advance from other funds	-	-	-	138,754	138,754	-
Unearned revenue	-	-	499,023	-	499,023	2,365,120
Insurance and benefit claims	-	-	-	-	-	2,634,179
Revenue bonds	750,000	198,912	915,000	51,223	1,915,135	-
Total current liabilities	1,632,509	256,068	2,578,498	201,794	4,668,869	5,884,842
Noncurrent liabilities:						
Compensated absences	34,021	-	43,065	-	77,086	-
Revenue bonds	13,871,855	1,231,350	14,301,864	524,141	29,929,210	-
Net pension liability	360,923	-	409,360	-	770,283	-
Other postemployment benefits liability	307,335	-	365,048	-	672,383	-
Landfill obligation	-	-	11,928,910	-	11,928,910	-
Total noncurrent liabilities	14,574,134	1,231,350	27,048,247	524,141	43,377,872	-
Total liabilities	16,206,643	1,487,418	29,626,745	725,935	48,046,741	5,884,842
DEFERRED INFLOWS OF RESOURCES						
Pension plan	79,944	-	90,672	-	170,616	-
Other postemployment benefits	6,933	-	7,914	-	14,847	-
Total deferred inflows of resources	86,877	-	98,586	-	185,463	-
NET POSITION						
Net investment in capital assets	16,597,089	3,310,610	12,905,189	956,785	33,769,673	-
Restricted - capital projects	2,646,672	-	2,092,663	-	4,739,335	-
Unrestricted (deficit)	11,889,571	6,164	(5,118,200)	(57,486)	6,720,049	6,001,936
Total net position	\$ 31,133,332	\$ 3,316,774	\$ 9,879,652	\$ 899,299	\$ 45,229,057	\$ 6,001,936

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION –
 PROPRIETARY FUNDS
 Year Ended June 30, 2018

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water and Sewer	Smith Creek Water & Waste Authority	Solid Waste	Nonmajor Proprietary Funds	Totals	
Operating revenues:						
Charges for services	\$ 6,992,601	\$ 348,682	\$ 6,050,596	\$ 66,588	\$ 13,458,467	\$ 29,052,492
Sale of processed gas	-	-	488,493	-	488,493	-
Connection fees	57,861	12,753	-	-	70,614	-
Other revenue	160,169	445	125,305	22	285,941	-
Total operating revenues	7,210,631	361,880	6,664,394	66,610	14,303,515	29,052,492
Operating expenses:						
Personal services	886,393	-	1,101,092	-	1,987,485	-
Fringe benefits	465,215	-	600,644	-	1,065,859	-
Contractual services	432,540	123,686	634,295	11,510	1,202,031	2,915,710
Regional Sewer Authority assessment:						
Operations and maintenance	1,274,757	-	-	-	1,274,757	-
Debt service	1,611,468	-	-	-	1,611,468	-
Risk financing and benefit payments	-	-	-	-	-	26,244,427
Internal services	69,074	-	47,036	-	116,110	-
Electrical services	335,362	12,275	50,177	-	397,814	-
Repairs and maintenance	-	-	197,876	-	197,876	-
Landfill closure	-	-	1,095,446	-	1,095,446	-
Other charges	663,170	137,954	372,052	25,658	1,198,834	46,594
Depreciation and amortization	1,033,352	132,325	1,720,654	42,228	2,928,559	-
Total operating expenses	6,771,331	406,240	5,819,272	79,396	13,076,239	29,206,731
Operating income (loss)	439,300	(44,360)	845,122	(12,786)	1,227,276	(154,239)
Nonoperating revenues (expenses):						
Connection availability fees	1,099,364	242,298	-	-	1,341,662	-
Intergovernmental	-	-	73,273	-	73,273	-
Loss on disposal of capital assets	-	-	-	(67,961)	(67,961)	-
Interest revenue	141,446	1,479	128,814	1,219	272,958	95,491
Interest expense	(488,149)	(41,737)	(297,068)	(18,649)	(845,603)	-
Total nonoperating revenues (expenses), net	752,661	202,040	(94,981)	(85,391)	774,329	95,491
Income (loss) before transfers	1,191,961	157,680	750,141	(98,177)	2,001,605	(58,748)
Transfers out	-	-	-	-	-	(1,525,000)
Change in net position	1,191,961	157,680	750,141	(98,177)	2,001,605	(1,583,748)
Total net position, beginning, as restated	29,941,371	3,159,094	9,129,511	997,476	43,227,452	7,585,684
Total net position, ending	\$ 31,133,332	\$ 3,316,774	\$ 9,879,652	\$ 899,299	\$ 45,229,057	\$ 6,001,936

**STATEMENT OF CASH FLOWS –
PROPRIETARY FUNDS
Year Ended June 30, 2018**

	Business-type Activities - Enterprise Funds					Governmental Activity - Internal Service Funds
	Water and Sewer	Smith Creek Water & Waste Authority	Solid Waste	Nonmajor Proprietary Funds	Totals	
Cash flows from operating activities:						
Receipts from interfund services provided	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,117,136
Receipts from customers	6,625,595	348,462	5,983,261	67,159	13,024,477	-
Claims and benefits paid	-	-	-	-	-	(25,686,897)
Payments to suppliers for goods and services	(4,333,545)	(246,110)	(1,928,589)	(35,788)	(6,544,032)	(2,154,489)
Payments to employees for services	(1,290,300)	-	(1,599,348)	-	(2,889,648)	-
Internal activity - payments to other funds	(69,074)	-	(47,036)	-	(116,110)	-
Other receipts	160,169	445	613,798	22	774,434	-
Net cash provided by operating activities	1,092,845	102,797	3,022,086	31,393	4,249,121	1,275,750
Cash flows from noncapital financing activities:						
Intergovernmental - grants	-	-	73,273	-	73,273	-
Transfers to other funds	-	-	-	-	-	(1,525,000)
Net cash provided by noncapital financing activities	-	-	73,273	-	73,273	(1,525,000)
Cash flows from capital and related financing activities:						
Advance from (payment to) other funds	-	(98,867)	-	14,149	(84,718)	-
Connection availability fees	1,099,364	242,298	-	-	1,341,662	-
Proceeds from issuance of debt	3,695,000	-	-	-	3,695,000	-
Premium on issuance of bond	456,180	-	-	-	456,180	-
Principal paid on bonds	(610,000)	(193,305)	(925,000)	(49,755)	(1,778,060)	-
Interest paid and fiscal charges on outstanding debt	(499,011)	(43,748)	(384,137)	(19,383)	(946,279)	-
Acquisition and construction of capital assets	(2,367,492)	-	(7,757,703)	-	(10,125,195)	-
Net cash provided by (used in) capital and related financing activities	1,774,041	(93,622)	(9,066,840)	(54,989)	(7,441,410)	-
Cash flows from investing activities:						
Proceeds on sale of investments	474,150	-	-	14,849	488,999	699,908
Purchases of investments	-	(4,321)	(4,728,468)	-	(4,732,789)	-
Interest received on investment securities	146,193	1,479	136,943	1,322	285,937	102,284
Net cash provided by (used in) investing activities	620,343	(2,842)	(4,591,525)	16,171	(3,957,853)	802,192
Net change in cash and cash equivalents	3,487,229	6,333	(10,563,006)	(7,425)	(7,076,869)	552,942
Cash and cash equivalents:						
Beginning	6,307,986	-	13,495,794	58,894	19,862,674	6,485,533
Ending	\$ 9,795,215	\$ 6,333	\$ 2,932,788	\$ 51,469	\$ 12,785,805	\$ 7,038,475

**STATEMENT OF CASH FLOWS –
PROPRIETARY FUNDS
Year Ended June 30, 2018**

	Business-type Activities - Enterprise Funds					Governmental Activity - Internal Service Funds
	Water and Sewer	Smith Creek Water & Waste Authority	Solid Waste	Nonmajor Proprietary Funds	Totals	
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ 439,300	\$ (44,360)	\$ 845,122	\$ (12,786)	\$ 1,227,276	\$ (154,239)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation and amortization	1,033,352	132,325	1,720,654	42,228	2,928,559	-
Pension expense	81,702	-	123,815	-	205,517	-
Other postemployment benefits expense	12,314	-	14,907	-	27,221	-
Change in assets and liabilities:						
Decrease (increase) in:						
Trade and other accounts receivable	(424,867)	(12,973)	(566,358)	571	(1,003,627)	(3,413)
Prepaid items	354	-	(1,099)	-	(745)	-
Inventory	(90,544)	-	-	-	(90,544)	(595)
Increase (decrease) in:						
Accounts payable and deposits	73,942	27,805	(673,090)	1,380	(569,963)	808,410
Accrued liabilities	(3,520)	-	(4,818)	-	(8,338)	-
Unearned revenue	-	-	499,023	-	499,023	68,057
Insurance and benefit claims	-	-	-	-	-	557,530
Deferred outflows - pension plan	(5,454)	-	(3,221)	-	(8,675)	-
Deferred outflows - other postemployment benefits	(23,734)	-	(28,295)	-	(52,029)	-
Landfill obligation	-	-	1,095,446	-	1,095,446	-
Net cash provided by operating activities	\$ 1,092,845	\$ 102,797	\$ 3,022,086	\$ 31,393	\$ 4,249,121	\$ 1,275,750
Schedule of noncash capital and related financing activities:						
Capital assets acquired through incurrence of accounts payable	\$ 315,454	\$ -	\$ 380,169	\$ -	\$ 695,623	\$ -

COUNTY OF ROCKINGHAM, VIRGINIA

**STATEMENT OF NET POSITION –
FIDUCIARY FUNDS
June 30, 2018**

	Agency Funds
<hr/>	
ASSETS	
Cash and cash equivalents	\$ 1,431,308
Accounts receivable	<u>236,579</u>
Total assets	<u><u>\$ 1,667,887</u></u>
LIABILITIES	
Accounts payable	<u>\$ 1,667,887</u>
Total liabilities	<u><u>\$ 1,667,887</u></u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies

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

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

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

A. Reporting Entity

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

Blended Component Units:

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

The Lilly Subdivision Sanitary District, the Smith Creek Water & Waste Authority, the Penn Laird Sewer Authority, and the Countryside Sanitary District serve the citizens of the primary government that are in their respective districts and authorities and are governed by a board comprised of the primary government's Board of Supervisors. The rates for user charges and bond issuances are approved by the primary government, and the primary government is primarily obligated to provide resources in case there are deficits in debt service payments. The districts and authorities are reported as enterprise funds and do not issue separate financial statements.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

Discretely Presented Component Units:

The County reports the following two major discretely presented component units:

1) 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. School Board related debt, including leases, is expected to be repaid entirely or almost entirely with the resources of the primary government. The School Board is presented as a governmental fund type and consists of three 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 Cafeteria Fund accounts for the centralized school cafeteria operations.

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

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

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

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

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.

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)

Discretely Presented Component Units: (Continued)

2) Harrisonburg-Rockingham Social Services District

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

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

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

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

The County reports the following two nonmajor discretely presented component units:

1) Economic Development Authority

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

Discretely Presented Component Units: (Continued)

1) Economic Development Authority (Continued)

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

The Authority is reported as a discretely presented component unit because the voting majority of the Authority's governing body is appointed by the Board of Supervisors and there is a benefit and burden relationship. The Authority is fiscally dependent on the County. The Authority does not issue separate financial statements but is included in the County's financial statements for fiscal year ended June 30, 2018 as a discretely presented component unit.

2) Rockingham County Recreation Foundation

The Recreation Foundation of Rockingham County, Virginia was created as a non-stock corporation duly formed under the provisions of the Virginia Non-stock Corporation Act. The Foundation was organized on September 21, 2015 and is governed by a five-member Board. The members consist of two members of the Board of Supervisors of Rockingham County, two members of the Rockingham County Recreation Commission and the County Administrator. The Foundation was created to provide diverse opportunities that enhance the quality of life and deliver accessible recreation and leisure to the community for a lifetime.

The Foundation is reported as a discretely presented component unit because the voting majority of the Foundation's governing body is appointed by the Board of Supervisors and there is a benefit and burden relationship. The Foundation does not issue separate financial statements but is included in the County's financial statements for fiscal year ended June 30, 2018 as a discretely presented component unit.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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)

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items.

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

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

The County reports the following major governmental funds:

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

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

The County reports the following major enterprise funds:

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

Smith Creek Water & Waste Authority. This fund accounts for services provided to those areas within the Smith Creek Water & Waste Authority and is financed primarily by charges to users of such services. This fund has been judgmentally determined to be major for public interest reasons, in that the presentation is of particular importance to the financial statement users.

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

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 reports the following Internal Service Funds:

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

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

The County also reports the following fund type:

Agency Funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds consist of the following: Special Welfare, Employee Benefits, Bond Escrow, Massanutten Technical Center, Emergency Medical Services, Soil and Water Conservation, and Laird L Conrad Law Library.

D. Budgetary Data

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, School Operating Fund, School Cafeteria Fund, Massanutten Technical Center, enterprise funds, Children's Services Act, Department of Social Services and debt service. The Capital Projects Fund is appropriated on a project basis with carry forwards approved each year. Other special revenue funds and the Permanent Fund do not have appropriated budgets since other means control the use of these resources (e.g., grant awards and endowment requirements) and sometimes span a period of more than one fiscal year.

The appropriated budget is prepared by fund, function, and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. The School Operating Fund, School Cafeteria Fund and Massanutten Technical Center are appropriated in total, with reference to specific departments and accounts. The legal level of budgetary control is the fund level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position

1. Deposits and Investments

Cash and Cash Equivalents

For purposes of reporting cash flows, the County considers all cash accounts, including cash on hand, demand deposits, and all short-term investments with a maturity of three months or less to be cash equivalents.

Investments

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, money market mutual funds, and an external local government investment pool. The government and corporate securities are stated at fair value based on quoted market prices (level 1 inputs). The external local government investment pool is reported at amortized cost and classified as cash and cash equivalents. The money market mutual funds are reported at fair value based on quoted market prices and classified as cash and cash equivalents. Interest earned as a result of pooling is distributed to the appropriate funds utilizing a formula based on average monthly balances.

2. Property Taxes

Property taxes are levied as of January 1 with real estate values reassessed every four years and personal property values assessed annually. The last general real property reassessment was effective January 1, 2018. Property taxes attach as an enforceable lien on property as of January 1. Real estate taxes are due and collectible twice a year, by June 5 and December 5 in the same year as levied. Personal property taxes are due and collectible annually by December 5 in the same year as levied. That portion of the taxes receivable which is not collected within 45 days after June 30 is shown as deferred revenue. A penalty of 10% of the tax is assessed after the applicable payment date. Interest is charged to all unpaid accounts beginning July 1 and January 1, as applicable, at an annual rate of 10%.

3. Prepaid Items

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

4. Inventory

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position (Continued)

5. Restricted Cash

A portion of the General Capital Projects, School Capital Projects, Water and Sewer, and Solid Waste Funds cash balance is restricted due to unspent bond proceeds.

6. Capital Assets

Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and are accounted for at cost. Assets acquired by gift are accounted for at the asset's acquisition value at the date the property was received. The Commonwealth of Virginia, not the County, has primary responsibility to construct and maintain infrastructure, such as streets, roads, and bridges, within the County. The County may, at its option, contribute to improvements to the road system. Such expenditures would be expensed during the year incurred. Interest incurred during construction on governmental activities' capital assets is not capitalized. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Capitalized interest is amortized using the straight-line method over the useful life of the asset. In the current year \$202,907 and \$14,634 was capitalized in the Solid Waste Fund and Water and Sewer Fund, respectively.

The County's intangible assets include land easements and software. 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	5 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, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position (Continued)

7. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditure) until then. The County and discretely presented component units, the School Board and the District, have several items that qualify for reporting in this category. The first item is a deferred charge on refunding resulting from the difference in carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunded or refunding debt. The remaining items relate to the pension plan and the other postemployment benefits (OPEB) plans. See Notes 10 through 13 for details regarding these items.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Several types of items qualify for reporting in this category. Accordingly, one item, unavailable revenue, which arises under the modified accrual basis of accounting, is reported only in the governmental funds Balance Sheet. The governmental funds report unavailable revenue from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The remaining items relate to the pension plan and the OPEB plans. See Notes 10 through 13 for details regarding these items.

8. Compensated Absences

Legacy employees, hired before January 1, 2014, accumulate vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement based on full-time or part-time status. In the primary government and the discretely presented component unit, the District, an employee can accumulate up to 42 days of vacation and no more than \$5,000 of sick leave liability. In the District, an employee will receive an accrued sick leave payout upon retiring after five years of continuous service.

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position (Continued)

8. Compensated Absences (Continued)

Also, in the primary government, compensatory time can be earned at 1½ hours in lieu of overtime pay. Accumulated compensatory time will be paid out to the employee in the months of June and December.

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. A new employee is eligible to transfer up to 90 sick leave days from another Virginia school district. 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 current salary.

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

9. Long-Term Obligations

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position (Continued)

10. Net Position

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

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

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

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

11. Fund Balance

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

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position (Continued)

11. Fund Balance (Continued)

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

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

Unassigned fund balance – residual balance of the General Fund that has not been restricted, committed, or assigned to specific purposes within the General Fund and negative unassigned fund balances of other governmental funds.

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

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

12. Pensions

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position (Continued)

13. Other Postemployment Benefits

Medical Insurance Program

The Medical Insurance Program is a single-employer plan. Experience gains or losses are amortized over the average working lifetime of all participants, which for the current period is seven years. Plan amendments are recognized immediately. Changes in actuarial assumptions are amortized over the average working lifetime of all participants.

Group Life Insurance Program

The VRS Group Life Insurance Program (GLI) is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI was established pursuant to Section 51.1-500 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI is a defined benefit plan that provides a basic GLI benefit for employees of participating employers. For purposes of measuring the total GLI other postemployment benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to the GLI OPEB, and GLI OPEB expense, information about the fiduciary net position of the VRS GLI OPEB and the additions to/deductions from the VRS GLI OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Health Insurance Credit Program

The School Board non-professional Health Insurance Credit (HIC) Program is a multiple-employer, agent defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. The School Board professional HIC Program is a multiple-employer, cost-sharing plan. Both HIC Programs were established pursuant to Section 51.1-1400 et seq. of the *Code of Virginia*, as amended, and which provide the authority under which benefit terms are established or may be amended. For purposes of measuring both HIC Programs' total OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the HIC Programs' OPEB, and the HIC Programs' OPEB expense, information about the fiduciary net position of the HIC Programs; and the additions to/deductions from both of the HIC Programs net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

G. Subsequent Events

The County has evaluated subsequent events through November 27, 2018, the date on which the financial statements were available to be issued.

Note 2. Deposits and Investments

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

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

Investments. The State Treasurer's Local Government Investment Pool (LGIP) is a professionally managed money market fund which invests in qualifying obligations and securities as permitted by Virginia statutes. Pursuant to Section 2.2-4605 of the *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. The County's investment in the LGIP, totaling \$45,554,604, are stated at amortized cost and classified as cash and cash equivalents. The LGIP has been assigned an "AAAm" rating by Standard & Poor's. The maturity of the LGIP is less than one year. The County also has investments in an LGIP Extended Maturity portfolio, totaling \$10,588,917, which is stated at fair value and classified as investments. The LGIP Extended Maturity has been assigned an "AAAf/S1" rating by Standard & Poor's. The maturity of the LGIP Extended Maturity is greater than one year.

Investment Policy

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

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

As of June 30, 2018, the County’s investment policy establishes the maximum percentages of the portfolio permitted in each of the following instruments:

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

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

Credit Risk

As of June 30, 2018, as required by state statute, the Policy requires commercial paper, with a maturity of 270 days or less, have a short-term debt rating of no less than “A-1” (or its equivalent) by at least two of the Nationally Recognized Statistical Rating Organizations (NRSROs). Corporate notes with final maturity of less than five years must have a rating of at least “AA” by Standard & Poor’s and “Aa” by Moody’s Investors Service. Negotiable certificates of deposit and negotiable bank deposit notes of domestic banks and domestic offices of foreign banks, maturing in one year or less, must have a rating of at least “A-1” by Standard & Poor’s and “P-1” by Moody’s Investors Service. Negotiable certificates of deposit and negotiable bank deposit notes of domestic banks and domestic offices of foreign banks, maturing over one year but less than five years, must have a rating of at least “AA” by Standard & Poor’s and “Aa” by Moody’s Investors Service. Federal agency obligations, with final maturity less than five years, must have a rating of at least “AA” (or its equivalent) by at least two of the NRSROs, one of which will be either Moody’s Investors Service or Standard & Poor’s. Municipal obligations, with final maturity less than five years, must have a rating of at least “AA” by Standard & Poor’s and/or “Aa” by Moody’s Investors Service. Bankers’ Acceptances, with a maturity of 180 days or less, must have a short-term debt rating of no less than “A-1” (or its equivalent) by at least two of the NRSROs. Money market mutual funds must be rated at least “AAA” or the equivalent by at least two of the following: Moody’s Investors Service, Standard & Poor’s, Fitch Investors Service, or Duff and Phelps, Inc.

As of June 30, 2018, 48% was invested in “AA+” U.S. Agency Securities, 21% was invested in “AAA, AA+, AA-, AA, A-1, A-1+, and A-” Corporate obligations, and 31% was invested in “AAAm” rated Short-Term Investment Funds (STIF) and Money Market Funds. All credit ratings presented in this paragraph are Standard & Poor’s ratings.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

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, 2018, there were no investments in any single issuer that exceed 5% of the total portfolio.

Interest Rate Risk

Interest rate risk is defined as the risk that changes of interest rates will adversely affect the fair value of an investment.

	Fair Value	Investment Maturities	
		Less Than 1 Year	1 - 5 Years
U.S. Treasury Obligations	\$ 10,194,061	\$ 1,275,311	\$ 8,918,750
Money Market Mutual Funds	25,888	25,888	-
Corporate Notes	6,973,059	2,978,646	3,994,413
Federal Agency Obligations	6,182,775	-	6,182,775
LGIP Extended Maturity	10,588,917	-	10,588,917
	<u>\$ 33,964,700</u>		

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

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

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

The County has the following recurring fair value measurements as of June 30, 2018:

- U.S. Treasury obligations of \$10,194,061 are valued using quoted market prices (Level 1 inputs).
- Federal agency obligations of \$6,182,775 are valued using quoted market prices (Level 1 inputs).
- Money market mutual funds of \$25,888 are valued using quoted market prices (Level 1 inputs).
- Corporate notes of \$6,973,059 are valued using quoted market prices (Level 1 inputs).
- LGIP Extended Maturity of \$10,588,917 are valued using quoted market prices (Level 1 input).

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 3. Receivables, Unavailable and Unearned Revenues

Receivables at June 30, 2018 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	\$ 4,487,455	\$ -	\$ -	\$ -
Utility taxes	162,624	-	-	-
Trade and other accounts	999,478	6,216	1,094,541	56,966
Gross receivables	5,649,557	6,216	1,094,541	56,966
Less allowance for uncollectable accounts	800,000	-	15,500	4,300
Net receivables	\$ 4,849,557	\$ 6,216	\$ 1,079,041	\$ 52,666

	Solid Waste Fund	Nonmajor Proprietary Funds	Internal Service Funds	Totals
Property taxes	\$ -	\$ -	\$ -	\$ 4,487,455
Utility taxes	-	-	-	162,624
Trade and other accounts	1,126,108	12,190	11,739	3,307,238
Gross receivables	1,126,108	12,190	11,739	7,957,317
Less allowance for uncollectable accounts	7,000	5,900	-	832,700
Net receivables	\$ 1,119,108	\$ 6,290	\$ 11,739	\$ 7,124,617

The County determines its allowance for uncollectible accounts using historical collection data and specific account analysis. The total allowance for uncollectible accounts amounted to \$832,700 as of June 30, 2018.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 3. Receivables, Unavailable and Unearned Revenues (Continued)

Primary Government (Continued)

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

	Unavailable	Unearned
Delinquent property taxes receivable (General Fund)	\$ 3,256,954	\$ -
Radio Agreement with other localities (General Fund)	355,785	-
Advance collection of 2018-2019 taxes (General Fund)	-	1,115,601
Personal Property Tax Relief Act – state reimbursement (General Fund)	-	731,321
Equitable Sharing Program (Asset Forfeiture Fund)	-	111,977
	<u>\$ 3,612,739</u>	<u>\$ 1,958,899</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.

Internal Service Funds – Self-Insurance

Internal Service Funds defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the component of *unearned revenue* reported in the Internal Service Funds was as follows:

Health insurance premiums	<u>\$ 2,365,120</u>
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Solid Waste Fund

At the end of the current fiscal year, the component of *unearned revenue* reported in the Solid Waste Fund was as follows:

Processed gas agreement	<u>\$ 499,023</u>
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COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 4. Due From Other Governments

Amounts due from other governments include the following:

Primary Government:

Governmental Funds:

General Fund:

Commonwealth of Virginia:

Local sales and use taxes \$ 1,166,239

Communications sales and use taxes 233,914

Categorical aid:

Shared costs:

Commissioner of the Revenue 17,040

Commonwealth Attorney 73,821

Sheriff 523,679

Clerk of Circuit Court 48,587

Treasurer 15,690

Other 212,840

Federal government:

Boarding and care of prisoners 28,656

Categorical aid:

Homeland Security Program - SAFER 145,049

Ground transportation 10,998

Emergency Management Performance 19,022

Bureau of Justice Assistance 13,150

Other 1,251

City of Harrisonburg 1,081,665

Other local governments 388,348

Total General Fund 3,979,949

General Capital Projects Fund:

Commonwealth of Virginia:

Revenue sharing 2,894,630

City of Harrisonburg 79,319

Total General Capital Projects Fund 2,973,949

Total Governmental Funds 6,953,898

Government-wide:

Governmental Activities:

City of Harrisonburg – pension plan 2,374,633

City of Harrisonburg – other postemployment benefits 1,430,812

Total Governmental Activities 3,805,445

Total Primary Government \$ 10,759,343

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 4. Due From Other Governments (Continued)

Component Unit - School Board:	
Governmental Funds:	
School Operating Fund:	
Commonwealth of Virginia:	
State sales tax receipts	\$ 1,669,719
Other	84,671
Federal government:	
Education grants	<u>786,125</u>
Total School Operating Fund	<u>2,540,515</u>
School Cafeteria Fund:	
Federal government:	
School food program	<u>70,577</u>
Total School Cafeteria Fund	<u>70,577</u>
Massanutten Technical Center:	
Federal government:	
Education grants	<u>121,443</u>
Total Massanutten Technical Center	<u>121,443</u>
Total Component Unit - School Board - Governmental Funds	2,732,535
Government-wide:	
Governmental Activities:	
City of Harrisonburg – pension plan	1,995,636
City of Harrisonburg – other postemployment benefits	<u>437,096</u>
Total Component Unit – School Board - Governmental Activities	<u>\$ 5,165,267</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 4. Due From Other Governments (Continued)

Component Unit - Harrisonburg-Rockingham Social Services District:

Governmental Funds:

Operating Fund:

Commonwealth of Virginia:

Public assistance and administration

\$ 346,090

Federal government:

Public assistance and administration

576,886

Total Operating Fund

922,976

Special Revenue – Children's Services Act Fund:

Commonwealth of Virginia:

Children's Services Act

1,081,701

Total Special Revenue Fund

1,081,701

**Total Component Unit – Harrisonburg-Rockingham
Social Services District – Governmental Funds**

2,004,677

Government-wide:

Governmental Activities:

City of Harrisonburg – pension plan

1,224,923

City of Harrisonburg – other postemployment benefits

746,370

**Total Component Unit – Harrisonburg-Rockingham
Social Services District - Governmental Activities**

\$ 3,975,970

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2018 is as follows:

Primary Government

	Beginning Balance	Increases	(Deletions)/ Reclassifications/ Transfers	Ending Balance
Governmental activities:				
Capital assets not being depreciated or amortized:				
Land	\$ 3,225,766	\$ -	\$ -	\$ 3,225,766
Construction in progress	4,777,700	4,609,711	(552,226)	8,835,185
Total capital assets not being depreciated or amortized	8,003,466	4,609,711	(552,226)	12,060,951
Capital assets being depreciated or amortized:				
Buildings and improvements	49,279,517	-	-	49,279,517
Improvements other than buildings	11,774,542	40,089	(12,729)	11,801,902
Machinery and equipment	19,377,964	1,262,372	457,234	21,097,570
Software	1,802,762	-	-	1,802,762
Total capital assets being depreciated or amortized	82,234,785	1,302,461	444,505	83,981,751
Less accumulated depreciation and amortization for:				
Buildings and improvements	(22,989,049)	(1,620,111)	-	(24,609,160)
Improvements other than buildings	(5,035,972)	(540,788)	2,546	(5,574,214)
Machinery and equipment	(9,616,730)	(1,491,537)	60,908	(11,047,359)
Software	(1,621,499)	(85,646)	-	(1,707,145)
Total accumulated depreciation and amortization	(39,263,250)	(3,738,082)	63,454	(42,937,878)
Total capital assets being depreciated or amortized, net	42,971,535	(2,435,621)	507,959	41,043,873
Governmental activities capital assets, net	\$ 50,975,001	\$ 2,174,090	\$ (44,267)	\$ 53,104,824

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

Governmental activities:	
General government administration	\$ 531,422
Judicial administration	360,975
Public safety	1,717,506
Public works	174,148
Health and social services	43,730
Parks, recreation and cultural	80,138
Community development	830,163
Total depreciation and amortization expense - governmental activities	\$ 3,738,082

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets (Continued)

Primary Government (Continued)

	Beginning Balance	Increases	(Deletions)/ Reclassifications/ Transfers	Ending Balance
Business-type activities:				
Capital assets not being depreciated or amortized:				
Land	\$ 2,449,023	\$ 100,000	\$ -	\$ 2,549,023
Easements	227,156	-	-	227,156
Construction in progress	4,442,583	10,180,221	(57,875)	14,564,929
Total capital assets not being depreciated or amortized	7,118,762	10,280,221	(57,875)	17,341,108
Capital assets being depreciated or amortized:				
Buildings and improvements	929,335	-	-	929,335
Improvements other than buildings	77,043,044	402,090	(45,944)	77,399,190
Machinery and equipment	5,945,181	138,507	(150,528)	5,933,160
Software	44,004	-	-	44,004
Total capital assets being depreciated or amortized	83,961,564	540,597	(196,472)	84,305,689
Less accumulated depreciation and amortization for:				
Buildings and improvements	(227,262)	(47,455)	-	(274,717)
Improvements other than buildings	(29,632,041)	(2,409,924)	35,858	(32,006,107)
Machinery and equipment	(3,844,799)	(463,846)	150,528	(4,158,117)
Software	(36,670)	(7,334)	-	(44,004)
Total accumulated depreciation and amortization	(33,740,772)	(2,928,559)	186,386	(36,482,945)
Total capital assets being depreciated and amortized, net	50,220,792	(2,387,962)	(10,086)	47,822,744
Business-type activities capital assets, net	\$ 57,339,554	\$ 7,892,259	\$ (67,961)	\$ 65,163,852

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

Business-type activities:	
Water and Sewer	\$ 1,033,352
Solid Waste	1,720,654
Smith Creek Water & Waste Authority	132,325
Lilly Subdivision Sanitary District	10,819
Countryside Sanitary District	6,121
Penn Laird Sewer Authority	25,288
Total depreciation and amortization expense - business-type activities	\$ 2,928,559

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets (Continued)

Component Unit – School Board

	Beginning Balance	Increases	(Deletions)/ Reclassifications/ Transfers	Ending Balance
Capital assets not being depreciated or amortized:				
Land	\$ 5,469,535	\$ -	\$ -	\$ 5,469,535
Easements	36,654	-	-	36,654
Construction in progress	5,813,081	16,983,185	-	22,796,266
Total capital assets not being depreciated or amortized	11,319,270	16,983,185	-	28,302,455
Capital assets being depreciated or amortized:				
Buildings and improvements	176,685,780	-	(36,430)	176,649,350
Improvements other than buildings	54,031,695	908,851	(72,134)	54,868,412
Machinery and equipment	40,826,316	967,115	(116,686)	41,676,745
Software	49,407	-	-	49,407
Total capital assets being depreciated or amortized	271,593,198	1,875,966	(225,250)	273,243,914
Less accumulated depreciation and amortization for:				
Buildings and improvements	(96,419,339)	(5,159,357)	26,151	(101,552,545)
Improvements other than buildings	(23,993,858)	(2,109,529)	71,146	(26,032,241)
Machinery and equipment	(32,846,743)	(1,521,726)	131,709	(34,236,760)
Software	(49,407)	-	-	(49,407)
Total accumulated depreciation and amortization	(153,309,347)	(8,790,612)	229,006	(161,870,953)
Total capital assets being depreciated and amortized, net	118,283,851	(6,914,646)	3,756	111,372,961
School Board capital assets, net	\$ 129,603,121	\$ 10,068,539	\$ 3,756	\$ 139,675,416

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

Component Unit - School Board:

Instruction	\$ 6,757,697
Administration, attendance and health	5,968
Pupil transportation services	1,034,077
Operation and maintenance services	992,870
Total depreciation and amortization expense - Component Unit - School Board	\$ 8,790,612

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets (Continued)

Component Unit – Harrisonburg-Rockingham Social Services District

	Beginning Balance	Increases	(Deletions)/ Reclassifications/ Transfers	Ending Balance
Capital assets not being depreciated or amortized:				
Land	\$ 202,036	\$ -	\$ -	\$ 202,036
Total capital assets not being depreciated or amortized	202,036	-	-	202,036
Capital assets being depreciated or amortized:				
Buildings and improvements	500,979	-	-	500,979
Improvements other than buildings	1,929,189	46,796	-	1,975,985
Machinery and equipment	624,956	76,204	(13,075)	688,085
Total capital assets being depreciated or amortized	3,055,124	123,000	(13,075)	3,165,049
Less accumulated depreciation and amortization for:				
Buildings and improvements	(87,671)	(25,049)	-	(112,720)
Improvements other than buildings	(258,285)	(105,522)	-	(363,807)
Machinery and equipment	(544,888)	(35,412)	13,075	(567,225)
Total accumulated depreciation and amortization	(890,844)	(165,983)	13,075	(1,043,752)
Total capital assets being depreciated and amortized, net	2,164,280	(42,983)	-	2,121,297
Harrisonburg-Rockingham Social Services District capital assets, net	\$ 2,366,316	\$ (42,983)	\$ -	\$ 2,323,333

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

Component Unit - Harrisonburg-Rockingham Social Services District:	
Administration - Welfare	\$ 165,983
Total depreciation and amortization expense - Component Unit - Harrisonburg-Rockingham Social Services District	\$ 165,983

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 6. Commitments

The County has active projects and significant project commitments as of June 30, 2018 as follows:

Primary Government

Governmental Activities

Project	Expended to June 30, 2018	Remaining Commitment
Reservoir St. expansion	\$ 4,758,134	\$ 97,584
Rockingham Park project	7,587,183	661,622
Spotswood Trail Route 33 project	2,600,297	149,590
Jail HVAC	591,971	4,275,021
	<u>\$ 15,537,585</u>	<u>\$ 5,183,817</u>

The Harrisonburg-Rockingham Social Services District entered into a lease agreement effective July 1, 2017 for office space under a lease expiring June 30, 2027, with the option to renew for an additional year. The first year annual rental of \$18,280, is payable in equal monthly installments of \$1,523. The annual rental shall increase by 1.5% each subsequent year.

The total minimum rental commitment at June 30, 2018, under this lease is as follows:

	Minimum Rental Commitment
During the next five years	\$ 91,400
During the remaining term of the lease	73,120
	<u>\$ 164,520</u>

Business-type Activities

Project	Expended to June 30, 2018	Remaining Commitment
Landfill phase five expansion	\$ 10,608,569	\$ 345,127
3 Springs finished pump project	356,047	627,516
McGaheysville Waterline Project	1,793,888	1,719,327
	<u>\$ 12,758,504</u>	<u>\$ 2,691,970</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 6. Commitments (Continued)

School Board Component Unit

Project	Expended to June 30, 2018	Remaining Commitment
John Wayland renovation	\$ 9,814,539	\$ 340,912
Pleasant Valley renovation	7,058,730	358,001
Rockingham Academy	5,035,516	43,997
	<u>\$ 21,908,785</u>	<u>\$ 742,910</u>

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

Note 7. Encumbrances

As discussed in Note 1.D., budgetary data, encumbrances accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year-end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General fund	\$ 234,440
Capital projects fund	33,756
Water and sewer fund	92,235
Total	<u>\$ 360,431</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 8. Long-Term Obligations

Primary Government

The following is a summary of long-term liability activity of the primary government for the year ended June 30, 2018:

Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds and notes payable:					
General obligation bonds	\$ 61,626,623	\$ 22,540,000	\$ (5,105,034)	\$ 79,061,589	\$ 5,771,477
Capital leases	12,282,453	-	(1,870,938)	10,411,515	1,897,218
Note payable	7,826,952	3,282,000	(1,222,438)	9,886,514	1,566,077
Unamortized premiums	2,634,290	1,962,256	(318,539)	4,278,007	-
	84,370,318	27,784,256	(8,516,949)	103,637,625	9,234,772
Compensated absences	910,324	278,380	(381,154)	807,550	515,463
Governmental activities long-term activities	\$ 85,280,642	\$ 28,062,636	\$ (8,898,103)	\$ 104,445,175	\$ 9,750,235

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

Year(s) Ending June 30,	General Obligation Bonds		Capital Leases	
	Principal	Interest	Principal	Interest
2019	\$ 5,771,477	\$ 3,739,322	\$ 1,897,218	\$ 259,119
2020	6,165,890	3,239,418	1,919,297	202,160
2021	5,840,678	2,944,523	1,315,000	156,186
2022	5,793,635	2,654,478	1,315,000	121,614
2023	6,004,991	2,358,522	1,320,000	86,958
2024-2028	30,412,598	7,255,878	2,645,000	69,641
2029-2033	11,607,320	1,907,625	-	-
2034-2038	7,465,000	583,084	-	-
	\$ 79,061,589	\$ 24,682,850	\$ 10,411,515	\$ 895,678

Year(s) Ending June 30,	Note Payable	
	Principal	Interest
2019	\$ 1,566,077	\$ 197,327
2020	1,596,970	166,434
2021	1,628,482	134,923
2022	1,660,624	102,780
2023	1,349,857	69,994
2024-2025	2,084,504	68,093
	\$ 9,886,514	\$ 739,551

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 8. Long-Term Obligations (Continued)

Primary Government (Continued)

\$8,421,223 1999A series, issued November 1999, due in annual maturities of \$501,777 to \$517,103 through July 2019, plus interest at 6.10%	\$ 1,018,880
\$4,190,343 2000 series, issued November 2000, due in annual maturities of \$237,704 to \$247,440 through July 2020, plus interest at 5.10%	727,592
\$5,077,993 2003 series, issued November 2003, due in annual maturities of \$271,438 to \$297,277 through July 2023, plus interest at 4.60% to 5.10%	1,701,429
\$9,404,190 2005 series, issued November 2005, due in annual maturities of \$483,001 to \$545,699 through July 2025, plus interest at 4.60% to 5.10%	4,113,256
\$13,147,200 2006 series, issued November 2006, due in annual maturities of \$672,186 to \$744,134 through July 15, 2026, plus interest at 4.35% to 4.60%	6,347,362
\$10,610,000 2007 series, issued May 2007, due in annual maturities of \$525,000 to \$810,000 through July 15, 2027, plus interest at 4.10% to 5.10%	6,590,000
\$6,364,713 2007 series, issued November 2007, due in annual maturities of \$317,799 to \$371,160 through July 2027, plus interest at 4.35% to 5.10%	3,425,852
\$11,630,000 2008 series, issued May 2008, due in annual maturities of \$545,000 to \$900,000 through July 2028, plus interest at 4.60% to 5.10%	7,805,000
\$12,701,410 2008 series, issued December 2008, due in annual maturities of \$612,572 to \$742,320 through July 2028, plus interest at 5.10% to 5.35%	7,407,218
\$24,560,000 2009 series, issued May 2009, due in annual maturities of \$1,100,000 to \$1,855,000 through July 2029, plus interest at 4.05% to 5.05%	17,385,000
\$22,540,000 2017 series, issued November 2017 due in annual maturities of \$505,000 to \$1,585,000 through July 2037, plus interest at 2.05% to 5.05%	<u>22,540,000</u>
Total General Obligation Bonds	<u><u>\$ 79,061,589</u></u>

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 8. Long-Term Obligations (Continued)

Primary Government (Continued)

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

Capital Leases:

Emergency Communications Center:

\$7,150,000 lease purchase contract, entered into December 2004, due in annual installments ranging from \$587,218 to \$609,297 through December 2019, plus interest payable semi-annually at 3.76% \$ 1,196,515

SRI Project - tax exempt:

\$7,875,000 lease purchase contract, entered into November 2007, due in annual installments ranging from \$785,000 to \$795,000 through October 2024, plus interest payable semi-annually at 2.15% 5,525,000

SRI Project - taxable:

\$5,250,000 lease purchase contract, entered into November 2007, due in annual installments ranging from \$525,000 to \$530,000 through October 2024, plus interest payable semi-annually at 3.35% 3,690,000

Total capital leases \$ 10,411,515

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

The capital lease obligation associated with the Emergency Communications Center was to finance the acquisition and construction of emergency use equipment and radio towers throughout the County. The obligation associated with the SRI Project lease was to finance the costs to construct and equip a research facility for the benefit of and use by SRI International in the County's technology park.

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

	Governmental Activities	
	Emergency Communications Center	SRI Project
Capital assets:		
Buildings and improvements	\$ -	\$ 18,249,809
Machinery and equipment	9,449,729	-
Less accumulated depreciation	(3,675,832)	(5,025,446)
	<u>\$ 5,773,897</u>	<u>\$ 13,224,363</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 8. Long-Term Obligations (Continued)

Primary Government (Continued)

Notes Payable:

Augusta County, Virginia

\$10,771,794 to become a member jurisdiction of the Middle River Regional Jail Authority, entered into July 2015, due in annual installments ranging from \$926,220 to \$1,053,439 through December 2024, plus interest payable at 2.17% \$ 6,920,498

Radio Agreement

\$3,282,000 note issued in October 2017, due in semi-annual installments ranging from \$318,639 to \$340,691 through October 2022, plus interest payable at 1.68% 2,966,016

Total notes payable \$ 9,886,514

The debt service payments for the notes payable are recorded in the public safety department.

Business-type Activities

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Business-type activities:					
Revenue bonds	\$ 26,593,687	\$ 3,695,000	\$ (1,778,060)	\$ 28,510,627	\$ 1,915,135
Landfill obligation	10,833,464	1,095,446	-	11,928,910	-
Compensated absences	197,043	330,603	(349,173)	178,473	101,387
Unamortized premiums	3,117,853	456,180	(240,315)	3,333,718	-
Business-type activities long-term liabilities	<u>\$ 40,742,047</u>	<u>\$ 5,577,229</u>	<u>\$ (2,367,548)</u>	<u>\$ 43,951,728</u>	<u>\$ 2,016,522</u>

Annual requirements to amortize the revenue bonds are as follows:

Year(s) Ending June 30,	Revenue Bonds	
	Principal	Interest
2019	\$ 1,915,135	\$ 1,190,504
2020	1,977,415	1,110,201
2021	1,824,907	1,033,009
2022	1,887,618	952,213
2023	1,889,772	862,967
2024-2028	9,652,246	2,943,590
2029-2033	6,793,534	1,090,585
2034-2038	2,570,000	181,059
	<u>\$ 28,510,627</u>	<u>\$ 9,364,128</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 8. Long-Term Obligations (Continued)

Primary Government (Continued)

Water and Sewer Fund

Infrastructure Revenue Bonds (Virginia Pooled Financing Program):

\$3,065,000 issued June 2007, due in annual installments of \$290,000 through October 2018, plus interest payable semi-annually at 4.73% \$ 290,000

Infrastructure Revenue and Refunding Bonds (Virginia Pooled Financing Program):

\$9,630,000 issued August 2015, due in annual installments of \$345,000 to \$805,000 through October 2035, plus interest payable semi-annually ranging from 3.02% to 5.13% 9,125,000

Infrastructure Revenue Bonds (Virginia Pooled Financing Program):

\$3,695,000 issued November 2017, due in installments of \$115,000 to \$265,000 in October 2037, plus interest payable semi-annually ranging from 2.86% to 5.13% 3,695,000

Solid Waste Fund

Infrastructure Revenue Bonds (Virginia Pooled Financing Program):

\$2,280,000 issued June 2009, due in annual installments of \$225,000 through October 2019, plus interest payable semi-annually at 5.13% 450,000

Infrastructure Revenue Bond (Virginia Pooled Financing Program):

\$4,000,000 issued May 2016, due in annual installments of \$200,000 through October 2035, plus interest payable semi-annually ranging from 3.80% to 5.13% 3,600,000

Infrastructure Revenue Bond (Virginia Pooled Financing Program):

\$9,845,000 issued May 2017, due in annual installments of \$490,000 to \$870,000 through October 2031, plus interest payable semi-annually ranging from 3.05% to 5.13% 9,345,002

Smith Creek Water & Waste Authority

Virginia Revolving Loan Fund:

\$2,078,500 issued November 2001, due in semi-annual installments of \$60,991 to \$69,737 through September 2022, including interest at 3.0% 591,779

Wastewater System Revenue Refunding Bond, Series 2012:

\$1,250,936 issued in April 2012, due in annual installments of \$74,016 to \$94,037 through August 2027, including interest at 2.66% 838,483

Countryside Sanitary District

Virginia Revolving Loan Fund:

\$171,288 issued June 2006, due in semi-annual installments of \$4,453 to \$5,763 through April 2026, including interest at 3.25% 81,941

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 8. Long-Term Obligations (Continued)

Primary Government (Continued)

Lilly Subdivision Sanitary District

Infrastructure Revenue Bonds (Virginia Pooled Financing Program):

\$456,490 issued April 2008, due in semi-annual installments of \$9,997 to \$13,531 through August 2028, including interest at 3.05% \$ 245,262

Penn Laird Sewer Authority

Wastewater System Revenue Refunding Bond Series 2012:

\$370,232 issued April 2012, due in annual installments of \$22,109 to \$28,089 through August 2027, including interest at 2.66% 248,161

\$ 28,510,627

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

A rate covenant exists with respect to the 2015 revenue bonds of the Water and Sewer Fund. The County has agreed that it will fix and collect rates, fees, and other charges to satisfy the required debt service in each fiscal year.

Information relative to the County's landfill obligation is contained in Note 17.

The following is a summary of long-term liability activity transactions of the Component Unit – School Board, for the year ended June 30, 2018:

Component Unit – School Board

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated absences	\$ 3,287,848	\$ 4,892,147	\$ (4,387,331)	\$ 3,792,664	\$ 2,753,169

The following is a summary of long-term liability activity of the Component Unit – Harrisonburg-Rockingham Social Services District, for the year ended June 30, 2018:

Component Unit – Harrisonburg-Rockingham Social Services District

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated absences	\$ 43,503	\$ 44,302	\$ (49,012)	\$ 38,793	\$ 23,471

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Government Services Provided by Authorities

The County of Rockingham, City of Harrisonburg, and the Towns of Bridgewater, Mt. Crawford, and Dayton entered into a guaranty agreement with the Harrisonburg-Rockingham Regional Sewer Authority (Authority) dated December 15, 1992. Under the terms of this agreement, these municipalities jointly and severally guaranteed the Authority's 2007 Sewer Revenue Bonds and 2008 Sewer Revenue and Refunding Bonds. In December 2007, the Authority issued \$30,000,000 Sewer Revenue Bonds bearing interest at 2.52% to upgrade and expand its treatment plant due in semi-annual installments of combined principal and interest of \$984,273, final maturity at September 1, 2030. The bonds currently outstanding total \$20,995,747. In June 2008, the Authority issued \$12,650,000 Sewer Revenue and Refunding Bonds, Series 2008 bearing interest from 2.95% to 4.80% with final maturity at October 1, 2021. The bonds currently outstanding total \$4,424,604. In November 2008, the Authority issued \$33,219,297 Sewer Revenue Bonds, series 2008 bearing interest at 2.72%, due in semi-annual installments of combined principal and interest of \$1,116,129, with final maturity at September 1, 2030. The bonds currently outstanding total \$23,520,538. In February 2015, with an allonge dated September 2015, the Authority issued \$8,665,505 Sewer Revenue Bonds bearing interest at 1.2% due in semi-annual installments beginning November 1, 2017 of combined principal and interest of \$249,865 thereafter, with a final maturity at November 1, 2036. The bonds currently outstanding total \$8,267,301. In December 2017, the Authority issued \$12,740,000 Sewer Revenue Bonds bearing interest at 2.25% due in semi-annual installments beginning September 1, 2020 of combined principal and interest of \$339,637, with a final maturity at November 1, 2044. The bonds currently outstanding total \$1,975,988.

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

The Authority bills the localities a monthly charge, which includes an assessment for their respective shares of the Authority's debt service, construction, and operating expenditures based on the locality usage of the sewage treatment facilities. Based on the current average usage, the County's assessment for the Authority's operating and maintenance and capital outlay, construction, and debt service expenditures for the ensuing year will approximate \$1,200,000, \$1,700,000, and \$140,000, respectively. To obtain a copy of the audited financial statements, contact the Authority at 856 North River Road, P. O. Box 8, Mt. Crawford, Virginia 22841.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan

Name of Plan: Virginia Retirement System (VRS)

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

Administering Entity: Virginia Retirement System (System)

A. Plan Description

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

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

Plan 1	Plan 2	Hybrid Retirement Plan
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.	About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.	About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. <ul style="list-style-type: none">• The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.• In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting Same as Plan 1.</p>	<p>Vesting <u>Defined Benefit Component</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contribution Component</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none">• After two years, a member is 50% vested and may withdraw 50% of employer contributions.• After three years, a member is 75% vested and may withdraw 75% of employer contributions. <p>After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</p> <p>Distribution is not required by law until age 70 1/2.</p>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<p>Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p> <p>An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Calculating the Benefit <u>Defined Benefit Component</u> See definition under Plan 1.</p> <p><u>Defined Contribution Component</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p>Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p>	<p>Service Retirement Multiplier Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p>	<p>Service Retirement Multiplier <u>Defined Benefit Component</u> The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members that opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p>
<p>Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p>Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p>Sheriffs and regional jail superintendents: Same as Plan 1.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Sheriffs and regional jail superintendents: Not applicable.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p>
		<p><u>Defined Contribution Component</u> Not applicable.</p>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<p>Normal Retirement Age Age 65.</p> <p>Political subdivisions hazardous duty employees: Age 60.</p>	<p>Normal Retirement Age Normal Social Security retirement age.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Normal Retirement Age <u>Defined Benefit Component</u> Same as Plan 2.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Unreduced Retirement Eligibility Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p> <p>Political subdivisions hazardous duty employees: Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p>Earliest Unreduced Retirement Eligibility Normal Social Security retirement age and have at least 5 years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component</u> Normal Social Security retirement age and have at least 5 years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Reduced Retirement Eligibility Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p> <p>Political subdivisions hazardous duty employees: Age 50 with at least five years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility Age 60 with at least five years (60 months) of creditable service.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Reduced Retirement Eligibility <u>Defined Benefit Component:</u> Age 60 with at least five years (60 months) of creditable service.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p><u>Exceptions to COLA Effective Dates:</u> School Division (Teachers) and Political Subdivision Employees: The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. 	<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 2%) up to a maximum COLA of 3%.</p> <p><u>Eligibility:</u> Same as Plan 1.</p> <p><u>Exceptions to COLA Effective Dates:</u> School Division (Teachers) and Political Subdivision Employees: Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component</u> Same as Plan 2.</p> <p><u>Defined Contribution Component</u> Not applicable.</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p> <p><u>Exceptions to COLA Effective Dates:</u> School Division (Teachers) and Political Subdivision Employees: Same as Plan 1 and Plan 2.</p>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<p>Cost-of-Living Adjustment (COLA) in Retirement (Continued) <u>Exceptions to COLA Effective Dates: (Continued)</u> School Division (Teachers) and Political Subdivision Employees (continued):</p> <ul style="list-style-type: none"> • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. • Political subdivision employees: The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). 		
<p>Disability Coverage Political subdivision employees: Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage Political subdivision employees: Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage Employees of political subdivisions and school divisions (teachers), including Plan 1 and Plan 2 opt-ins, participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<p>Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Purchase of Prior Service Same as Plan 1.</p>	<p>Purchase of Prior Service <u>Defined Benefit Component</u> Same as Plan 1, with the following exceptions: <ul style="list-style-type: none"> Hybrid Retirement Plan members are ineligible for ported service. <p><u>Defined Contribution Component</u> Not applicable.</p> </p>

B. Employees Covered by Benefit Terms

County and the District Plan (Agent Plan)

As of the June 30, 2016 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>267</u>
Inactive members:	
Vested	89
Non-vested	139
Active elsewhere in VRS	<u>282</u>
Total inactive members	<u>510</u>
Active members	<u>573</u>
Total covered employees	<u><u>1,350</u></u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

B. Employees Covered by Benefit Terms (Continued)

School Board Non-Professional Plan (Agent Plan)

As of the June 30, 2016 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>231</u>
Inactive members:	
Vested	36
Non-vested	66
Active elsewhere in VRS	<u>45</u>
Total inactive members	<u>147</u>
Active members	<u>415</u>
Total covered employees	<u>793</u>

C. Contributions

County and the District Plan (Agent Plan)

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

The County and the District's contractually required contribution rate for the year ended June 30, 2018 was 10.88% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2016.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by an employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County and the District were \$2,814,654 and \$2,705,378 and for the years ended June 30, 2018 and 2017, respectively.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

C. Contributions (Continued)

School Board Non-Professional Plan (Agent Plan)

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

The School Board non-professional's contractually required contribution rate for the year ended June 30, 2018 was 5.98% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2016.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by an employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board for the non-professional plan were \$477,228 and \$464,646 for the years ended June 30, 2018 and 2017, respectively.

School Board Professional Plan (Cost-Sharing Plan)

The contribution requirement for active employees is governed by Section 51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. The School Board professional's contractually required contribution rate for the year ended June 30, 2018 was 16.32% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2016 and reflects the transfer in June 2016 of \$192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board for the professional plan were \$10,135,322 and \$8,895,330 for the years ended June 30, 2018 and 2017, respectively.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

D. Net Pension Liability

County, District and School Board Non-Professional Plans (Agent Plans)

The net pension liabilities were measured as of June 30, 2017. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

School Board Professional Plan (Cost-Sharing Plan)

At June 30, 2018, the School Board reported a liability for the professional plan of \$100,671,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School Board's proportion of the net pension liability was based on the School Board's actuarially determined employer contributions to the pension plan for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the School Board's proportion was 0.81860% as compared to 0.82587% at June 30, 2016.

School Board Professional Plan (Cost-Sharing Plan)

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2017, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows:

	Teacher Employee Retirement Plan
Total pension liability	\$ 45,417,520,000
Plan fiduciary net position	<u>33,119,545,000</u>
Employers' net pension liability	<u>\$ 12,297,975,000</u>

Plan fiduciary net position as a percentage of the total pension liability	72.92%
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The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

E. Actuarial Assumptions

County, District and School Board Non-Professional Plans (Agent Plans)

General Employees

The total pension liability for General Employee's in the County and the District's retirement plan and the total pension liability for the General Employees in the School Board non-professional retirement plan were based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal Actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

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

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

Mortality Rates: 15% of deaths are assumed to be service related.

- Pre-retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.
- Post-retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BBG to 2020; males set forward three years; females 1.0% increase compounded from ages 70 to 90.
- Post-disablement: RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward two years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience each year, age and service through nine years of service

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

E. Actuarial Assumptions (Continued)

County, District and School Board Non-Professional Plans (Agent Plans) (Continued)

General Employees (Continued)

Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

County and the District Plan (Agent Plan)

Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County and the District's retirement plan was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date as of June 30, 2017.

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

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

Mortality Rates:	45% of deaths are assumed to be service related.
– Pre-retirement:	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward one year.
– Post-retirement:	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward one year, 1.0% increase compounded from ages 70 to 90; females set forward three years.
– Post-disablement:	RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward two years; unisex using 100% male.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

E. Actuarial Assumptions (Continued)

County and the District Plan (Agent Plan) (Continued)

Public Safety Employees with Hazardous Duty Benefits (Continued)

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience each year, age and service through nine years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 45%

School Board Professional Plan (Cost-Sharing Plan)

The total pension liability for the VRS Teacher retirement plan was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date as of June 30, 2017.

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

E. Actuarial Assumptions (Continued)

School Board Professional Plan (Cost-Sharing Plan) (Continued)

Mortality Rates:

- Pre-retirement: RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.
- Post-retirement: RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back three years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.
- Post-disablement: RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience each year, age and service through nine years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

F. Long-Term Expected Rate of Return

County, District and School Board Non-Professional Plans (Agent Plans) and the School Board Professional Plan (Cost-Sharing Plan)

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
	Inflation		2.50%
	* Expected arithmetic nominal return		7.30%

* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

G. Discount Rate

County, District and School Board Non-Professional Plans (Agent Plans) and the School Board Professional Plan (Cost-Sharing Plan)

The discount rate used to measure the total pension liabilities was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the employer for the County, the District, and the School Board's retirement plans will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liabilities.

H. Changes in the Net Pension Liability (Asset)

County and the District Plan (Agent Plan)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2016	\$ 99,762,902	\$ 82,236,567	\$ 17,526,335
Changes for the Year:			
Service cost	2,913,015	-	2,913,015
Interest	6,822,375	-	6,822,375
Changes in assumptions	(1,115,528)	-	(1,115,528)
Difference between expected and actual experience	(394,616)	-	(394,616)
Contributions – employer	-	2,681,076	(2,681,076)
Contributions – employee	-	1,249,882	(1,249,882)
Net investment income	-	10,038,185	(10,038,185)
Benefit payments, including refunds of employee contributions	(4,600,811)	(4,600,811)	-
Administrative expense	-	(57,528)	57,528
Other changes	-	(8,946)	8,946
Net changes	3,624,435	9,301,858	(5,677,423)
Balances at June 30, 2017	\$ 103,387,337	\$ 91,538,425	\$ 11,848,912

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

H. Changes in the Net Pension Liability (Asset) (Continued)

School Board Non-Professional Plan (Agent Plan)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at June 30, 2016	\$ 32,395,629	\$ 30,365,997	\$ 2,029,632
Changes for the Year:			
Service cost	811,126	-	811,126
Interest	2,213,159	-	2,213,159
Changes of assumptions	(388,130)	-	(388,130)
Difference between expected and actual experience	(176,386)	-	(176,386)
Contributions – employer	-	458,757	(458,757)
Contributions – employee	-	388,720	(388,720)
Net investment income	-	3,671,538	(3,671,538)
Benefit payments, including refunds of employee contributions	(1,558,151)	(1,558,151)	-
Administrative expense	-	(21,471)	21,471
Other changes	-	(3,254)	3,254
Net changes	901,618	2,936,139	(2,034,521)
Balances at June 30, 2017	\$ 33,297,247	\$ 33,302,136	\$ (4,889)

I. Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

County, District and School Board Non-Professional Plans (Agent Plans) and the School Board Professional Plan (Cost-Sharing Plan)

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County net pension liability		\$ 9,399,066	
District net pension liability		2,449,846	
Total County and District net pension liability	\$ 26,552,467	11,848,912	\$ (199,596)
School Board non-professional net pension liability (asset)	3,800,615	(4,889)	(3,226,581)
School Board professional net pension liability	150,335,000	100,671,000	59,588,000

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

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

County and the District Plan (Agent Plan)

For the year ended June 30, 2018, the County and District recognized pension expense of \$1,675,550. At June 30, 2018, the County and District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	County		District		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 353,848	\$ (357,005)	\$ 92,772	\$ (93,052)	\$ 446,620	\$ (450,057)
Changes in assumptions	-	(652,631)	-	(170,107)	-	(822,738)
Net differences between projected and actual earnings on pension plan investments	-	(1,072,238)	-	(279,477)	-	(1,351,715)
Employer contributions subsequent to the measurement date	2,229,990	-	584,664	-	2,814,654	-
Total	\$ 2,583,838	\$ (2,081,874)	\$ 677,436	\$ (542,636)	\$ 3,261,274	\$ (2,624,510)

The \$2,814,654 reported as deferred outflows of resources related to pensions resulting from the County and District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ending June 30,	Amount
2019	\$ (1,145,641)
2020	124,719
2021	(295,488)
2022	(861,480)
	<u>\$ (2,177,890)</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

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

School Board Non-Professional Plan (Agent Plan)

For the year ended June 30, 2018, the School Board recognized pension expense related to its non-professional plan of (\$74,306). At June 30, 2018, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions for its non-professional plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (275,818)
Changes in assumptions	-	(271,923)
Net difference between projected and actual earnings on pension plan investments	-	(480,260)
Employer contributions subsequent to the measurement date	477,228	-
Total	<u>\$ 477,228</u>	<u>\$ (1,028,001)</u>

The \$477,228 reported as deferred outflows of resources related to pensions resulting from the School Board non-professional plan's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ending June 30,	Amount
2019	\$ (591,692)
2020	(65,049)
2021	(56,927)
2022	(314,333)
	<u>\$ (1,028,001)</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

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

School Board Professional Plan (Cost-Sharing Plan)

For the year ended June 30, 2018, the School Board recognized pension expense related to the professional plan of \$7,552,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2018, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions for the professional plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (7,128,000)
Changes in assumptions	1,469,000	-
Net difference between projected and actual earnings on pension plan investments	-	(3,657,000)
Changes in proportion and differences between Employer contributions and proportionate share of contributions	1,045,000	(1,068,000)
Employer contributions subsequent to the measurement date	10,135,322	-
Total	\$ 12,649,322	\$ (11,853,000)

The \$10,135,322 reported as deferred outflows of resources related to pensions resulting from the School Board's contributions for the professional plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ (3,830,000)
2020	(127,000)
2021	(1,321,000)
2022	(3,592,000)
2023	(469,000)
	<u>\$ (9,339,000)</u>

K. Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits – Medical Insurance Program

A. Plan Description

The County's, the Harrisonburg-Rockingham Social Services District's (District) and the Rockingham County School Board's (School Board) defined benefit other postemployment benefit (OPEB) – medical insurance plan provides OPEB for all permanent full-time general and public safety employees of the County, the District and the School Board. The County and the District have the same plan provisions. The School Board has separate plan provisions. The plan was established by the County's Board of Supervisors and any amendments to the plan must be approved by the Board. This plan is a single-employer defined benefit OPEB plan administered by the County. No assets are accumulated in a trust that meets the criteria in paragraph four of GASB Statement No. 75. This plan does not issue stand-alone financial reports.

The specific information for Medical Insurance Program's OPEB, including eligibility, is set out in the tables below:

County and the District

MEDICAL INSURANCE PROGRAM PLAN PROVISIONS
<p><i>Eligible Employees</i> A Rockingham County retiree, eligible for postretirement medical coverage, is defined as a full-time employee who retires directly from the County and is eligible to receive an early or regular retirement benefit from the VRS. Employees applying for early or regular retirement are eligible to continue participation in the County sponsored Retiree Health plan.</p>
<p><i>Retirement Eligibility</i> Employees may retire under the VRS with an unreduced pension benefit under the following age and service requirements:</p> <ul style="list-style-type: none">• Plan 1 eligible employees<ul style="list-style-type: none">○ Age 50 and 30 years of service○ Age 65 and 5 years of service• Plan 2 and Hybrid plan eligible employees<ul style="list-style-type: none">○ Age 65 with 5 years of service○ Rule of 90
<p><i>Benefit Amounts</i> The County will provide a premium credit toward a retiree's health insurance premium at a rate of \$4.00 per year of service per month not to exceed \$120 per month based on 30 years of service in the VRS. To be eligible for this premium credit, the retiree must have a minimum of 15 years of service in the VRS and must have enrolled in the County's health insurance plan at the time of retirement. The premium credit may only be applied to the retiree's individual health insurance plan, and is not applicable to the premium charges for family members. The premium credit is made only until the employee is eligible for Medicare coverage, usually at age 65.</p>
<p><i>Reduction in Benefit Amounts</i> Plan 1 eligible employees may retire with a reduced pension benefit at age 50 and 10 years of service or age 55 and 5 years of service. Plan 2 and Hybrid eligible employees can retire with a reduced pension benefit at age 60 with 5 years of service.</p>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits – Medical Insurance Program (Continued)

A. Plan Description (Continued)

County and the District (Continued)

MEDICAL INSURANCE PROGRAM PLAN PROVISIONS (Continued)
<p><i>Death of a Retiree</i> Upon death of a current retiree, the surviving spouse is eligible for coverage until age 65. Survivors of actives are not eligible for postretirement benefits, even if the deceased active was eligible to retire at the time of death.</p>

School Board

MEDICAL INSURANCE PROGRAM PLAN PROVISIONS
<p><i>Eligible Employees</i> Retired employees may participate in the School Board health insurance program in accordance with the following terms and conditions:</p> <ul style="list-style-type: none">• The employee has served a minimum of 10 consecutive years as an employee of Rockingham County School Board.• The employee is eligible for retirement under VRS and that his/her monthly payments are made through payroll deductions by the VRS.• Once the retired employee becomes eligible for or obtains other health coverage, the retired employee will no longer be eligible to participate in the group plan.
<p><i>Retirement Eligibility</i> School Board employees may retire under the VRS according to the same eligibility requirements as the County and the District employees described above.</p>
<p><i>Benefit Amounts</i> The School Board will pay \$10 monthly for the retiree until the retiree becomes eligible for or obtains other health coverage.</p>
<p><i>Death of a Retiree</i> Upon death of a current retiree, the surviving spouse is eligible for coverage until age 65. Survivors of actives are not eligible for postretirement benefits, even if the deceased active was eligible to retire at the time of death.</p>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits – Medical Insurance Program (Continued)

B. Employees Covered by Benefit Terms

At June 30, 2017, the following employees were covered by the benefit terms:

County and the District

	<u>Number</u>
Inactive employees or beneficiaries currently receiving benefit payments	34
Inactive employees entitled to but not yet receiving benefit payments	2
Active employees	<u>528</u>
Total	<u><u>564</u></u>

School Board

	<u>Number</u>
Inactive employees or beneficiaries currently receiving benefit payments	73
Inactive employees entitled to but not yet receiving benefit payments	6
Active employees	<u>1,556</u>
Total	<u><u>1,635</u></u>

C. Total Medical Insurance Program OPEB Liability

The County and the District’s total Medical Insurance OPEB liability of \$6,080,229 was measured as of June 30, 2018, and was determined by an actuarial valuation as of July 1, 2017. The School Board’s total Medical Insurance OPEB liability of \$20,080,946 was measured as of June 30, 2018, and was determined by an actuarial valuation as of July 1, 2017.

D. Actuarial Assumptions and Other Inputs

The total Medical Insurance Program OPEB liabilities were based on an actuarial valuation as of July 1, 2017, using the Entry Age Normal actuarial cost method and the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	2.50% per annum
Discount rate	3.11% per annum
Healthcare cost trend rates	Medical and Stop Loss: 8% graded down to 5% over 10 years; Administrative Expenses 5% per annum

The discount rate was based on the S&P 500 Municipal Bond Index.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits – Medical Insurance Program (Continued)

D. Actuarial Assumptions and Other Inputs (Continued)

County and the District

Mortality Rates

The following mortality assumptions were chosen to match the mortality assumptions used in the June 30, 2016 Annual Financial Statement for the Virginia Retirement System.

Pre-Commencement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males set back one year, 85% of rates; females set back one year.

Post-Commencement: RP-2014 Employee Rates to age 49, Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward one year; females set back one year with 1.5% increase compounded from ages 70 to 85.

Post-Disablement: RP-2014 Disability Mortality Rates projected with scale BB to 2020; males 115% of rates; females 130% of rates.

School Board

Mortality Rates

The following mortality assumptions were chosen to match the mortality assumptions used in the June 30, 2016 Annual Financial Statement for the Virginia Retirement System.

Pre-Commencement: RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Commencement: RP-2014 White Collar Employee Rates to age 49, White Collar Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back three years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement: RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits – Medical Insurance Program (Continued)

E. Changes in the Total Medical Insurance OPEB Liability

County and the District

	Total Medical Insurance OPEB Liability
Balance at June 30, 2017	<u>\$ 5,702,899</u>
Changes for the year:	
Service cost	390,913
Interest	183,392
Contributions - employer	<u>(196,975)</u>
Net changes	<u>377,330</u>
Balance at June 30, 2018	<u><u>\$ 6,080,229</u></u>

School Board

	Total Medical Insurance OPEB Liability
Balance at June 30, 2017	<u>\$ 18,802,393</u>
Changes for the year:	
Service cost	1,141,518
Interest	605,681
Contributions - employer	<u>(468,646)</u>
Net changes	<u>1,278,553</u>
Balance at June 30, 2018	<u><u>\$ 20,080,946</u></u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits – Medical Insurance Program (Continued)

F. Sensitivity of the Total Medical Insurance OPEB Liabilities to Changes in the Discount Rate

The following presents the total OPEB liabilities of the County and the District and the School Board calculated using the stated discount rate, as well as what the County and the District's and the School Board's total Medical Insurance OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.11%) or 1-percentage-point higher (4.11%) than the current discount rate:

	1% Decrease (2.11%)	Current Discount Rate (3.11%)	1% Increase (4.11%)
County		\$ 4,896,965	
District		1,183,264	
Total County and the District	\$ 6,818,351	6,080,229	\$ 5,437,843
School Board	22,361,964	20,080,946	18,062,677

G. Sensitivity of the Total Medical Insurance OPEB Liabilities to Changes in Healthcare Cost Trend Rate

The following represents the total Medical Insurance OPEB liabilities of the County and the District and the School Board calculated using the stated discount rate, as well as what the County and the District's and the School Board's total Medical Insurance OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (7.0 percent decreasing to 4 percent over 10 years) or 1-percentage-point higher (9.0 percent decreasing to 6 percent over 10 years) than the current discount rate:

	1% Decrease (7.00% decreasing to 4% over 10 years)	Current Discount Rate (8.00% decreasing to 5% over 10 years)	1% Increase (9.00% decreasing to 6% over 10 years)
County		\$ 4,896,965	
District		1,183,264	
Total County and the District	\$ 5,350,987	6,080,229	\$ 6,966,371
School Board	17,548,986	20,080,946	23,119,641

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits – Medical Insurance Program (Continued)

H. Medical Insurance OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Medical Insurance OPEB

For the year ended June 30, 2018, the County and the District and the School Board recognized Medical Insurance OPEB expense of \$574,305 and \$1,747,199, respectively.

County and the District

For the year ended June 30, 2018, the County and the District reported deferred outflows of resources to the Medical OPEB plan of \$468,189 and \$113,130, respectively, relating to contributions subsequent to the measurement date, which will be recognized as a reduction of the total Medical OPEB plan liability in the fiscal year ending June 30, 2019.

School Board

For the year ended June 30, 2018, the School Board reported deferred outflows of resources to the Medical OPEB plan of \$1,947,789 relating to contributions subsequent to the measurement date, which will be recognized as a reduction of the total Medical OPEB plan liability in the fiscal year ending June 30, 2019.

Note 12. Other Postemployment Benefits – Group Life Insurance Program

A. Plan Description

All full-time, salaried permanent employees of the County and the District, and the School Board non-professional and the School Board professional employees are automatically covered by the VRS Group Life Insurance Program (GLI) upon employment. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI. For members who elect the optional GLI coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from the members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI OPEB.

The specific information for GLI OPEB, including eligibility, coverage and benefits is set out in the table below:

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
Eligible Employees The GLI was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Postemployment Benefits – Group Life Insurance Program (Continued)

A. Plan Description (Continued)

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS (Continued)
<p>Benefit Amounts The benefits payable under the GLI have several components.</p> <ul style="list-style-type: none"> • Natural Death Benefit – The natural death benefit is equal to the employee’s covered compensation rounded to the next highest thousand and then doubled. • Accidental Death Benefit – The accidental death benefit is double the natural death benefit. • Other Benefit Provisions – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: <ul style="list-style-type: none"> ○ Accidental dismemberment benefit ○ Safety belt benefit ○ Repatriation benefit ○ Felonious assault benefit ○ Accelerated death benefit option
<p>Reduction in Benefit Amounts The benefit amounts provided to members covered under the GLI are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.</p>
<p>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA) For covered members with at least 30 years of creditable service, there is a minimum benefit payable under GLI. The minimum benefit was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 COLA and is currently \$8,111.</p>

B. Contributions

The contribution requirements for the GLI are governed by Sections 51.1-506 and 51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% X 60%) and the employer component was 0.52% (1.31% X 40%). Employers may elect to pay all or part of the employee contribution, however, the employer must pay all of the employer contribution. Each employer’s contractually required employer contribution rate for the year ended June 30, 2018 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2016. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI from the participating employers for the years ended June 30, 2018 and June 30, 2017 were as follows.

	2018	2017
County and the District	\$ 134,478	\$ 130,373
School Board Non-Professional	42,045	41,537
School Board Professional	346,483	335,222

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Postemployment Benefits – Group Life Insurance Program (Continued)

C. GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB

At June 30, 2018, the participating employers' reported liabilities for its proportionate share of the net GLI OPEB liability as follows:

	2018
County	\$ 1,622,395
District	422,605
Total County and the District	<u>2,045,000</u>
School Board Non-Professional	651,000
School Board Professional	5,260,000

The net GLI OPEB liability was measured as of June 30, 2017 and the total GLI OPEB liability used to calculate the net GLI OPEB liability was determined by an actuarial valuation as of that date. The covered employers' proportion of the net GLI OPEB liability was based on the covered employer's actuarially determined employer contributions to the GLI for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, comparisons of the participating employers' proportions to June 30, 2016 are as follows:

	2017	2016
County and the District	0.13592%	0.13245%
School Board Non-Professional	0.04331%	0.04447%
School Board Professional	0.34950%	0.35094%

For the year ended June 30, 2018, the County and the District, School Board non-professional, and School Board professional employees recognized GLI OPEB expense of \$32,000, \$4,000, and \$55,000, respectively. Since there was a change in the proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Postemployment Benefits – Group Life Insurance Program (Continued)

C. GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB (Continued)

At June 30, 2018, the employers reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

County and the District

	County		District		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (36,496)	\$ -	\$ (9,504)	\$ -	\$ (46,000)
Net difference between projected and actual earnings on GLI OPEB program investments	-	(61,091)	-	(15,909)	-	(77,000)
Change in assumptions	-	(83,306)	-	(21,694)	-	(105,000)
Changes in proportion	41,204	-	10,796	-	52,000	-
Employer contributions subsequent to the measurement date	106,559	-	27,919	-	134,478	-
Total	\$ 147,763	\$ (180,893)	\$ 38,715	\$ (47,107)	\$ 186,478	\$ (228,000)

The \$134,478 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer’s contributions subsequent to the measurement date will be recognized as a reduction of the net GLI OPEB liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ending June 30,	Amount
2019	\$ (38,000)
2020	(38,000)
2021	(38,000)
2022	(38,000)
2023	(19,000)
Thereafter	(5,000)
Total	\$ (176,000)

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Postemployment Benefits – Group Life Insurance Program (Continued)

C. GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB (Continued)

School Board Non-Professional

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (14,000)
Net difference between projected and actual earnings on GLI OPEB program investments	-	(25,000)
Change in assumptions	-	(34,000)
Changes in proportion	-	(17,000)
Employer contributions subsequent to the measurement date	42,045	-
Total	<u>\$ 42,045</u>	<u>\$ (90,000)</u>

The \$42,045 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the net GLI OPEB liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ending June 30,	Amount
2019	\$ (18,000)
2020	(18,000)
2021	(18,000)
2022	(18,000)
2023	(12,000)
Thereafter	(6,000)
Total	<u>\$ (90,000)</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Postemployment Benefits – Group Life Insurance Program (Continued)

C. GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB (Continued)

School Board Professional

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (116,000)
Net difference between projected and actual earnings on GLI OPEB program investments	-	(198,000)
Change in assumptions	-	(271,000)
Changes in proportion	-	(21,000)
Employer contributions subsequent to the measurement date	346,483	-
Total	<u>\$ 346,483</u>	<u>\$ (606,000)</u>

The \$346,483 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the net GLI OPEB liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ending June 30,	Amount
2019	\$ (125,000)
2020	(125,000)
2021	(125,000)
2022	(125,000)
2023	(75,000)
Thereafter	(31,000)
Total	<u>\$ (606,000)</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Postemployment Benefits – Group Life Insurance Program (Continued)

D. Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Inflation	2.5%
Salary increases, including inflation:	
Teachers	3.5%-5.95%
Locality – general employees	3.5%-5.35%
Locality – hazardous duty employees	3.5%-4.75%
Investment rate of return	7.0%, net of investment expenses, including inflation*

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

School Board Professional

Mortality Rates – Teachers

Pre-Retirement: RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement: RP-2014 White Collar Employee Rates to age 49, White Collar Health Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back three years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement: RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and changed final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each year, age and service through nine years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Postemployment Benefits – Group Life Insurance Program (Continued)

D. Actuarial Assumptions (Continued)

County, District and School Board Non-Professional

Mortality Rates – General Employees

Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward three years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement: RP-2014 Disability Life Mortality Table projected with Scale BB to 2020; males set forward two years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Mortality Rates – Hazardous Duty Employees

Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward one year.

Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward one year with 1.0% increase compounded from ages 70 to 90; females set forward three years.

Post-Disablement: RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward two years; unisex using 100% male.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Postemployment Benefits – Group Life Insurance Program (Continued)

D. Actuarial Assumptions (Continued)

County, District and School Board Non-Professional (Continued)

Mortality Rates – Hazardous Duty Employees (Continued)

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

E. Net GLI OPEB Liability

The net OPEB liability (NOL) for the GLI represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2017, NOL amounts for the GLI is as follows:

	Group Life Insurance OPEB Program
Total GLI OPEB liability	\$ 2,942,426,000
Plan fiduciary net position	<u>1,437,586,000</u>
Employers' net GLI OPEB liability	<u>\$ 1,504,840,000</u>

Plan fiduciary net position as a percentage of the total GLI OPEB liability	48.86%
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The total GLI OPEB liability is calculated by the System’s actuary, and each plan’s fiduciary net position is reported in the System’s financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System’s notes to the financial statements and required supplementary information.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Postemployment Benefits – Group Life Insurance Program (Continued)

F. Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	<u>100.00%</u>		<u>4.80%</u>
	Inflation		<u>2.50%</u>
	* Expected arithmetic nominal return		<u>7.30%</u>

* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

G. Discount Rate

The discount rate used to measure the total GLI OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the participating employers for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Postemployment Benefits – Group Life Insurance Program (Continued)

H. Sensitivity of the Participating Employers’ Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the participating employers’ proportionate share of the net GLI OPEB liability using the discount rate of 7.00%, as well as what the participating employers’ proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County		\$ 1,622,395	
District		422,605	
Total County and the District	\$ 2,645,000	2,045,000	\$ 1,559,000
School Board Non-Professional	843,000	651,000	496,000
School Board Professional	6,803,000	5,260,000	4,009,000

I. Group Life Insurance Program Fiduciary Net Position

Detailed information about the GLI’s fiduciary net position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, Virginia, 23218-2500.

Note 13. Other Postemployment Benefits – Health Insurance Credit Program

A. Plan Description

School Board Non-Professional and School Board Professional Plans

The County has two types of Health Insurance Credit Program (HIC) OPEB plans. A single-employer plan for political subdivisions (School Board non-professional plan) and a cost-sharing employer plan for VRS teacher employees (School Board professional plan). For the School Board non-professional plan, all full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision Health Insurance Credit Program (HIC) upon employment. For the School Board professional Plan, all full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee Health Insurance Credit Program. These plans are administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree’s death.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Postemployment Benefits – Health Insurance Credit Program (Continued)

A. Plan Description (Continued)

School Board Non-Professional Plan

The specific information about the School Board non-professional HIC OPEB, including eligibility, coverage and benefits is set out in the table below:

POLITICAL SUBDIVISION HIC PLAN PROVISIONS
<p><i>Eligible Employees</i></p> <p>The Political Subdivision Retiree HIC was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and who retire with at least 15 years of service credit.</p> <p>Eligible employees of participating political subdivisions are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none">• Full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan.
<p><i>Benefit Amounts</i></p> <p>The political subdivision's Retiree HIC provides the following benefits for eligible employees:</p> <ul style="list-style-type: none">• At Retirement – for employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month.• Disability Retirement – for employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.
<p><i>Health Insurance Credit Program Notes</i></p> <ul style="list-style-type: none">• The monthly HIC benefit cannot exceed the individual premium amount• No HIC for premiums paid and qualified under Line of Duty Act (LODA), however, the employee may receive the credit for premiums paid for other qualified health plans.• Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Postemployment Benefits – Health Insurance Credit Program (Continued)

A. Plan Description (Continued)

School Board Professional Plan

The specific information for the Teacher Employee HIC OPEB, including eligibility, coverage, and benefits is set out in the table below:

TEACHER EMPLOYEE HIC PLAN PROVISIONS
<p><i>Eligible Employees</i></p> <p>The Teacher Employee Retiree HIC was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit.</p> <p>Eligible employees are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none">• Full-time permanent (professional) salaried employees of public school divisions covered under VRS.
<p><i>Benefit Amounts</i></p> <p>The Teacher Employee Retiree HIC provides the following benefits for eligible employees:</p> <ul style="list-style-type: none">• At Retirement – for teacher and other professional school employees who retire, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount.• Disability Retirement – for teacher and other professional school employees who retire on disability or go on long-term disability under the VLDP, the monthly benefit is either:<ul style="list-style-type: none">○ \$4.00 per month, multiplied by twice the amount of service credit, or○ \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.
<p><i>Health Insurance Credit Program Notes</i></p> <ul style="list-style-type: none">• The monthly HIC benefit cannot exceed the individual premium amount• Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Postemployment Benefits – Health Insurance Credit Program (Continued)

B. Employees Covered by Benefit Terms

School Board Non-Professional Plan

As of the June 30, 2016 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan.

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>139</u>
Inactive members:	
Vested	<u>4</u>
Total inactive members	<u>143</u>
Active members	<u>415</u>
Total covered employees	<u><u>558</u></u>

C. Contributions

School Board Non-Professional and School Board Professional Plans

The contribution requirement for active employees is governed by Section 51.1-1402(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. For the year ended June 30, 2018, the contractually required employer contribution rates for the School Board non-professional and School Board professional was 0.65% and 1.23%, respectively, of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2016. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the HIC Program from the participating employers for the years ended June 30, 2018 and June 30, 2017 were as follows:

	2018	2017
School Board Professional	\$ 807,757	\$ 714,647
School Board Non-Professional	52,860	51,835

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Postemployment Benefits – Health Insurance Credit Program (Continued)

D. Net HIC OPEB Liability

School Board Non-Professional Plan

The School Board Non-Professional plan's net HIC OPEB liability was measured as of June 30, 2017. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

School Board Professional Plan

The net OPEB liability (NOL) for the Teacher Employee HIC represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2017, NOL amounts for the Teacher Employee HIC are as follows:

	Teacher Employee HIC OPEB Plan
Total teacher employee HIC OPEB liability	\$1,364,702,000
Plan fiduciary net position	<u>96,091,000</u>
Teacher employee net HIC OPEB liability	<u><u>\$1,268,611,000</u></u>
Plan fiduciary net position as a percentage of the total teacher employee HIC OPEB liability	7.04%

The total Teacher Employee HIC OPEB liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net Teacher Employee HIC OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Postemployment Benefits – Health Insurance Credit Program (Continued)

E. Actuarial Assumptions

School Board Non-Professional and School Board Professional Plans

The total HIC OPEB liabilities were based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Inflation	2.5%
Salary increases, including inflation:	
Locality – general employees	3.5%-5.35%
Teacher employees	3.5%-5.95%
Investment rate of return	7.0%, net of investment expenses, including inflation*

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

School Board Non-Professional Plan

Mortality Rates – General Employees

Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward three years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement: RP-2014 Disability Life Mortality Table projected with Scale BB to 2020; males set forward two years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Postemployment Benefits – Health Insurance Credit Program (Continued)

E. Actuarial Assumptions (Continued)

School Board Professional Plan

Mortality Rates – Teachers

Pre-Retirement: RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement: RP-2014 White Collar Employee Rates to age 49, White Collar Health Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back three years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement: RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and changed final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each year, age and service through nine years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Postemployment Benefits – Health Insurance Credit Program (Continued)

F. Long-Term Expected Rate of Return

School Board Non-Professional and School Board Professional Plans

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	<u>100.00%</u>		<u>4.80%</u>
	Inflation		<u>2.50%</u>
			<u>7.30%</u>

* Expected arithmetic nominal return

* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

G. Discount Rate

School Board Non-Professional and School Board Professional Plans

The discount rate used to measure the total HIC OPEB liabilities was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the School Board non-professional and School Board professional plans for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Postemployment Benefits – Health Insurance Credit Program (Continued)

H. Changes in Net HIC OPEB Liability

School Board Non-Professional Plan

	Increase (Decrease)		
	Total HIC OPEB Liability	Plan Fiduciary Net Position	Net HIC OPEB Liability
	(a)	(b)	(a-b)
Balance at June 30, 2016	\$ 961,598	\$ 381,566	\$ 580,032
Changes for the year:			
Service cost	19,552	-	19,552
Interest	65,388	-	65,388
Changes in assumptions	(22,380)	-	(22,380)
Contributions - employer	-	51,835	(51,835)
Net investment income	-	43,842	(43,842)
Benefit payments, including refunds of employee contributions	(54,976)	(54,976)	-
Administrative expenses	-	(702)	702
Other changes	-	2,239	(2,239)
Net changes	7,584	42,238	(34,654)
Balance at June 30, 2017	\$ 969,182	\$ 423,804	\$ 545,378

I. Sensitivity of the HIC Net OPEB Liabilities to Changes in the Discount Rate

School Board Non-Professional and School Board Professional Plans

The following presents the net HIC OPEB liabilities using the discount rate of 7.00%, as well as what the net HIC OPEB liabilities would be if they were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Current Discount		
	1% Decrease (6.00%)	Rate (7.00%)	1% Increase (8.00%)
School Board Professional	\$ 11,551,000	\$ 10,349,000	\$ 9,328,000
School Board Non-Professional	633,714	545,378	468,945

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Postemployment Benefits – Health Insurance Credit Program (Continued)

J. HIC OPEB Liabilities, HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC OPEB

School Board Non-Professional Plan

For the year ended June 30, 2018, the School Board non-professional plan recognized HIC OPEB expense of \$48,559. At June 30, 2018, the School Board non-professional plan reported deferred outflows of resources and deferred inflows of resources related to the HIC OPEB from the following sources (amounts expressed in the thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on HIC OPEB program investments	\$ -	\$ 13,750
Change in assumptions	-	17,628
Employer contributions subsequent to the measurement date	52,860	-
Total	\$ 52,860	\$ 31,378

The \$52,860 reported as deferred outflows of resources related to the HIC OPEB resulting from the school Board non-professional plan's contributions subsequent to the measurement date will be recognized as a reduction of the total HIC OPEB liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows (amounts expressed in the thousands):

Year Ending June 30,	Amount
2019	\$ (8,190)
2020	(8,190)
2021	(8,190)
2022	(6,808)
Total	\$ (31,378)

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Postemployment Benefits – Health Insurance Credit Program (Continued)

J. HIC OPEB Liabilities, HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC OPEB (Continued)

School Board Professional Plan

At June 30, 2018, the School Board professional plan reported a liability of \$10,349,000 for its proportionate share of the Teacher Employee HIC total OPEB liability. The total Teacher Employee HIC OPEB liability was measured as of June 30, 2017 and the total Teacher Employee HIC OPEB liability used to calculate the total Teacher Employee HIC OPEB liability was determined by an actuarial valuation as of that date. The School Board professional plan’s proportion of the total Teacher Employee HIC OPEB liability was based on the School Board professional plan’s actuarially determined employer contributions to the Teacher Employee HIC OPEB plan for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the School Board professional plan’s proportion of the Teacher Employee HIC was 0.81579% as compared to 0.82582% at June 30, 2016.

For the year ended June 30, 2018, the School Board professional plan recognized Teacher Employee HIC OPEB expense of \$825,000. Since there was a change in proportionate share between June 30, 2016 and June 30, 2017, a portion of the Teacher Employee HIC net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2018, the School Board professional plan reported deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on HIC OPEB program investments	\$ -	\$ 19,000
Change in assumptions	-	106,000
Changes in proportionate share	-	110,000
Employer contributions subsequent to the measurement date	807,757	-
Total	\$ 807,757	\$ 235,000

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Postemployment Benefits – Health Insurance Credit Program (Continued)

J. HIC OPEB Liabilities, HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC OPEB (Continued)

School Board Professional Plan (Continued)

The \$807,757 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the School Board professional plan’s contributions subsequent to the measurement date will be recognized as a reduction of the total Teacher Employee HIC OPEB liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ending June 30,	Amount
2019	\$ (38,000)
2020	(38,000)
2021	(38,000)
2022	(38,000)
2023	(33,000)
Thereafter	<u>(50,000)</u>
Total	<u><u>\$ (235,000)</u></u>

K. HIC Credit Program Plan Data

Information about the VRS Political Subdivision HIC is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, Virginia, 23218-2500.

Note 14. Advances To/From Other Funds

Interfund balances as of June 30, 2018 are as follows:

Payable Fund	Receivable Fund
Primary Government:	General Fund:
Lilly Subdivision Sanitary District	<u>\$ 138,754</u>
	<u><u>\$ 138,754</u></u>

The advance from the General Fund to the Lilly Subdivision Sanitary District includes an advance to be repaid through 2024 with annual principal payments of \$6,500 plus interest at 3.25%.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 15. Interfund Transfers

A summary of interfund transfer activity is presented as follows:

Transfer to Fund	General Fund	Total Transferred out
Primary Government:		
Governmental funds:		
General Capital Projects Fund	\$ 7,232,000	\$ 7,232,000
Total transferred out	\$ 7,232,000	\$ 7,232,000
Transfer from Fund	General Fund	Total Transferred in
Primary Government:		
Governmental funds:		
Self-Funded Insurance	\$ 1,525,000	\$ 1,525,000
	\$ 1,525,000	\$ 1,525,000

The transfer from the General Fund to the General Capital Projects Fund was to fund the County's 2020 plan, radio lease, CAD project, and HVAC project at the Jail.

The transfer to the General Fund from the Self-Funded Insurance was for the repayment of start-up funds.

Note 16. Major Customers

The Water and Sewer Fund has one major customer. For the year ended June 30, 2018, water and sewer revenue from this customer was approximately \$2.92 million. Accounts receivable from this customer were approximately \$566,000 at June 30, 2018.

The Solid Waste Fund has two major customers. Revenues from these customers for the year ended June 30, 2018 were approximately \$2.74 million. Accounts receivable from these customers were approximately \$280,000 at June 30, 2018.

The Smith Creek Water & Waste Authority has one major customer. For the year ended June 30, 2018, revenue from this customer was approximately \$86,000. Accounts receivable from this customer were approximately \$12,000 at June 30, 2018.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 17. Landfill Closure and Postclosure Care Cost

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

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date the landfill stops accepting waste, the Solid Waste Fund reports a portion of these closure and postclosure care costs as an operating expense in each period based on the landfill capacity used as of each balance sheet date. The County has recorded \$11,928,910 as landfill closure and postclosure liability at June 30, 2018. The landfill's total capacity used to date is 85% for active cells.

The Solid Waste Fund will report the County's estimated liability of closure and post-closure care of \$2,113,000 for the active cell as the remaining estimated capacity is filled. These amounts are based on the cost to perform all closure and post-closure care in 2018. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The estimated remaining life of the landfill is approximately three years and does not account for future expansion.

Note 18. 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 18. Risk Management (Continued)

Health Insurance

County employees, retirees and employee dependents are eligible for medical benefits from a health insurance Internal Service Funds. 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 2018, 2017, and 2016:

Fiscal Year Ended	Beginning Liability	Claims and Changes in Estimates	Claim Payments	Ending Liability
June 30, 2018	\$ 2,076,649	\$ 26,244,427	\$ 25,686,897	\$ 2,634,179
June 30, 2017	2,516,803	23,745,763	24,185,917	2,076,649
June 30, 2016	1,751,000	23,474,862	22,709,059	2,516,803

Fiscal Year Ended	Governmental Activities	Component Unit - School Board	Total
June 30, 2018	\$ 658,545	\$ 1,975,634	\$ 2,634,179
June 30, 2017	550,016	1,526,633	2,076,649
June 30, 2016	629,201	1,887,602	2,516,803

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 19. Tax Abatements and the Technology Zone Grant Program

Pursuant to the provisions of Title 15.2, Chapter 9, Section 15.2-953 of the *Code of Virginia*, localities are permitted to make appropriations of money to industrial development authorities for the purposes of promoting economic development. Furthermore, Title 58.1, Chapter 38, Section 58.1-3850 of the *Code of Virginia* permits any city, county or town the authority to establish one or more technology zones, within which incentives may be offered for investments in technological advances. The tax incentives may be provided for up to ten years and may include, but not be limited to: (i) reduction of permit fees; (ii) reduction of user fees; and (iii) reduction of any type of gross receipts tax.

The County has established the Technology Zone Grant Program and currently maintains four technology zones. The County has entered into grant agreements with local businesses within those zones. Once the business has satisfactorily paid all current year property taxes due, a calculation is performed to determine the grant amount that will ultimately be returned to the business. This transaction, in essence, is an abatement of taxes collected, as it is a reduction in tax revenues available for spending by the County. Once the grant amount is determined, the County transfers funds to the Rockingham Economic Development Authority, who subsequently returns the funds to the business. Grants shall be used for investment in technological advancements to machinery and tools and tangible personal property in the construction of new or expanded facilities within the technology zone.

For the fiscal year ended June 30, 2018, the County abated property taxes totaling \$1,379,696 under this grant program, including the following tax abatement agreements that each exceeded 10 percent of the total amount abated:

- Property tax abatement to a pharmaceutical facility in the amount of \$210,327.
- Property tax abatement to a beverage facility in the amount of \$716,392.
- Property tax abatement to a dairy facility in the amount of \$238,095.
- Property tax abatement to a printing facility in the amount of \$214,882.

Note 20. Pending GASB Statements

At June 30, 2018, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by the County. The statements which might impact the County are as follows:

GASB Statement No. 84, *Fiduciary Activities*, will improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Statement No. 84 will be effective for fiscal years beginning after December 15, 2018.

GASB Statement No. 87, *Leases*, will increase the usefulness of the County's financial statements by requiring reporting of certain lease assets and liabilities and deferred inflows of resources for leases that previously were classified as operating leases. Statement No. 87 will be effective for fiscal years beginning after December 15, 2019.

GASB Statement No. 88, *Certain Disclosures Related to Debt*, will improve the information that is disclosed in notes related to debt. It also clarifies which liabilities governments should include when disclosing information related to debt. Statement No. 88 will be effective for fiscal years beginning after June 15, 2018.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 20. Pending GASB Statements (Continued)

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, will (1) enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. Statement No. 89 will be effective for fiscal years beginning after December 15, 2019.

GASB Statement No. 90, *Majority Equity Interests*, is intended to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. Statement No. 90 will be effective for fiscal years beginning after December 15, 2018.

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

Note 21. Joint Venture

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

In fiscal year 2018, the County's contributions to the HRECC totaled approximately \$2,275,703.

Note 22. Middle River Regional Jail Authority

The Middle River Regional Jail Authority (MRRJA), which opened in April 2006, was established by the County of Augusta, City of Staunton and City of Waynesboro (the Original Member Jurisdictions) to house prisoners from their own jurisdictions as well as others. An agreement was executed as of July 1, 2015 among the Original Member Jurisdictions and the County of Rockingham and City of Harrisonburg to allow the County and City to become Member Jurisdictions of MRRJA, effectively allowing the County and City to no longer pay MRRJA's per diem rental fee. The Original Member Jurisdictions agreed to admit the County as an additional member jurisdiction effective July 1, 2015 for \$10,771,794. See Note 8 for details of the long-term liability associated with becoming a member jurisdiction.

The total paid by the County to become a member jurisdiction of MRRJA was \$906,453 in fiscal year 2018, which has been shown as a public safety expenditure in the General Fund, and as a reduction in the liability on the Governmental Activities Statement of Net Position.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 23. Contingency

Federal and State-Assisted Programs

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

Note 24. Change in Accounting Principle

As of June 30, 2018, the County adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as amended, as well as the requirements of GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, as they relate to OPEB. The following adjustments have been made:

		Governmental Activities	
Net position, as originally reported, July 1, 2017		\$ 4,394,162	
Net adjustment as a result of the implementation of GASB Statement No. 75		<u>(2,947,348)</u>	
Net position, as restated, July 1, 2017		<u>\$ 1,446,814</u>	
	Water and Sewer Fund	Solid Waste Fund	
Net position, as originally reported, July 1, 2017	\$ 30,118,725	\$ 9,330,850	
Net adjustment as a result of the implementation of GASB Statement No. 75	<u>(177,354)</u>	<u>(201,339)</u>	
Net position, as restated, July 1, 2017	<u>\$ 29,941,371</u>	<u>\$ 9,129,511</u>	
	Business-Type Activities	Component Unit - School Board	Component Unit - Harrisonburg- Rockingham Social Services District
Net position, as originally reported, July 1, 2017	\$ 43,606,145	\$ 17,784,383	\$ 6,785,830
Net adjustment as a result of the implementation of GASB Statement No. 75	<u>(378,693)</u>	<u>(26,226,381)</u>	<u>(710,816)</u>
Net position, as restated, July 1, 2017	<u>\$ 43,227,452</u>	<u>\$ (8,441,998)</u>	<u>\$ 6,075,014</u>

**REQUIRED SUPPLEMENTARY
INFORMATION**

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

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

	Fiscal Year June 30,			
	2014	2015	2016	2017
Total Pension Liability:				
Service cost	\$ 2,559,508	\$ 2,661,858	\$ 2,758,824	\$ 2,913,015
Interest	5,820,012	6,141,573	6,430,742	6,822,375
Differences between expected and actual experience	-	(528,816)	852,638	(394,616)
Changes of assumptions	-	-	-	(1,115,528)
Benefit payments, including refunds of employee contributions	(3,578,397)	(3,993,176)	(4,294,088)	(4,600,811)
Net change in total pension liability	4,801,123	4,281,439	5,748,116	3,624,435
Total pension liability - beginning	84,932,224	89,733,347	94,014,786	99,762,902
Total pension liability - ending (a)	\$ 89,733,347	\$ 94,014,786	\$ 99,762,902	\$ 103,387,337
Plan Fiduciary Net Position:				
Contributions - employer	\$ 2,759,564	\$ 2,826,572	\$ 3,003,059	\$ 2,681,076
Contributions - employee	1,125,148	1,139,839	1,224,047	1,249,882
Net investment income	10,584,504	3,573,047	1,428,469	10,038,185
Benefit payments, including refunds of employee contributions	(3,578,397)	(3,993,176)	(4,294,088)	(4,600,811)
Administrative expense	(56,223)	(48,216)	(49,968)	(57,528)
Other changes	558	(753)	(602)	(8,946)
Net change in plan fiduciary net position	10,835,154	3,497,313	1,310,917	9,301,858
Plan fiduciary net position - beginning	66,593,183	77,428,337	80,925,650	82,236,567
Plan fiduciary net position - ending (b)	\$ 77,428,337	\$ 80,925,650	\$ 82,236,567	\$ 91,538,425
County and District's net pension liability - ending (a) - (b)	\$ 12,305,010	\$ 13,089,136	\$ 17,526,335	\$ 11,848,912
Plan fiduciary net position as a percentage of the total pension liability	86.29%	86.08%	82.43%	88.54%
Covered payroll	\$ 21,677,643	\$ 22,204,022	\$ 23,590,408	\$ 24,865,606
County and District's net pension liability as a percentage of covered payroll	56.76%	58.95%	74.29%	47.65%

Note to Schedule:

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

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

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

	Fiscal Year June 30,			
	2014	2015	2016	2017
Total Pension Liability:				
Service cost	\$ 832,108	\$ 817,545	\$ 820,429	\$ 811,126
Interest	1,948,144	2,045,747	2,128,901	2,213,159
Differences between expected and actual experience	-	(294,432)	(259,762)	(176,386)
Changes of assumptions	-	-	-	(388,130)
Benefit payments, including refunds of employee contributions	(1,423,602)	(1,348,250)	(1,413,634)	(1,558,151)
Net change in total pension liability	1,356,650	1,220,610	1,275,934	901,618
Total pension liability - beginning	28,542,435	29,899,085	31,119,695	32,395,629
Total pension liability - ending (a)	\$ 29,899,085	\$ 31,119,695	\$ 32,395,629	\$ 33,297,247
Plan Fiduciary Net Position:				
Contributions - employer	\$ 722,711	\$ 635,842	\$ 641,139	\$ 458,757
Contributions - employee	390,659	394,565	407,589	388,720
Net investment income	4,013,113	1,334,387	527,774	3,671,538
Benefit payments, including refunds of employee contributions	(1,423,602)	(1,348,250)	(1,413,634)	(1,558,151)
Administrative expense	(21,667)	(18,317)	(18,743)	(21,471)
Other changes	212	(283)	(223)	(3,254)
Net change in plan fiduciary net position	3,681,426	997,944	143,902	2,936,139
Plan fiduciary net position - beginning	25,542,725	29,224,151	30,222,095	30,365,997
Plan fiduciary net position - ending (b)	\$ 29,224,151	\$ 30,222,095	\$ 30,365,997	\$ 33,302,136
School Board non-professional net pension liability (asset) - ending (a) - (b)	\$ 674,934	\$ 897,600	\$ 2,029,632	\$ (4,889)
Plan fiduciary net position as a percentage of the total pension liability	97.74%	97.12%	93.73%	100.01%
Employer's covered payroll	\$ 8,867,620	\$ 7,801,742	\$ 7,866,736	\$ 7,770,000
School Board's non-professional net pension liability (asset) as a percentage of covered payroll	7.61%	11.51%	25.80%	-0.06%

Note to Schedule:

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

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

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

	Fiscal Year June 30,			
	2014	2015	2016	2017
Employer's proportion of the net pension liability	0.81091%	0.82758%	0.82587%	0.81860%
Employer's proportionate share of the net pension liability	\$ 97,996,000	\$ 104,163,000	\$ 115,739,000	\$ 100,671,000
Employer's covered payroll	47,690,683	61,488,041	62,969,097	60,677,558
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	205.48%	169.40%	183.80%	165.91%
Plan fiduciary net position as a percentage of the total pension liability	70.88%	70.68%	68.28%	72.92%

Note to Schedule:

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

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

**SCHEDULE OF COUNTY AND DISTRICT CONTRIBUTIONS –
VIRGINIA RETIREMENT SYSTEM**

	Fiscal Year June 30,				
	2014	2015	2016	2017	2018
Contractually required contribution (CRC)	\$ 2,759,564	\$ 2,826,572	\$ 3,003,059	\$ 2,705,378	\$ 2,814,654
Contributions in relation to the CRC	2,759,564	2,826,572	3,003,059	2,705,378	2,814,654
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 21,677,643	\$ 22,204,022	\$ 23,590,408	\$ 24,865,606	\$ 25,869,982
Contributions as a percentage of covered payroll	12.73%	12.73%	12.73%	10.88%	10.88%

Note to Schedule:

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

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

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

	Fiscal Year June 30,				
	2014	2015	2016	2017	2018
Contractually required contribution (CRC)	\$ 722,711	\$ 635,842	\$ 641,139	\$ 464,646	\$ 477,228
Contributions in relation to the CRC	722,711	635,842	641,139	464,646	477,228
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 8,867,620	\$ 7,801,742	\$ 7,866,736	\$ 7,770,000	\$ 7,980,401
Contributions as a percentage of covered payroll	8.15%	8.15%	8.15%	5.98%	5.98%

Note to Schedule:

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

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

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

	Fiscal Year June 30,				
	2014	2015	2016	2017	2018
Contractually required contribution (CRC)	\$ 6,915,149	\$ 8,915,766	\$ 8,853,455	\$ 8,895,330	\$ 10,135,322
Contributions in relation to the CRC	6,915,149	8,915,766	8,853,455	8,895,330	10,135,322
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 47,690,683	\$ 61,488,041	\$ 62,969,097	\$ 60,677,558	\$ 62,103,689
Contributions as a percentage of covered payroll	14.50%	14.50%	14.06%	14.66%	16.32%

Note to Schedule:

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

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
VIRGINIA RETIREMENT SYSTEM
For the Year Ended June 30, 2018**

Note 1. Changes of Benefit Terms

There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this is a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2017 are not material.

Note 2. Changes of Assumptions

The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ended June 30, 2016:

County and the District and School Board Non-Professional Plans (Agent Plans)

General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience each year, age and service through nine years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Public Safety Employees with Hazardous Duty Benefits

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience each year, age and service through nine years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 45%

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
VIRGINIA RETIREMENT SYSTEM
For the Year Ended June 30, 2018**

Note 2. Changes of Assumptions (Continued)

School Board Professional Plan (Cost-Sharing)

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience each year, age and service through nine years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

Note 3. Contractually Required Contributions

The actuarially determined contribution rates are calculated as of June 30, one year prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

County and the District and School Board Non-Professional Plans (Agent Plans)

General Employees

- Mortality Rates: 15% of deaths are assumed to be service related.
- Pre-retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.
 - Post-retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BBG to 2020; males set forward three years; females 1.0% increase compounded from ages 70 to 90.
 - Post-disablement: RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward two years, 110% of rates; females 125% of rates.

Public Safety Employees with Hazardous Duty Benefits

- Mortality Rates: 45% of deaths are assumed to be service related.
- Pre-retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward one year.
 - Post-retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward one year, 1.0% increase compounded from ages 70 to 90; females set forward three years.
 - Post-disablement: RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward two years; unisex using 100% male.

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
VIRGINIA RETIREMENT SYSTEM
For the Year Ended June 30, 2018**

Note 3. Contractually Required Contributions (Continued)

School Board Professional Plan (Cost-Sharing Plan)

Mortality Rates:

- Pre-retirement: RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.
- Post-retirement: RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back three years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.
- Post-disablement: RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

**SCHEDULE OF CHANGES IN THE COUNTY AND THE DISTRICT'S
TOTAL OPEB LIABILITY AND RELATED RATIOS –
MEDICAL INSURANCE PROGRAM**

	<u>Fiscal Year June 30,</u> <u>2018</u>
Total Medical Insurance OPEB liability:	
Service cost	\$ 390,913
Interest	183,392
Contributions - employer	<u>(196,975)</u>
Net change in total OPEB liability	377,330
Total Medical Insurance OPEB liability - beginning	<u>5,702,899</u>
County and District total Medical Insurance OPEB liability - ending	<u><u>\$ 6,080,229</u></u>
Plan fiduciary net position as a percentage of the total Medical Insurance OPEB liability	0.00%
Covered payroll	\$ 25,869,982
Total OPEB liability as a percentage of covered payroll	23.50%

Note to Schedule:

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

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

**SCHEDULE OF CHANGES IN THE SCHOOL BOARD'S
TOTAL OPEB LIABILITY AND RELATED RATIOS –
MEDICAL INSURANCE PROGRAM**

	<u>Fiscal Year June 30,</u> <u>2018</u>
Total Medical Insurance OPEB liability:	
Service cost	\$ 1,141,518
Interest	605,681
Contributions - employer	<u>(468,646)</u>
Net change in total OPEB liability	1,278,553
Total Medical Insurance OPEB liability - beginning	<u>18,802,393</u>
School Board total Medical Insurance OPEB liability - ending	<u><u>\$ 20,080,946</u></u>
Plan fiduciary net position as a percentage of the total Medical Insurance OPEB liability	0.00%
Covered payroll	\$ 70,084,090
Total OPEB liability as a percentage of covered payroll	28.65%

Note to Schedule:

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

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

SCHEDULE OF THE COUNTY AND THE DISTRICT'S PLAN CONTRIBUTIONS – OPEB – MEDICAL INSURANCE PROGRAM

	<u>Fiscal Year June 30,</u> <u>2018</u>
Contractually required contribution (CRC)	\$ 581,319
Contributions in relation to the CRC	<u>581,319</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>
Employer's covered payroll	\$ 25,869,982
Contributions as a percentage of covered payroll	2.25%

Note to Schedule:

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

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

**SCHEDULE OF SCHOOL BOARD PLAN CONTRIBUTIONS –
OPEB – MEDICAL INSURANCE PROGRAM**

	<u>Fiscal Year June 30,</u> <u>2018</u>
Contractually required contribution (CRC)	\$ 1,947,789
Contributions in relation to the CRC	<u>1,947,789</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>
Employer's covered payroll	\$ 70,084,090
Contributions as a percentage of covered payroll	2.78%

Note to Schedule:

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

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

**SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY –
GROUP LIFE INSURANCE PROGRAM**

Fiscal Year June 30,
2017

County and the District:

Employer's proportion of the net GLI OPEB liability		0.13592%
Employer's proportionate share of the net GLI OPEB liability	\$	2,045,000
Employer's covered payroll		25,071,813
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll		8.16%
Plan fiduciary net position as a percentage of the total GLI OPEB liability		48.86%

School Board Non-Professional:

Employer's proportion of the net GLI OPEB liability		0.04331%
Employer's proportionate share of the net GLI OPEB liability	\$	651,000
Employer's covered payroll		7,987,977
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll		8.15%
Plan fiduciary net position as a percentage of the total GLI OPEB liability		48.86%

School Board Professional:

Employer's proportion of the net GLI OPEB liability		0.34950%
Employer's proportionate share of the net GLI OPEB liability	\$	5,260,000
Employer's covered payroll		64,465,823
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll		8.16%
Plan fiduciary net position as a percentage of the total GLI OPEB liability		48.86%

Note to Schedule:

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

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

**SCHEDULE OF EMPLOYER CONTRIBUTIONS – OPEB –
GROUP LIFE INSURANCE PROGRAM**

	Fiscal Year June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
County and the District:										
Contractually required contribution (CRC)	\$ 56,955	\$ 40,765	\$ 55,025	\$ 54,128	\$ 97,241	\$ 102,169	\$ 107,086	\$ 114,244	\$ 130,373	\$ 134,478
Contributions in relation to the CRC	56,955	40,765	55,025	54,128	97,241	102,169	107,086	114,244	130,373	134,478
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 21,094,431	\$ 15,098,168	\$ 19,651,644	\$ 19,331,305	\$ 20,258,466	\$ 21,285,137	\$ 22,309,633	\$ 23,800,818	\$ 25,071,813	\$ 26,053,355
Contributions as a percentage of covered payroll	0.27%	0.27%	0.28%	0.28%	0.48%	0.48%	0.48%	0.48%	0.52%	0.52%
School Board Non-Professional:										
Contractually required contribution (CRC)	\$ 20,080	\$ 14,382	\$ 20,774	\$ 20,844	\$ 36,906	\$ 37,343	\$ 37,831	\$ 38,363	\$ 41,537	\$ 42,045
Contributions in relation to the CRC	20,080	14,382	20,774	20,844	36,906	37,343	37,831	38,363	41,537	42,045
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 7,436,961	\$ 5,326,748	\$ 7,419,401	\$ 7,444,380	\$ 7,688,796	\$ 7,779,696	\$ 7,881,447	\$ 7,992,255	\$ 7,987,977	\$ 8,112,786
Contributions as a percentage of covered payroll	0.27%	0.27%	0.28%	0.28%	0.48%	0.48%	0.48%	0.48%	0.52%	0.52%
School Board Professional:										
Contractually required contribution (CRC)	\$ 159,493	\$ 111,658	\$ 159,171	\$ 156,833	\$ 280,761	\$ 285,402	\$ 295,802	\$ 302,707	\$ 335,222	\$ 346,483
Contributions in relation to the CRC	159,493	111,658	159,171	156,833	280,761	285,402	295,802	302,707	335,222	346,483
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 59,071,319	\$ 41,354,990	\$ 56,846,852	\$ 56,011,783	\$ 58,491,814	\$ 59,458,766	\$ 61,625,384	\$ 63,064,004	\$ 64,465,823	\$ 66,570,938
Contributions as a percentage of covered payroll	0.27%	0.27%	0.28%	0.28%	0.48%	0.48%	0.48%	0.48%	0.52%	0.52%

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

SCHEDULE OF CHANGES IN THE SCHOOL BOARD NON-PROFESSIONAL PLAN'S NET OPEB LIABILITY AND RELATED RATIOS – HEALTH INSURANCE CREDIT PROGRAM

	<u>Fiscal Year June 30,</u> <u>2017</u>
Total HIC OPEB liability:	
Service cost	\$ 19,552
Interest	65,388
Changes in assumptions	(22,380)
Benefit payments	<u>(54,976)</u>
Net change in total OPEB liability	7,584
Total HIC OPEB liability - beginning	961,598
Total HIC OPEB liability - ending (a)	<u><u>\$ 969,182</u></u>
Plan Fiduciary Net Position:	
Contributions - employer	\$ 51,835
Net investment income	43,842
Benefit payments, including refunds of employee	(54,976)
Administrative expense	(702)
Other changes	<u>2,239</u>
Net change in plan fiduciary net position	42,238
Plan fiduciary net position - beginning	381,566
Plan fiduciary net position - ending (b)	<u><u>\$ 423,804</u></u>
School Board non-professional net HIC OPEB liability - ending (a) - (b)	<u><u>\$ 545,378</u></u>
Plan fiduciary net position as a percentage of the total HIC OPEB liability	43.73%
Covered payroll	\$ 7,979,559
Net OPEB liability as a percentage of covered payroll	6.83%

Note to Schedule:

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

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

**SCHEDULE OF SCHOOL BOARD NON-PROFESSIONAL PLAN CONTRIBUTIONS –
OPEB – HEALTH INSURANCE CREDIT PROGRAM**

	Fiscal Year June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Contractually required contribution (CRC)	\$ 89,798	\$ 88,881	\$ 57,036	\$ 57,236	\$ 56,338	\$ 57,482	\$ 48,730	\$ 49,492	\$ 51,835	\$ 52,860
Contributions in relation to the CRC	89,798	88,881	57,036	57,236	56,338	57,482	48,730	49,492	51,835	52,860
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 7,421,329	\$ 7,345,568	\$ 7,407,332	\$ 7,433,221	\$ 7,613,200	\$ 7,767,822	\$ 7,859,697	\$ 7,982,504	\$ 7,979,559	\$ 8,112,786
Contributions as a percentage of covered payroll	1.21%	1.21%	0.77%	0.77%	0.74%	0.74%	0.62%	0.62%	0.65%	0.65%

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

SCHEDULE OF CHANGES IN THE SCHOOL BOARD PROFESSIONAL PLAN'S NET OPEB LIABILITY AND RELATED RATIOS – HEALTH INSURANCE CREDIT PROGRAM

	<u>Fiscal Year June 30,</u> <u>2017</u>
Employer's proportion of the net HIC OPEB liability	0.81579%
Employer's proportionate share of the net HIC OPEB liability	\$ 10,349,000
Employer's covered payroll	64,382,624
Employer's proportionate share of the net HIC OPEB liability as a percentage of its covered payroll	16.07%
Plan fiduciary net position as a percentage of the total HIC OPEB liability	7.04%

Note to Schedule:

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

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

**SCHEDULE OF SCHOOL BOARD PROFESSIONAL PLAN CONTRIBUTIONS –
OPEB – HEALTH INSURANCE CREDIT PROGRAM**

	Fiscal Year June 30,										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
Contractually required contribution (CRC)	\$ 636,144	\$ 429,062	\$ 339,865	\$ 335,060	\$ 639,378	\$ 658,256	\$ 652,216	\$ 667,472	\$ 714,647	\$ 807,757	
Contributions in relation to the CRC	636,144	429,062	339,865	335,060	639,378	658,256	652,216	667,472	714,647	807,757	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 58,902,185	\$ 41,255,915	\$ 56,644,157	\$ 55,843,292	\$ 57,601,643	\$ 59,302,346	\$ 61,529,796	\$ 62,969,099	\$ 64,382,624	\$ 66,527,647	
Contributions as a percentage of covered payroll	1.08%	1.04%	0.60%	0.60%	1.11%	1.11%	1.06%	1.06%	1.11%	1.21%	

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
OTHER POSTEMPLOYMENT BENEFITS
Year Ended June 30, 2018**

Note 1. Medical Insurance Program

A. Changes of Benefit Terms

There have been no actuarially material changes to the Medical Insurance benefit provisions since the prior actuarial valuation.

B. Changes of Assumptions

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following is the discount rate used for the period presented:

2018 3.11%

Note 2. Group Life Insurance Program

A. Changes of Benefit Terms

There have been no actuarially material changes to the Virginia Retirement System benefit provisions since the prior actuarial valuation.

B. Changes of Assumptions

The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the Virginia Retirement System for the four-year period ended June 30, 2016:

School Board Professional

Teachers

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and changed final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each year, age and service through nine years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
OTHER POSTEMPLOYMENT BENEFITS
Year Ended June 30, 2018**

Note 2. Group Life Insurance Program (Continued)

B. Changes of Assumptions (Continued)

County, District and School Board Non-Professional Plans

General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
OTHER POSTEMPLOYMENT BENEFITS
Year Ended June 30, 2018**

Note 3. Health Insurance Credit Program

A. Changes of Benefit Terms

There have been no actuarially material changes to the Virginia Retirement System benefit provisions since the prior actuarial valuation.

B. Changes of Assumptions

The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the Virginia Retirement System for the four-year period ended June 30, 2016:

School Board Non-Professional Plan

Non-Largest Ten Locality Employers – General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

School Board Professional Plan

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and changed final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each year, age and service through nine years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

SUPPLEMENTARY INFORMATION

NONMAJOR PROPRIETARY FUNDS

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

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

**COMBINING STATEMENT OF NET POSITION –
NONMAJOR PROPRIETARY FUNDS
June 30, 2018**

	Lilly Subdivision Sanitary District	Countryside Sanitary District	Penn Laird Sewer Authority	Total Nonmajor Proprietary Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ -	\$ 16,769	\$ 34,700	\$ 51,469
Investments	-	11,443	23,680	35,123
Trade and other accounts receivable, net	3,959	650	1,681	6,290
Accrued interest	-	66	137	203
Total current assets	3,959	28,928	60,198	93,085
Noncurrent assets:				
Capital assets:				
Land	20,600	-	-	20,600
Easements	-	-	20,631	20,631
Improvements other than buildings	493,114	306,022	1,119,967	1,919,103
Machinery and equipment	-	-	28,892	28,892
Less accumulated depreciation and amortization	(118,870)	(76,506)	(261,701)	(457,077)
Total capital assets, net of accumulated depreciation and amortization	394,844	229,516	907,789	1,532,149
Total noncurrent assets	394,844	229,516	907,789	1,532,149
Total assets	398,803	258,444	967,987	1,625,234
LIABILITIES				
Current liabilities:				
Accounts payable and deposits	2,013	1,209	830	4,052
Accrued interest	4,349	666	2,750	7,765
Advance from other funds	138,754	-	-	138,754
Revenue bonds	20,146	9,125	21,952	51,223
Total current liabilities	165,262	11,000	25,532	201,794
Noncurrent liabilities:				
Revenue bonds	225,116	72,816	226,209	524,141
Total noncurrent liabilities	225,116	72,816	226,209	524,141
Total liabilities	390,378	83,816	251,741	725,935
NET POSITION				
Net investment in capital assets	149,582	147,575	659,628	956,785
Unrestricted (deficit)	(141,157)	27,053	56,618	(57,486)
Total net position	\$ 8,425	\$ 174,628	\$ 716,246	\$ 899,299

COUNTY OF ROCKINGHAM, VIRGINIA

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION – NONMAJOR PROPRIETARY FUNDS
Year Ended June 30, 2018**

	Lilly Subdivision Sanitary District	Countryside Sanitary District	Penn Laird Sewer Authority	Total Nonmajor Proprietary Funds
Operating revenues:				
Charges for services	\$ 36,627	\$ 13,763	\$ 16,198	\$ 66,588
Miscellaneous	22	-	-	22
Total operating revenues	36,649	13,763	16,198	66,610
Operating expenses:				
Contractual services	7,382	2,628	1,500	11,510
Other charges	15,501	10,138	19	25,658
Depreciation and amortization	10,819	6,121	25,288	42,228
Total operating expenses	33,702	18,887	26,807	79,396
Operating income (loss)	2,947	(5,124)	(10,609)	(12,786)
Nonoperating revenues (expenses):				
Loss on disposal of assets	(67,961)	-	-	(67,961)
Interest revenue	266	246	707	1,219
Interest expense	(9,194)	(2,807)	(6,648)	(18,649)
Total nonoperating expenses, net	(76,889)	(2,561)	(5,941)	(85,391)
Change in net position	(73,942)	(7,685)	(16,550)	(98,177)
Total net position, beginning	82,367	182,313	732,796	997,476
Total net position, ending	\$ 8,425	\$ 174,628	\$ 716,246	\$ 899,299

COUNTY OF ROCKINGHAM, VIRGINIA

**COMBINING STATEMENT OF CASH FLOWS –
NONMAJOR PROPRIETARY FUNDS
Year Ended June 30, 2018**

	Lilly Subdivision Sanitary District	Countryside Sanitary District	Penn Laird Sewer Authority	Total Nonmajor Proprietary Funds
Cash flows from operating activities:				
Receipts from customers	\$ 36,484	\$ 13,740	\$ 16,935	\$ 67,159
Payments to suppliers for goods and services	(21,757)	(12,386)	(1,645)	(35,788)
Other receipts	22	-	-	22
Net cash provided by operating activities	14,749	1,354	15,290	31,393
Cash flows from capital and related financing activities:				
Advance from other funds	14,149	-	-	14,149
Principal paid on outstanding debt	(19,545)	(8,835)	(21,375)	(49,755)
Interest paid and fiscal charges on outstanding debt	(9,619)	(2,879)	(6,885)	(19,383)
Net cash used in capital and related financing activities	(15,015)	(11,714)	(28,260)	(54,989)
Cash flows from investing activities:				
Proceeds on sale of investments	-	6,130	8,719	14,849
Interest received on investment securities	266	288	768	1,322
Net cash provided by investing activities	266	6,418	9,487	16,171
Net change in cash and cash equivalents	-	(3,942)	(3,483)	(7,425)
Cash and Cash Equivalents:				
Beginning	-	20,711	38,183	58,894
Ending	\$ -	\$ 16,769	\$ 34,700	\$ 51,469
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 2,947	\$ (5,124)	\$ (10,609)	\$ (12,786)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	10,819	6,121	25,288	42,228
Change in assets and liabilities:				
Decrease (increase) in accounts receivable	(143)	(23)	737	571
Increase (decrease) in accounts payable and deposits	1,126	380	(126)	1,380
Net cash provided by operating activities	\$ 14,749	\$ 1,354	\$ 15,290	\$ 31,393

INTERNAL SERVICE FUNDS

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

**COMBINING STATEMENT OF NET POSITION –
INTERNAL SERVICE FUNDS
June 30, 2018**

	Central Stores	Self - Insurance	Total Internal Service Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 8,881	\$ 7,029,594	\$ 7,038,475
Investments	6,061	4,796,978	4,803,039
Trade and other accounts receivable	3,326	8,413	11,739
Accrued interest	-	27,290	27,290
Inventory	6,235	-	6,235
Total assets	24,503	11,862,275	11,886,778
LIABILITIES			
Current liabilities:			
Accounts payable	654	884,889	885,543
Unearned revenue	-	2,365,120	2,365,120
Insurance and benefit claims	-	2,634,179	2,634,179
Total liabilities	654	5,884,188	5,884,842
NET POSITION			
Unrestricted	23,849	5,978,087	6,001,936
Total net position	\$ 23,849	\$ 5,978,087	\$ 6,001,936

COUNTY OF ROCKINGHAM, VIRGINIA

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION – INTERNAL SERVICE FUNDS
Year Ended June 30, 2018**

	Central Stores	Self - Insurance	Total Internal Service Funds
Operating revenues:			
Charges for services	\$ 46,538	\$ 29,005,954	\$ 29,052,492
Total operating revenues	46,538	29,005,954	29,052,492
Operating expenses:			
Contractual services	-	2,915,710	2,915,710
Risk financing and benefit payments	-	26,244,427	26,244,427
Other charges	46,594	-	46,594
Total operating expenses	46,594	29,160,137	29,206,731
Operating loss	(56)	(154,183)	(154,239)
Nonoperating revenue:			
Interest	-	95,491	95,491
Total nonoperating revenue	-	95,491	95,491
Loss before transfers	(56)	(58,692)	(58,748)
Transfers out	-	(1,525,000)	(1,525,000)
Change in net position	(56)	(1,583,692)	(1,583,748)
Total net position, beginning	23,905	7,561,779	7,585,684
Total net position, ending	<u>\$ 23,849</u>	<u>\$ 5,978,087</u>	<u>\$ 6,001,936</u>

COUNTY OF ROCKINGHAM, VIRGINIA

**COMBINING STATEMENT OF CASH FLOWS –
INTERNAL SERVICE FUNDS
Year Ended June 30, 2018**

	Central Stores	Self - Insurance	Total Internal Service Funds
Cash flows from operating activities:			
Receipts from interfund services provided	\$ 47,443	\$ 29,069,693	\$ 29,117,136
Claims and benefits paid	-	(25,686,897)	(25,686,897)
Payments to suppliers for goods and services	(47,068)	(2,107,421)	(2,154,489)
Net cash provided by operating activities	375	1,275,375	1,275,750
Cash Flows From Noncapital Financing Activities:			
Transfers to other funds	-	(1,525,000)	(1,525,000)
Net cash used in noncapital financing activities	-	(1,525,000)	(1,525,000)
Cash flows from investing activities:			
Proceeds on sale of investments	626	699,282	699,908
Interest received on investment securities	-	102,284	102,284
Net cash provided by investing activities	626	801,566	802,192
Net change in cash and cash equivalents	1,001	551,941	552,942
Cash and cash equivalents:			
Beginning	7,880	6,477,653	6,485,533
Ending	\$ 8,881	\$ 7,029,594	\$ 7,038,475
Reconciliation of operating loss to net cash provided by operating activities:			
Operating loss	\$ (56)	\$ (154,183)	\$ (154,239)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Change in assets and liabilities:			
Increase (decreases) in:			
Accounts receivable	905	(4,318)	(3,413)
Inventory	(595)	-	(595)
Increase in:			
Accounts payable	121	808,289	808,410
Unearned revenue	-	68,057	68,057
Insurance and benefit claims	-	557,530	557,530
Net cash provided by operating activities	\$ 375	\$ 1,275,375	\$ 1,275,750

FIDUCIARY FUNDS

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

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

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

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

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

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

**COMBINING STATEMENT OF NET POSITION –
FIDUCIARY FUNDS
June 30, 2018**

	Agency Funds								Totals
	Special Welfare	Employee Benefits	Bond Escrow	Massanutten Technical Center	Emergency Medical Services	Soil and Water Conservation	Laird L Conrad Law Library		
ASSETS									
Cash and cash equivalents	\$ 58,265	\$ 32,041	\$ 414,052	\$ 446,305	\$ 355,364	\$ -	\$ 125,281	\$	\$ 1,431,308
Accounts receivable	-	17,389	984	138,747	4,790	74,376	293		236,579
Total assets	\$ 58,265	\$ 49,430	\$ 415,036	\$ 585,052	\$ 360,154	\$ 74,376	\$ 125,574	\$	\$ 1,667,887
LIABILITIES									
Accounts payable	\$ 58,265	\$ 49,430	\$ 415,036	\$ 585,052	\$ 360,154	\$ 74,376	\$ 125,574	\$	\$ 1,667,887

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES –
ALL AGENCY FUNDS
Year Ended June 30, 2018**

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
<u>SPECIAL WELFARE</u>				
ASSETS				
Cash and cash equivalents	\$ 60,309	\$ 104,290	\$ 106,334	\$ 58,265
LIABILITIES				
Accounts payable	\$ 60,309	\$ 104,290	\$ 106,334	\$ 58,265
 <u>EMPLOYEE BENEFITS</u>				
ASSETS				
Cash and cash equivalents	\$ 33,586	\$ 421,327	\$ 422,872	\$ 32,041
Accounts receivable	-	17,389	-	17,389
Total assets	\$ 33,586	\$ 438,716	\$ 422,872	\$ 49,430
LIABILITIES				
Accounts payable	\$ 33,586	\$ 438,716	\$ 422,872	\$ 49,430
 <u>BOND ESCROW</u>				
ASSETS				
Cash and cash equivalents	\$ 347,380	\$ 258,982	\$ 192,310	\$ 414,052
Accounts receivable	1,073	984	1,073	984
Total assets	\$ 348,453	\$ 259,966	\$ 193,383	\$ 415,036
LIABILITIES				
Accounts payable	\$ 348,453	\$ 259,966	\$ 193,383	\$ 415,036

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES –
ALL AGENCY FUNDS
Year Ended June 30, 2018**

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
<u>MASSANUTTEN TECHNICAL CENTER</u>				
ASSETS				
Cash and cash equivalents	\$ 475,377	\$ 5,562,344	\$ 5,591,416	\$ 446,305
Accounts receivable	66,630	138,747	66,630	138,747
Total assets	\$ 542,007	\$ 5,701,091	\$ 5,658,046	\$ 585,052
LIABILITIES				
Accounts payable	\$ 542,007	\$ 5,701,091	\$ 5,658,046	\$ 585,052
 <u>EMERGENCY MEDICAL SERVICES</u>				
ASSETS				
Cash and cash equivalents	\$ 308,532	\$ 1,427,029	\$ 1,380,197	\$ 355,364
Accounts receivable	4,786	4,790	4,786	4,790
Total assets	\$ 313,318	\$ 1,431,819	\$ 1,384,983	\$ 360,154
LIABILITIES				
Accounts payable	\$ 313,318	\$ 1,431,819	\$ 1,384,983	\$ 360,154
 <u>SOIL AND WATER CONSERVATION</u>				
ASSETS				
Accounts receivable	\$ 87,254	\$ 316,302	\$ 329,180	\$ 74,376
LIABILITIES				
Accounts payable	\$ 87,254	\$ 316,302	\$ 329,180	\$ 74,376

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES –
ALL AGENCY FUNDS
Year Ended June 30, 2018**

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
<u>LAIRD L CONRAD LAW LIBRARY</u>				
ASSETS				
Cash and cash equivalents	\$ 135,283	\$ 34,411	\$ 44,413	\$ 125,281
Accounts receivable	380	293	380	293
Total assets	\$ 135,663	\$ 34,704	\$ 44,793	\$ 125,574
LIABILITIES				
Accounts payable	\$ 135,663	\$ 34,704	\$ 44,793	\$ 125,574
 <u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and cash equivalents	\$ 1,360,467	\$ 7,808,383	\$ 7,737,542	\$ 1,431,308
Accounts receivable	160,123	478,505	402,049	236,579
Total assets	\$ 1,520,590	\$ 8,286,888	\$ 8,139,591	\$ 1,667,887
LIABILITIES				
Accounts payable	\$ 1,520,590	\$ 8,286,888	\$ 8,139,591	\$ 1,667,887

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.

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, 2018**

	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	Nonmajor Governmental Fund - Massanutten Technical Center - Operating Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 6,549,470	\$ 1,096,497	\$ 2,043,891	\$ 265,279	\$ 9,955,137
Investments	4,468,884	741,423	1,394,746	181,026	6,786,079
Trade and other accounts receivable	161,345	51,704	-	16,409	229,458
Accrued interest	-	4,081	7,609	895	12,585
Due from other governments	2,540,515	70,577	-	121,443	2,732,535
Prepaid items	3,453,376	208,932	-	68,969	3,731,277
Inventory	128,497	59,229	-	-	187,726
Restricted cash	-	-	4,133,596	-	4,133,596
Total assets	\$ 17,302,087	\$ 2,232,443	\$ 7,579,842	\$ 654,021	\$ 27,768,393
LIABILITIES					
Accounts payable	\$ 1,220,516	\$ 52,978	\$ 2,486,730	\$ 175,940	\$ 3,936,164
Accrued payroll	16,081,571	453,763	1,884	326,578	16,863,796
Due to other governments	-	-	-	151,503	151,503
Total liabilities	17,302,087	506,741	2,488,614	654,021	20,951,463
FUND BALANCES					
Nonspendable:					
Prepaid items	3,453,376	208,932	-	68,969	3,731,277
Inventory	128,497	59,229	-	-	187,726
Assigned to:					
Cafeteria	-	1,457,541	-	-	1,457,541
Unassigned (deficit)	(3,581,873)	-	5,091,228	(68,969)	1,440,386
Total fund balances	-	1,725,702	5,091,228	-	6,816,930
Total liabilities and fund balances	\$ 17,302,087	\$ 2,232,443	\$ 7,579,842	\$ 654,021	\$ 27,768,393
Total fund balances					\$ 6,816,930
Amounts reported for governmental activities in the Statement of Net Position are different because:					
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.					
Governmental capital assets				\$ 301,546,369	
Less accumulated depreciation and amortization				(161,870,953)	
Net capital assets					139,675,416
Deferred outflows of resources represents a consumption of net position that applies to a future period and are not recognized as deferred outflows of resources in the governmental funds.					
Pension plan				13,126,550	
Other postemployment benefits				3,196,934	
					16,323,484
Internal service funds are used by management to charge the costs of goods provided to other departments or funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.					
					3,864,994
Long-term due from other government - pension plan				1,995,636	
Long-term due from other government - other postemployment benefits				437,096	
					2,432,732
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				(3,792,664)	
Other postemployment benefits				(36,886,324)	
Net pension liability				(100,666,111)	
					(141,345,099)
Deferred inflows of resources represents an acquisition of net position that applies to a future period and are not recognized as deferred inflows of resources in the governmental funds.					
Pension plan				(12,881,001)	
Other postemployment benefits				(962,378)	
					(13,843,379)
Net position of governmental activities					\$ 13,925,078

COUNTY OF ROCKINGHAM, VIRGINIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – DISCRETELY PRESENTED
COMPONENT UNIT – SCHOOL BOARD
Year Ended June 30, 2018**

	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	Nonmajor Governmental Fund - Massanutten Technical Center - Operating Fund	Total Governmental Funds
Revenues:					
Use of money and property	\$ 7,628	\$ 12,763	\$ 113,385	\$ 3,520	\$ 137,296
Charges for services	2,941,696	1,874,744	-	635,239	5,451,679
Miscellaneous	196,275	-	-	53,584	249,859
Appropriation from Primary Government	59,678,230	-	25,352,256	-	85,030,486
Intergovernmental	71,672,560	3,453,858	-	4,942,119	80,068,537
Total revenues	134,496,389	5,341,365	25,465,641	5,634,462	170,937,857
Expenditures:					
Current:					
Education	134,493,415	5,342,727	-	5,634,462	145,470,604
Capital outlays	-	-	17,269,385	-	17,269,385
Total expenditures	134,493,415	5,342,727	17,269,385	5,634,462	162,739,989
Excess (deficiency) of revenues over (under) expenditures	2,974	(1,362)	8,196,256	-	8,197,868
Other financing sources (uses):					
Transfers in	-	2,974	-	-	2,974
Transfers out	(2,974)	-	-	-	(2,974)
Other financing sources (uses)	(2,974)	2,974	-	-	-
Net change in fund balances	-	1,612	8,196,256	-	8,197,868
Fund balances, beginning	-	1,724,090	(3,105,028)	-	(1,380,938)
Fund balances, ending	\$ -	\$ 1,725,702	\$ 5,091,228	\$ -	\$ 6,816,930
Net change in fund balances					\$ 8,197,868
Reconciliation of amounts reported for governmental activities in the Statement of Activities:					
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlays exceeded depreciation and amortization in the current period.					
Expenditure for capital assets				\$ 18,786,715	
Less depreciation and amortization expense				(8,790,612)	
Excess of capital outlays over depreciation and amortization					9,996,103
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to increase net position.					76,192
Long-term due from other government - pension plan				(181,329)	
Long-term due from other government - other postemployment benefits				290,618	
					109,289
Deferred outflows of resources - pension plan contributions subsequent to measurement date					10,612,550
Deferred outflows of resources - other postemployment benefits contributions subsequent to measurement date					3,196,934
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				(504,816)	
Other postemployment benefits expense				(2,211,112)	
Pension expense				(7,061,913)	
					(9,777,841)
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				21,826,084	
Total expenses				(21,870,103)	
					(44,019)
Change in net position of governmental activities					\$ 22,367,076

FIDUCIARY FUNDS OF THE SCHOOL BOARD

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

**COMBINING STATEMENT OF NET POSITION –
SCHOOL BOARD – FIDUCIARY FUNDS
June 30, 2018**

	Agency Funds		
	Massanutten		
	School Activity Fund	Technical Center Activity Fund	Totals
ASSETS			
Cash and cash equivalents	\$ 1,737,917	\$ 72,848	\$ 1,810,765
Accounts receivable	30,703	8,059	38,762
Total assets	\$ 1,768,620	\$ 80,907	\$ 1,849,527
LIABILITIES			
Accounts payable	\$ 1,768,620	\$ 80,907	\$ 1,849,527
Total liabilities	\$ 1,768,620	\$ 80,907	\$ 1,849,527

COUNTY OF ROCKINGHAM, VIRGINIA

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES –
SCHOOL BOARD – ALL AGENCY FUNDS
Year Ended June 30, 2018**

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
<u>SCHOOL ACTIVITY FUND</u>				
ASSETS				
Cash and cash equivalents	\$ 1,667,555	\$ 4,415,975	\$ 4,345,613	\$ 1,737,917
Accounts receivable	26,633	30,703	26,633	30,703
Total assets	\$ 1,694,188	\$ 4,446,678	\$ 4,372,246	\$ 1,768,620
LIABILITIES				
Accounts payable	\$ 1,694,188	\$ 4,446,678	\$ 4,372,246	\$ 1,768,620
<u>MASSANUTTEN TECHNICAL CENTER ACTIVITY FUND</u>				
ASSETS				
Cash and cash equivalents	\$ 87,459	\$ 263,930	\$ 278,541	\$ 72,848
Accounts receivable	1,197	8,059	1,197	8,059
Total assets	\$ 88,656	\$ 271,989	\$ 279,738	\$ 80,907
LIABILITIES				
Accounts payable	\$ 88,656	\$ 271,989	\$ 279,738	\$ 80,907
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and cash equivalents	\$ 1,755,014	\$ 4,679,905	\$ 4,624,154	\$ 1,810,765
Accounts receivable	27,830	38,762	27,830	38,762
Total assets	\$ 1,782,844	\$ 4,718,667	\$ 4,651,984	\$ 1,849,527
LIABILITIES				
Accounts payable	\$ 1,782,844	\$ 4,718,667	\$ 4,651,984	\$ 1,849,527

**DISCRETELY PRESENTED COMPONENT UNIT –
HARRISONBURG-ROCKINGHAM SOCIAL SERVICES DISTRICT**

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

Special Revenue Fund – Children’s Services Act (CSA) – This fund is used to account for funds designated for the CSA program.

COUNTY OF ROCKINGHAM, VIRGINIA

**COMBINING BALANCE SHEET –
DISCRETELY PRESENTED COMPONENT UNIT – HARRISONBURG-ROCKINGHAM
SOCIAL SERVICES DISTRICT
June 30, 2018**

	Operating Fund	Special Revenue Children's Services Act Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 2,622,945	\$ -	\$ 2,622,945
Investments	1,789,892	442,963	2,232,855
Trade and other accounts receivable	15,463	17,925	33,388
Accrued interest	10,832	-	10,832
Due from other governments	922,976	1,081,701	2,004,677
Prepaid items	127,950	4,066	132,016
Total assets	\$ 5,490,058	\$ 1,546,655	\$ 7,036,713
LIABILITIES			
Accounts payable	\$ 282,153	\$ 1,254,965	\$ 1,537,118
Accrued payroll	282,610	8,265	290,875
Total liabilities	564,763	1,263,230	1,827,993
FUND BALANCES			
Nonspendable:			
Prepaid items	127,950	4,066	132,016
Restricted for minority interest	1,966,911	153,647	2,120,558
Assigned to:			
Social services	2,830,434	125,712	2,956,146
Total fund balances	4,925,295	283,425	5,208,720
Total liabilities and fund balances	\$ 5,490,058	\$ 1,546,655	\$ 7,036,713
Fund balances			\$ 5,208,720
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.			
Governmental capital assets		\$ 3,367,085	
Less accumulated depreciation and amortization		(1,043,752)	
Net capital assets			2,323,333
Deferred outflows of resources - pension plan represents a consumption of net position that applies to a future period and are not recognized as deferred outflows of resources in the governmental funds.			
Pension plan		677,436	
Other postemployment benefits		151,845	
			829,281
Long-term due from other government - pension plan		1,224,923	
Long-term due from other government - other postemployment benefits		746,370	
			1,971,293
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		(38,793)	
Other postemployment benefits		(1,605,869)	
Net pension liability		(2,449,846)	
			(4,094,508)
Deferred inflows of resources represents an acquisition of net position that applies to a future period and are not recognized as deferred inflows of resources in the governmental funds.			
Pension plan		(542,636)	
Other postemployment benefits		(47,107)	
			(589,743)
Net position of governmental activities			\$ 5,648,376

COUNTY OF ROCKINGHAM, VIRGINIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – DISCRETELY PRESENTED COMPONENT UNIT –
HARRISONBURG-ROCKINGHAM SOCIAL SERVICES DISTRICT
Year Ended June 30, 2018**

	Operating Fund	Special Revenue <u>Children's Services Act Fund</u>	Total Governmental Funds
Revenues:			
Use of money and property	\$ 39,888	\$ 867	\$ 40,755
Miscellaneous	1,707,937	1,773,841	3,481,778
Appropriation from Primary Government	2,409,482	2,366,983	4,776,465
Intergovernmental	12,078,404	5,527,679	17,606,083
Total revenues	<u>16,235,711</u>	<u>9,669,370</u>	<u>25,905,081</u>
Expenditures:			
Current:			
Health and social services	15,993,736	9,748,721	25,742,457
Total expenditures	<u>15,993,736</u>	<u>9,748,721</u>	<u>25,742,457</u>
Net change in fund balances	241,975	(79,351)	162,624
Fund balances, beginning	4,683,320	362,776	5,046,096
Fund balances, ending	<u>\$ 4,925,295</u>	<u>\$ 283,425</u>	<u>\$ 5,208,720</u>
Net change in fund balances			\$ 162,624
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		\$ 123,000	
Less depreciation and amortization expense		<u>(165,983)</u>	
Excess of depreciation and amortization over capital outlays			(42,983)
Long-term due from other government - pension plan		(150,839)	
Long-term due from other government - other postemployment benefits		<u>191,454</u>	40,615
Deferred outflows of resources - pension plan contributions subsequent to measurement date			584,664
Deferred outflows of resources - other postemployment benefits contributions subsequent to measurement date			141,049
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		4,710	
Other postemployment benefits expense		(80,074)	
Pension expense		<u>(1,237,243)</u>	<u>(1,312,607)</u>
Change in net position of governmental activities			<u>\$ (426,638)</u>

NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS

Economic Development Authority – This fund accounts for the general operations of the Economic Development Authority.

Rockingham County Recreation Foundation – This fund accounts for the general operations of the Rockingham County Recreation Foundation.

COUNTY OF ROCKINGHAM, VIRGINIA

**COMBINING STATEMENT OF NET POSITION –
NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS
June 30, 2018**

	Economic Development Authority	Rockingham County Recreation Foundation	Total Nonmajor Discretely Presented Component Units
ASSETS			
Cash and cash equivalents	\$ 4,388	\$ 43,541	\$ 47,929
Investments	2,994	-	2,994
Accounts receivable	6,018	-	6,018
Total assets	\$ 13,400	\$ 43,541	\$ 56,941
NET POSITION			
Unrestricted	\$ 13,400	\$ 43,541	\$ 56,941
Total net position	\$ 13,400	\$ 43,541	\$ 56,941

COUNTY OF ROCKINGHAM, VIRGINIA

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION – NONMAJOR DISCRETELY
PRESENTED COMPONENT UNITS
Year Ended June 30, 2018**

	Economic Development Authority	Rockingham County Recreation Foundation	Total Nonmajor Discretely Presented Component Units
Operating revenues:			
Charges for services	\$ 6,000	\$ -	\$ 6,000
Miscellaneous - gifts and donations	-	100	100
Total operating revenues	6,000	100	6,100
Operating expenditures:			
Parks and recreation	-	200	200
Economic development	1,381,314	-	1,381,314
Total operating expenditures	1,381,314	200	1,381,514
Operating loss	(1,375,314)	(100)	(1,375,414)
Nonoperating revenues:			
Revenue from use of money	66	-	66
Loss before capital grants and contributions	(1,375,248)	(100)	(1,375,348)
Capital grants and contributions	1,379,696	-	1,379,696
Change in net position	4,448	(100)	4,348
Net position, beginning	8,952	43,641	52,593
Net position, ending	\$ 13,400	\$ 43,541	\$ 56,941

COUNTY OF ROCKINGHAM, VIRGINIA

**COMBINING STATEMENT OF CASH FLOWS –
NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS
Year Ended June 30, 2018**

	Economic Development Authority	Rockingham County Recreation Foundation	Total Nonmajor Discretely Presented Component Units
Cash flows from operating activities:			
Receipts from customers	\$ 3,001	\$ -	\$ 3,001
Payments to suppliers for goods and services	-	(200)	(200)
Other (payments) receipts	(1,381,314)	100	(1,381,214)
Net cash used in operating activities	(1,378,313)	(100)	(1,378,413)
Cash flows from capital and related financing activities:			
Intergovernmental - grants	1,379,696	-	1,379,696
Net cash provided by capital and related financing activities	1,379,696	-	1,379,696
Cash flows from investing activities:			
Purchases of investments	(270)	-	(270)
Interest received on investment securities	66	-	66
Net cash used in investing activities	(204)	-	(204)
Net change in cash and cash equivalents	1,179	(100)	1,079
Cash and cash equivalents:			
Beginning	3,209	43,641	46,850
Ending	\$ 4,388	\$ 43,541	\$ 47,929
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	\$ (1,375,314)	\$ (100)	\$ (1,375,414)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Decrease in assets and liabilities:			
Accounts receivable	(2,999)	-	(2,999)
Net cash used in operating activities	\$ (1,378,313)	\$ (100)	\$ (1,378,413)

SUPPLEMENTAL SCHEDULES

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED
COMPONENT UNITS – SCHEDULE OF REVENUES –
BUDGET AND ACTUAL
Year Ended June 30, 2018**

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	\$ 56,495,000	\$ 56,495,000	\$ 57,195,824	\$ 700,824
Real and personal public service corporation property taxes	2,446,000	2,446,000	2,285,054	(160,946)
Personal property taxes	16,107,000	16,107,000	16,957,924	850,924
Machinery and tools taxes	8,006,500	8,006,500	9,707,041	1,700,541
Merchants' capital taxes	1,505,000	1,505,000	1,436,361	(68,639)
Penalties and interest	715,000	715,000	891,929	176,929
Total general property taxes	85,274,500	85,274,500	88,474,133	3,199,633
Other local taxes:				
Local sales and use taxes	6,200,000	6,200,000	6,276,421	76,421
Consumer utility taxes	1,101,350	1,101,350	1,116,085	14,735
Utility gross receipts taxes	375,000	375,000	334,040	(40,960)
Bank stock taxes	95,000	95,000	132,531	37,531
Motor vehicle licenses	1,250,000	1,250,000	1,304,491	54,491
Taxes on recordation and wills	1,020,000	1,020,000	1,036,421	16,421
Hotel and motel room taxes	230,000	230,000	279,855	49,855
Food and beverage taxes	1,250,000	1,250,000	1,242,234	(7,766)
Total other local taxes	11,521,350	11,521,350	11,722,078	200,728
Permits, privilege fees and regulatory licenses:				
Animal licenses	23,000	23,000	18,731	(4,269)
Permits and other licenses	1,317,300	1,317,300	1,345,814	28,514
Total permits, privilege fees and regulatory licenses	1,340,300	1,340,300	1,364,545	24,245
Fines and forfeitures	121,500	121,500	177,819	56,319
Use of money and property:				
Revenue from use of money	50,000	50,000	145,283	95,283
Revenue from use of property	588,608	588,608	488,488	(100,120)
Total use of money and property	638,608	638,608	633,771	(4,837)

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED
COMPONENT UNITS – SCHEDULE OF REVENUES –
BUDGET AND ACTUAL
Year Ended June 30, 2018**

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	\$ 581,500	\$ 581,500	\$ 518,302	\$ (63,198)
Commonwealth attorney	202,000	202,000	201,900	(100)
Law enforcement and traffic control	289,650	289,650	313,883	24,233
EMS transport	510,000	510,000	512,877	2,877
Correction and detention	645,500	645,500	802,228	156,728
Parks and recreation	800,000	800,000	843,541	43,541
Computer services	2,500	2,500	1,727	(773)
Health	2,500	2,500	26,013	23,513
Garage fees	600,000	600,000	677,425	77,425
Planning and community development	1,000	1,000	143	(857)
Total charges for services	3,634,650	3,634,650	3,898,039	263,389
Miscellaneous	261,486	336,976	498,862	161,886
Recovered costs:				
City of Harrisonburg:				
Judicial administration	760,662	696,188	682,435	(13,753)
Public safety	4,359,419	3,989,914	3,626,237	(363,677)
Public works	539,828	494,072	484,311	(9,761)
Other entities:				
Public safety	389,862	389,862	379,708	(10,154)
Total recovered costs	6,049,771	5,570,036	5,172,691	(397,345)
Total revenue from local sources	108,842,165	108,437,920	111,941,938	3,504,018
Intergovernmental:				
Revenue from the Commonwealth:				
Non-categorical aid:				
Communications sales and use taxes	1,600,000	1,600,000	1,456,636	(143,364)
Mobile home titling taxes	80,000	80,000	85,467	5,467
Rental vehicle taxes	9,000	9,000	6,832	(2,168)
Personal property tax relief	6,000,000	6,000,000	6,287,870	287,870
Recordation taxes	300,000	300,000	268,901	(31,099)
Total non-categorical aid	7,989,000	7,989,000	8,105,706	116,706

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED
 COMPONENT UNITS – SCHEDULE OF REVENUES –
 BUDGET AND ACTUAL
 Year Ended June 30, 2018**

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	\$ 934,201	\$ 934,201	\$ 934,304	\$ 103
Sheriff	6,122,954	6,202,494	6,049,901	(152,593)
Commissioner of the revenue	203,722	203,722	201,728	(1,994)
Treasurer	185,718	185,718	185,215	(503)
Registrar/Electoral Board	50,000	50,000	47,458	(2,542)
Clerk of circuit court	596,278	919,130	694,327	(224,803)
Jail operations	403,000	403,000	473,335	70,335
Total shared costs	8,495,873	8,898,265	8,586,268	(311,997)
Other categorical aid:				
Emergency medical services	87,525	87,525	84,047	(3,478)
Community corrections	431,440	431,440	429,717	(1,723)
Fire program	186,000	186,000	192,341	6,341
Hazardous materials program	10,000	10,000	10,000	-
Victim witness	44,697	44,697	41,275	(3,422)
Records preservation	-	-	4,098	4,098
Domestic violence	40,000	40,000	45,000	5,000
OEMS rescue squad assistance	117,500	235,199	117,699	(117,500)
Other	-	13,000	18,962	5,962
Total other categorical aid	917,162	1,047,861	943,139	(104,722)
Total categorical aid	9,413,035	9,946,126	9,529,407	(416,719)
Total revenue from the Commonwealth	17,402,035	17,935,126	17,635,113	(300,013)
Revenue from the federal government:				
Non-categorical aid:				
Payment for federal lands	396,000	396,000	477,976	81,976

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED
COMPONENT UNITS – SCHEDULE OF REVENUES –
BUDGET AND ACTUAL
Year Ended June 30, 2018**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
Victim witness	\$ 134,090	\$ 134,090	\$ 126,266	\$ (7,824)
FEMA	19,022	19,022	19,022	-
Highway safety	35,327	35,327	38,014	2,687
Welfare	200,000	200,000	230,468	30,468
Behavioral health	52,080	52,080	40,133	(11,947)
Domestic violence coordinator	22,520	22,520	22,717	197
SAFER	531,555	531,555	421,921	(109,634)
Edward Byrne crisis intervention	15,000	15,000	(391)	(15,391)
Incarceration	5,000	5,000	-	(5,000)
Total categorical aid	1,014,594	1,014,594	898,150	(116,444)
Total revenue from the federal government	1,410,594	1,410,594	1,376,126	(34,468)
Total intergovernmental	18,812,629	19,345,720	19,011,239	(334,481)
Total General Fund	\$ 127,654,794	\$ 127,783,640	\$ 130,953,177	\$ 3,169,537
Special Revenue Fund:				
Asset Forfeiture Fund:				
Revenue from local sources:				
Fines and forfeitures:				
Seized funds - judicial administration	\$ 17,900	\$ 17,900	\$ 14,989	\$ (2,911)
Seized funds - public safety	17,900	17,900	15,243	(2,657)
Total fines and forfeitures	35,800	35,800	30,232	(5,568)
Revenue from use of money	-	-	2,752	2,752
Miscellaneous	-	-	236	236
Total revenue from local sources	35,800	35,800	33,220	(2,580)
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
Seized funds - judicial administration	40,050	40,050	7,862	(32,188)
Seized funds - public safety	40,050	40,050	23,101	(16,949)
Total intergovernmental	80,100	80,100	30,963	(49,137)
Total Special Revenue Fund	\$ 115,900	\$ 115,900	\$ 64,183	\$ (51,717)

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED
COMPONENT UNITS – SCHEDULE OF REVENUES –
BUDGET AND ACTUAL
Year Ended June 30, 2018**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
Capital Projects Fund:				
General Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money	\$ -	\$ -	\$ 51,414	\$ 51,414
Miscellaneous	-	-	37,575	37,575
Recovered costs:				
City of Harrisonburg share	-	1,000,000	284,852	(715,148)
Total revenue from local sources	-	1,000,000	373,841	(626,159)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
VDOT Revenue Sharing	-	5,367,206	3,140,931	(2,226,275)
Total revenue from the Commonwealth	-	5,367,206	3,140,931	(2,226,275)
Total intergovernmental	-	5,367,206	3,140,931	(2,226,275)
Total General Capital Projects Fund	\$ -	\$ 6,367,206	\$ 3,514,772	\$ (2,852,434)
Grand Total Revenues - Primary Government	\$ 127,770,694	\$ 134,266,746	\$ 134,532,132	\$ 265,386
Major Component Units:				
Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of property	\$ 7,600	\$ 7,600	\$ 7,628	\$ 28
Charges for services	2,903,000	2,903,000	2,941,696	38,696
Miscellaneous	75,000	75,000	196,275	121,275
Appropriation from Primary Government	62,503,791	62,503,791	59,678,230	(2,825,561)
Total revenue from local sources	65,489,391	65,489,391	62,823,829	(2,665,562)

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED
COMPONENT UNITS – SCHEDULE OF REVENUES –
BUDGET AND ACTUAL
Year Ended June 30, 2018**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Major Component Units:				
Component Unit - School Board:				
School Operating Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Non-categorical aid:				
Rolling stock tax	\$ 70,000	\$ 70,000	\$ 74,224	\$ 4,224
Categorical aid:				
State sales tax receipts	13,655,725	13,655,725	12,929,511	(726,214)
Basic school aid	31,970,292	31,970,292	31,864,856	(105,436)
Other state school funds	20,337,392	20,337,392	20,952,238	614,846
Total categorical aid	65,963,409	65,963,409	65,746,605	(216,804)
Total revenue from the Commonwealth	66,033,409	66,033,409	65,820,829	(212,580)
Revenue from the federal government:				
Categorical aid:				
Title I	1,900,000	1,900,000	2,002,677	102,677
Title VIB	2,650,000	2,650,000	2,688,956	38,956
Other school funds	1,052,600	1,052,600	1,160,098	107,498
Total revenue from the federal government	5,602,600	5,602,600	5,851,731	249,131
Total intergovernmental	71,636,009	71,636,009	71,672,560	36,551
Total School Operating Fund	137,125,400	137,125,400	134,496,389	(2,629,011)
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money	7,000	7,000	12,763	5,763
Charges for services	2,116,421	2,116,421	1,874,744	(241,677)
Total revenue from local sources	2,123,421	2,123,421	1,887,507	(235,914)
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	95,000	95,000	130,059	35,059

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED
COMPONENT UNITS – SCHEDULE OF REVENUES –
BUDGET AND ACTUAL
Year Ended June 30, 2018**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Major Component Units:				
Component Unit - School Board:				
School Cafeteria Fund:				
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
School food program	\$ 3,242,114	\$ 3,242,114	\$ 3,323,799	\$ 81,685
Total intergovernmental	3,337,114	3,337,114	3,453,858	116,744
Total School Cafeteria Fund	5,460,535	5,460,535	5,341,365	(119,170)
School Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money	-	-	113,385	113,385
Miscellaneous	19,313,000	-	-	-
Appropriation from Primary Government	50,000	25,352,256	25,352,256	-
Total revenue from local sources	19,363,000	25,352,256	25,465,641	113,385
Total School Capital Projects Fund	19,363,000	25,352,256	25,465,641	113,385
Massanutten Technical Center - Operating Fund:				
Revenue from local sources:				
Revenue from use of money	-	-	3,520	3,520
Charges for services	640,100	640,100	635,239	(4,861)
Miscellaneous	6,000	6,000	16,084	10,084
House project	35,000	35,000	37,500	2,500
Total revenue from local sources	681,100	681,100	692,343	11,243
Intergovernmental:				
Revenue from the Commonwealth	610,420	610,420	389,300	(221,120)
Revenue from the federal government	224,146	224,146	302,767	78,621
Local governments:				
Appropriation from Rockingham County School Board	3,404,806	3,404,806	3,287,618	(117,188)
Appropriation from the City of Harrisonburg	992,555	992,555	962,434	(30,121)
Total local governments	4,397,361	4,397,361	4,250,052	(147,309)
Total intergovernmental	5,231,927	5,231,927	4,942,119	(289,808)
Total Massanutten Technical Center - Operating Fund	5,913,027	5,913,027	5,634,462	(278,565)
Total Revenues - Component Unit - School Board	\$ 167,861,962	\$ 173,851,218	\$ 170,937,857	\$ (2,913,361)

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED
COMPONENT UNITS – SCHEDULE OF REVENUES –
BUDGET AND ACTUAL
Year Ended June 30, 2018**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Major Component Units:				
Component Unit - Harrisonburg-Rockingham				
Social Services District:				
Operating Fund:				
Revenue from local sources:				
Revenue from use of money	\$ -	\$ -	\$ 39,888	\$ 39,888
Miscellaneous:				
City of Harrisonburg share	1,659,107	1,659,107	1,659,107	-
Other	43,465	43,465	48,830	5,365
Total miscellaneous	1,702,572	1,702,572	1,707,937	5,365
Appropriation from the Primary Government	2,310,983	2,310,983	2,409,482	98,499
Total revenue from local sources	4,013,555	4,013,555	4,157,307	143,752
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Social services administration:				
Public assistance and administration	7,064,602	7,529,192	5,034,759	(2,494,433)
Virginia department of juvenile justice:				
Virginia juvenile community crime control act grant	88,003	88,003	86,831	(1,172)
Total revenue from the Commonwealth	7,152,605	7,617,195	5,121,590	(2,495,605)
Revenue from the federal government:				
Categorical aid:				
Social services administration:				
Welfare	6,863,484	7,317,311	6,956,814	(360,497)
Total intergovernmental	14,016,089	14,934,506	12,078,404	(2,856,102)
Total Harrisonburg-Rockingham Social Services District - Operating Fund	18,029,644	18,948,061	16,235,711	(2,712,350)
Special Revenue Fund:				
Children's Services Act Fund:				
Revenue from local sources:				
Revenue from use of money	-	-	867	867
Miscellaneous:				
City of Harrisonburg share	1,773,841	1,773,841	1,773,841	-
Appropriation from the Primary Government	1,476,918	2,366,918	2,366,983	65
Total revenue from local sources	3,250,759	4,140,759	4,141,691	932

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED
 COMPONENT UNITS – SCHEDULE OF REVENUES –
 BUDGET AND ACTUAL
 Year Ended June 30, 2018**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Special Revenue Fund:				
Children's Services Act Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Social services administration:				
Children's Services Act	\$ 6,037,124	\$ 6,037,124	\$ 5,151,068	\$ (886,056)
Revenue from the federal government:				
Categorical aid:				
Social services administration:				
Children's Services Act	-	-	376,611	376,611
Total intergovernmental	6,037,124	6,037,124	5,527,679	(509,445)
Total Children's Services Act Fund	9,287,883	10,177,883	9,669,370	(508,513)
Total Revenues - Component Unit - Harrisonburg-Rockingham Social Services District	\$ 27,317,527	\$ 29,125,944	\$ 25,905,081	\$ (3,220,863)

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED
 COMPONENT UNITS – SCHEDULE OF EXPENDITURES –
 BUDGET AND ACTUAL
 Year Ended June 30, 2018**

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	\$ 191,033	\$ 191,033	\$ 187,269	\$ (3,764)
General and financial:				
Executive administration	444,381	444,381	300,281	(144,100)
Legal services	539,386	539,386	530,720	(8,666)
Independent auditor and actuarial services	106,000	106,000	89,200	(16,800)
Commissioner of the revenue	714,047	714,047	640,521	(73,526)
Reassessment and equalization	374,608	374,608	258,528	(116,080)
Treasurer	597,189	602,189	565,301	(36,888)
Fiscal services	992,700	992,700	964,105	(28,595)
Human resources	409,409	409,409	397,975	(11,434)
Technology	1,301,881	1,301,881	1,064,500	(237,381)
Land use assessment	69,733	69,733	62,191	(7,542)
Total general and financial	5,549,334	5,554,334	4,873,322	(681,012)
Board of elections:				
Electoral board and officials	98,548	133,548	133,207	(341)
Registrar	164,810	164,810	155,629	(9,181)
Total board of elections	263,358	298,358	288,836	(9,522)
Total general government administration	6,003,725	6,043,725	5,349,427	(694,298)
Judicial administration:				
Courts:				
Circuit court	249,959	249,959	205,300	(44,659)
General district court	35,545	35,545	30,124	(5,421)
Magistrate	8,575	8,575	8,499	(76)
Juvenile and domestic relations court	39,170	39,170	26,370	(12,800)
Clerk of the circuit court	1,020,824	1,359,822	1,150,125	(209,697)
Department of court services	884,054	894,494	814,977	(79,517)
Total courts	2,238,127	2,587,565	2,235,395	(352,170)
Commonwealth attorney	2,087,282	2,087,282	1,997,533	(89,749)
Total judicial administration	4,325,409	4,674,847	4,232,928	(441,919)

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED
COMPONENT UNITS – SCHEDULE OF EXPENDITURES –
BUDGET AND ACTUAL
Year Ended June 30, 2018**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 6,607,800	\$ 6,700,740	\$ 6,531,684	\$ (169,056)
Fire and rescue services:				
Fire and rescue	6,802,704	6,762,274	6,761,306	(968)
Volunteer fire companies	1,176,904	1,229,278	1,219,343	(9,935)
Ambulance and rescue squads	333,712	667,812	563,436	(104,376)
Fire extinction service	20,954	20,954	20,561	(393)
Total fire and rescue services	8,334,274	8,680,318	8,564,646	(115,672)
Correction and detention:				
County operated institutions	11,584,996	11,687,072	10,724,095	(962,977)
Building inspections	738,656	738,656	674,000	(64,656)
Other protection:				
Animal control	428,796	432,796	432,315	(481)
Emergency services	3,875,421	2,632,974	2,619,256	(13,718)
Total other protection	4,304,217	3,065,770	3,051,571	(14,199)
Total public safety	31,569,943	30,872,556	29,545,996	(1,326,560)
Public works:				
General administration	95,948	95,948	92,737	(3,211)
Garage operations	649,296	783,296	783,296	-
Maintenance:				
County property	1,276,673	1,346,673	997,623	(349,050)
Shared property	1,009,856	999,719	800,106	(199,613)
Human Services/Health department building	234,179	234,179	189,320	(44,859)
TV translator system	-	-	5,989	5,989
Research and technology center	125,000	125,000	58,695	(66,305)
Total public works	3,390,952	3,584,815	2,927,766	(657,049)

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED
COMPONENT UNITS – SCHEDULE OF EXPENDITURES –
BUDGET AND ACTUAL
Year Ended June 30, 2018**

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	\$ 662,108	\$ 662,108	\$ 643,459	\$ (18,649)
Mental health and mental retardation:				
Community Services Board	933,673	933,673	871,098	(62,575)
Social services:				
Property tax relief for elderly/handicapped	360,000	485,000	484,517	(483)
Appropriation to the Harrisonburg-Rockingham				
Social Services District	3,916,770	4,806,770	4,776,464	(30,306)
Change in investment in the Harrisonburg-Rockingham				
Social Services District	-	-	(61,679)	(61,679)
Institutional care	154,609	154,609	154,609	-
Total health and social services	6,027,160	7,042,160	6,868,468	(173,692)
Education:				
Appropriation to the Rockingham				
County School Board	62,503,791	87,806,047	84,980,486	(2,825,561)
Total education	62,503,791	87,806,047	84,980,486	(2,825,561)
Parks, recreation and cultural:				
Parks and recreation:				
Administration	244,937	244,937	217,507	(27,430)
Athletic events/programs	1,451,269	1,451,269	1,318,514	(132,755)
Total parks and recreation	1,696,206	1,696,206	1,536,021	(160,185)
Cultural:				
Regional library	856,367	856,367	856,367	-
Total parks, recreation and cultural	2,552,573	2,552,573	2,392,388	(160,185)
Community development:				
Planning and community development	672,517	672,517	635,600	(36,917)
Geographic information systems	140,892	140,892	137,277	(3,615)
Economic development	1,237,614	1,737,614	1,737,332	(282)
Soil and water conservation district	57,500	57,500	57,500	-
Cooperative extension program	138,878	138,878	110,213	(28,665)
Environmental management	212,999	212,999	205,370	(7,629)
Contributions, grants and other	979,070	768,630	595,947	(172,683)
Total community development	3,439,470	3,729,030	3,479,239	(249,791)

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED
COMPONENT UNITS – SCHEDULE OF EXPENDITURES –
BUDGET AND ACTUAL
Year Ended June 30, 2018**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Debt service:				
Principal:				
County	\$ 1,870,938	\$ 1,870,938	\$ 1,870,938	\$ -
School Board	5,105,034	5,105,034	5,105,034	-
Total principal	6,975,972	6,975,972	6,975,972	-
Interest and fiscal charges:				
County	315,180	315,180	327,929	12,749
School Board	2,905,926	2,905,926	2,907,151	1,225
Total interest and fiscal charges	3,221,106	3,221,106	3,235,080	13,974
Total debt service	10,197,078	10,197,078	10,211,052	13,974
Total General Fund	\$ 130,010,101	\$ 156,502,831	\$ 149,987,750	\$ (6,515,081)
Special Revenue Fund:				
Asset Forfeiture Fund:				
Judicial administration:				
Commonwealth attorney	\$ 65,660	\$ 65,660	\$ 46,107	\$ (19,553)
Public safety:				
Law enforcement	50,240	50,240	36,668	(13,572)
Total Asset Forfeiture Fund	115,900	115,900	82,775	(33,125)
Total Special Revenue Fund	\$ 115,900	\$ 115,900	\$ 82,775	\$ (33,125)
General Capital Projects Fund:				
Capital projects	\$ 550,000	\$ 25,632,153	\$ 14,168,378	\$ (11,463,775)
Education:				
Appropriation to the Rockingham County School Board	-	50,000	50,000	-
Total General Capital Projects Fund	\$ 550,000	\$ 25,682,153	\$ 14,218,378	\$ (11,463,775)
Grand Total Expenditures - Primary Government	\$ 130,676,001	\$ 182,300,884	\$ 164,288,903	\$ (18,011,981)

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED
COMPONENT UNITS – SCHEDULE OF EXPENDITURES –
BUDGET AND ACTUAL
Year Ended June 30, 2018**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Major Component Units:				
Component Unit - School Board:				
School Operating Fund:				
Education:				
Instruction	\$ 108,480,301	\$ 108,480,051	\$ 105,612,990	\$ (2,867,061)
Administration, attendance and health	5,962,711	5,957,961	6,140,085	182,124
Pupil transportation services	9,569,044	9,569,044	9,499,111	(69,933)
Operation and maintenance services	13,256,344	13,261,344	13,241,229	(20,115)
Total School Operating Fund	137,268,400	137,268,400	134,493,415	(2,774,985)
School Cafeteria Fund:				
Education:				
School food services	5,460,535	5,460,535	5,342,727	(117,808)
Total School Cafeteria Fund	5,460,535	5,460,535	5,342,727	(117,808)
School Capital Projects Fund:				
Capital projects	19,363,000	17,914,862	17,269,385	(645,477)
Total School Capital Projects Fund	19,363,000	17,914,862	17,269,385	(645,477)
Massanutten Technical Center - Operating Fund:				
Education:				
Secondary	4,752,363	4,782,363	4,599,610	(182,753)
Continuing education	1,160,664	1,160,664	1,034,852	(125,812)
Total Massanutten Technical Center - Operating Fund	5,913,027	5,943,027	5,634,462	(308,565)
Total Expenditures - Component Unit - School Board	\$ 168,004,962	\$ 166,586,824	\$ 162,739,989	\$ (3,846,835)

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED
 COMPONENT UNITS – SCHEDULE OF EXPENDITURES –
 BUDGET AND ACTUAL
 Year Ended June 30, 2018**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Major Component Units:				
Component Unit - Harrisonburg-Rockingham				
Social Services District:				
Operating Fund:				
Social services:				
Public assistance	\$ 9,048,958	\$ 9,942,975	\$ 7,451,225	\$ (2,491,750)
Administration:				
Welfare	8,806,083	8,830,483	8,283,617	(546,866)
Virginia juvenile community crime control act grant	88,003	88,003	86,672	(1,331)
Capital projects	86,600	86,600	172,222	85,622
Total Operating Fund	18,029,644	18,948,061	15,993,736	(2,954,325)
Special Revenue Fund:				
Children's Services Act Fund:				
Children's Services Act	9,287,883	9,287,883	9,748,721	460,838
Total Children's Services Act Fund	9,287,883	9,287,883	9,748,721	460,838
Total Expenditures - Component Unit - Harrisonburg-Rockingham Social Services District	\$ 27,317,527	\$ 28,235,944	\$ 25,742,457	\$ (2,493,487)

STATISTICAL SECTION

COUNTY OF ROCKINGHAM, VIRGINIA

STATISTICAL SECTION TABLE OF CONTENTS

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

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

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

STATISTICAL SECTION

Comments Relative to Statistical Section

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

Table 2
Page 1

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

	Fiscal Year June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Primary government:										
Governmental activities:										
Net investment in capital assets	\$ 33,331,094	\$ 31,494,506	\$ 31,571,104	\$ 34,323,744	\$ 34,110,413	\$ 34,093,586	\$ 33,589,878	\$ 34,854,168	\$ 38,692,548	\$ 42,693,309
Restricted	351,245	422,337	1,383,005	420,988	2,897,307	3,782,011	235,709	195,800	235,108	404,183
Unrestricted (deficit)	(71,164,591)	(68,208,673)	(58,123,750)	(49,401,105)	(40,378,653)	(33,093,357)	(34,021,125)	(37,558,463)	(34,533,494)	(61,273,304)
Total governmental activities net assets/ net position	\$ (37,482,252)	\$ (36,291,830)	\$ (25,169,641)	\$ (14,656,373)	\$ (3,370,933)	\$ 4,782,240	\$ (195,538)	\$ (2,508,495)	\$ 4,394,162	\$ (18,175,812)
Business-type activities:										
Net investment in capital assets	\$ 32,111,181	\$ 30,738,179	\$ 29,369,801	\$ 29,166,125	\$ 28,953,581	\$ 29,032,472	\$ 33,482,569	\$ 30,110,695	\$ 28,127,740	\$ 33,769,673
Restricted	-	-	-	-	-	-	-	5,545,857	10,566,691	4,739,335
Unrestricted	145,128	1,153,253	2,261,627	3,028,033	5,479,288	7,187,340	4,974,695	5,409,029	4,911,714	6,720,049
Total business-type activities net assets/ net position	\$ 32,256,309	\$ 31,891,432	\$ 31,631,428	\$ 32,194,158	\$ 34,432,869	\$ 36,219,812	\$ 38,457,264	\$ 41,065,581	\$ 43,606,145	\$ 45,229,057
Primary government:										
Net investment in capital assets	\$ 65,442,275	\$ 62,232,685	\$ 60,940,905	\$ 63,489,869	\$ 63,063,994	\$ 63,126,058	\$ 67,072,447	\$ 64,964,863	\$ 66,820,288	\$ 76,462,982
Restricted	351,245	422,337	1,383,005	420,988	2,897,307	3,782,011	235,709	5,741,657	10,801,799	5,143,518
Unrestricted (deficit)	(71,019,463)	(67,055,420)	(55,862,123)	(46,373,072)	(34,899,365)	(25,906,017)	(29,046,430)	(32,149,434)	(29,621,780)	(54,553,255)
Total primary government net assets/ net position	\$ (5,225,943)	\$ (4,400,398)	\$ 6,461,787	\$ 17,537,785	\$ 31,061,936	\$ 41,002,052	\$ 38,261,726	\$ 38,557,086	\$ 48,000,307	\$ 27,053,245
Major component units: (1)										
Component unit - school board:										
Net investment in capital assets	\$ 150,698,882	\$ 166,440,045	\$ 161,143,761	\$ 155,669,779	\$ 148,854,227	\$ 141,355,850	\$ 135,289,320	\$ 129,762,202	\$ 129,603,121	\$ 139,675,416
Restricted	-	-	-	-	-	-	-	-	-	4,133,596
Unrestricted (deficit)	11,635,128	2,949,404	407,514	(2,863,316)	(4,499,513)	(5,090,456)	(109,438,758)	(108,048,391)	(111,818,738)	(129,883,934)
Total component unit - school board net assets/net position	\$ 162,334,010	\$ 169,389,449	\$ 161,551,275	\$ 152,806,463	\$ 144,354,714	\$ 136,265,394	\$ 25,850,562	\$ 21,713,811	\$ 17,784,383	\$ 13,925,078
Component unit - Harrisonburg-Rockingham Social Services District										
Net investment in capital assets	\$ 119,199	\$ 78,918	\$ 40,063	\$ 18,903	\$ 8,480	\$ 2,144,091	\$ 2,574,720	\$ 2,451,305	\$ 2,366,316	\$ 2,323,333
Restricted (4)	-	-	-	-	2,161,138	1,448,333	1,393,537	1,740,887	2,019,613	2,120,558
Unrestricted	2,345,485	3,629,702	4,118,759	4,021,587	2,392,680	1,433,092	697,955	1,411,396	2,399,901	1,204,485
Total component unit - HRSSD net assets/ net position	\$ 2,464,684	\$ 3,708,620	\$ 4,158,822	\$ 4,040,490	\$ 4,562,298	\$ 5,025,516	\$ 4,666,212	\$ 5,603,588	\$ 6,785,830	\$ 5,648,376

COUNTY OF ROCKINGHAM, VIRGINIA

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

	Fiscal Year June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Major component units:										
Net investment in capital assets	\$ 150,818,081	\$ 166,518,963	\$ 161,183,824	\$ 155,688,682	\$ 148,862,707	\$ 143,499,941	\$ 137,864,040	\$ 132,213,507	\$ 131,969,437	\$ 141,998,749
Restricted	-	-	-	-	2,161,138	1,448,333	1,393,537	1,740,887	2,019,613	6,254,154
Unrestricted (deficit)	13,980,613	6,579,106	4,526,273	1,158,271	(2,106,833)	(3,657,364)	(108,740,803)	(106,636,995)	(109,418,837)	(128,679,449)
Total major component units net assets/net position	\$ 164,798,694	\$ 173,098,069	\$ 165,710,097	\$ 156,846,953	\$ 148,917,012	\$ 141,290,910	\$ 30,516,774	\$ 27,317,399	\$ 24,570,213	\$ 19,573,454
Total reporting entity: (2)										
Net investment in capital assets	\$ 103,933,620	\$ 121,884,712	\$ 121,414,263	\$ 124,593,294	\$ 123,453,125	\$ 124,167,242	\$ 128,405,019	\$ 126,705,690	\$ 134,528,812	\$ 135,122,135
Restricted	351,245	422,337	1,383,005	420,988	5,058,445	5,230,344	1,629,246	7,482,544	12,821,412	11,397,672
Unrestricted	55,287,886	46,390,622	49,374,616	49,370,456	51,467,378	52,895,376	(61,255,765)	(68,313,749)	(74,779,704)	(99,893,108)
Total reporting entity net assets/net position	\$ 159,572,751	\$ 168,697,671	\$ 172,171,884	\$ 174,384,738	\$ 179,978,948	\$ 182,292,962	\$ 68,778,500	\$ 65,874,485	\$ 72,570,520	\$ 46,626,699

Notes:

- (1) Component Unit net position/assets are included in this table due to public schools and social services being significant portions of the County operations. In Virginia, the County issues debt to finance the construction of facilities for these component units because the component units do not have borrowing or taxing authority.
- (2) The sum of the rows for the Reporting Entity identified as "Net investment in capital assets" and "Unrestricted" do not equal the sum of the rows from the total Primary Government and the total Component Units because the outstanding debt for the schools has not been subtracted from the total Primary Governments "Invested in capital assets" since the debt for the school board does not correspond to the capital assets of the Primary Government. However, when the Primary Government and the Component Units are combined, the outstanding debt needs to be accounted for by reducing the balance classified as "Net investment in capital assets."
- (3) This table reports financial information based on the accrual basis of accounting. The County implemented GASB Statement No. 63 in fiscal year 2013. This standard eliminated the use of the term "net assets" and now refers to this measurement as "net position."
- (4) The County implemented GASB Statement No. 61 in fiscal year 2013. As a result, the net position of the Harrisonburg-Rockingham Social Services District includes the restricted components of the County as well as the minority interest, which is also restricted.
- (5) June 30, 2014 net position was restated for the implementation of GASB Statement No. 68.

COUNTY OF ROCKINGHAM, VIRGINIA

Table 3
Page 1

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

	Fiscal Year June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Primary government:										
Expenses:										
Governmental activities:										
General government administration	\$ 5,172,496	\$ 4,927,727	\$ 4,694,851	\$ 4,941,835	\$ 5,194,117	\$ 5,462,554	\$ 6,039,859	\$ 5,436,798	\$ 5,932,529	\$ 5,954,830
Judicial administration	4,231,590	3,678,728	3,462,425	3,528,685	3,638,701	3,859,974	3,815,111	3,883,941	4,107,387	4,830,865
Public safety	20,558,230	19,529,025	20,392,396	20,970,030	21,372,315	23,580,101	23,826,370	36,779,233	27,123,823	30,667,940
Public works	2,515,660	2,384,927	2,453,101	2,587,532	5,144,874	6,898,649	6,868,624	4,339,985	3,365,230	9,564,783
Health and social services	5,087,755	5,212,611	5,005,635	4,834,979	4,702,838	3,769,309	5,715,170	5,761,798	5,786,160	8,212,284
Education	78,046,276	48,129,186	40,665,573	44,255,322	50,100,041	49,859,613	53,790,738	55,511,622	60,961,694	85,021,862
Parks, recreation and cultural	2,166,951	2,090,895	2,170,122	2,235,340	2,199,897	2,186,224	2,209,125	2,343,553	2,433,990	2,503,886
Community development	6,142,118	6,182,334	5,038,071	4,161,755	4,009,340	3,356,974	3,583,964	3,903,620	4,744,578	4,382,927
Interest	5,773,990	6,335,856	5,860,063	5,557,308	4,756,975	4,354,774	4,170,608	3,624,534	3,148,719	3,400,804
Total governmental activities	129,695,066	98,471,289	89,742,237	93,072,786	101,119,098	103,328,172	110,019,569	121,585,084	117,604,110	154,540,181
Business-type activities:										
Water and sewer	4,675,849	5,616,481	5,942,628	6,272,040	6,160,039	6,363,516	6,621,701	6,765,919	7,160,783	7,873,463
Solid waste	3,864,456	3,792,474	3,693,575	3,766,051	4,362,003	5,123,106	4,811,787	4,574,428	6,026,658	6,116,340
Total business-type activities	8,540,305	9,408,955	9,636,203	10,038,091	10,522,042	11,486,622	11,433,488	11,340,347	13,187,441	13,989,803
Total primary government expenses	138,235,371	107,880,244	99,378,440	103,110,877	111,641,140	114,814,794	121,453,057	132,925,431	130,791,551	168,529,984
Program revenue:										
Governmental activities:										
Charges for services:										
General government administration	1,511	4,058	4,815	2,200	1,359	2,059	3,511	2,383	1,768	1,727
Judicial administration	1,286,689	1,073,326	914,178	924,169	1,005,202	990,660	1,097,413	1,119,539	1,304,471	1,417,626
Public safety	4,073,797	4,090,326	5,171,000	5,053,378	5,495,186	6,312,309	7,276,430	6,483,239	7,298,651	7,833,177
Public works	1,021,587	956,152	1,098,549	1,078,306	1,183,823	1,141,301	1,104,328	1,022,145	1,085,426	1,161,736
Health and social services	5,665	7,953	83,232	34,717	-	17,745	1,204	2,428	18,565	26,013
Parks, recreation and cultural	405,709	467,229	696,685	660,369	690,110	756,422	805,431	785,225	863,175	843,541
Community development	1,786	4,017	1,467	3,085	2,975	3,727	2,540	508	1,855	143
Operating grants and contributions:										
General government administration	478,451	429,322	393,503	410,967	395,203	417,952	411,690	461,210	426,233	434,401
Judicial administration	2,177,711	2,124,717	2,088,186	2,003,636	2,034,608	2,178,098	2,135,443	2,271,957	2,349,172	2,345,308
Public safety	6,942,243	6,444,716	6,307,124	6,275,040	6,129,746	6,665,123	6,578,170	6,784,253	7,630,019	7,448,343
Public works	-	1,667	-	-	-	-	-	-	-	-
Health and social services	163,829	143,987	147,726	155,737	186,696	172,263	176,963	200,944	237,994	230,468
Education	-	-	-	-	562,808	-	-	-	-	-
Community development	252,985	258,319	259,647	-	-	-	-	100,000	254,000	-
Capital grants and contributions:										
Public safety	83,950	118,588	269,312	22,000	38,354	-	-	-	-	-
Public works	-	-	-	36,410	2,537,447	2,802,447	2,394,638	253,442	306,062	3,140,931
Total governmental activities	16,895,913	16,124,377	17,435,424	16,660,014	20,263,517	21,460,106	21,987,761	19,487,273	21,777,391	24,883,414

COUNTY OF ROCKINGHAM, VIRGINIA

Table 3
Page 2

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

	Fiscal Year June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Primary government:										
Program revenue:										
Business-type activities:										
Charges for services:										
Water and sewer	\$ 5,128,660	\$ 6,075,853	\$ 5,696,405	\$ 6,044,184	\$ 6,561,144	\$ 7,436,597	\$ 6,450,673	\$ 6,570,101	\$ 6,837,014	\$ 7,478,485
Solid waste	2,699,300	2,353,901	2,572,712	3,538,098	5,027,936	5,057,086	5,461,705	5,488,882	5,764,198	6,050,596
Operating grants and contributions:										
Water and sewer	-	-	-	-	-	-	1,638,030	952,584	2,168,073	1,341,662
Solid waste	-	-	-	-	-	-	-	-	23,830	73,273
Capital grants and contributions:										
Water and sewer	930,509	-	-	-	-	-	-	-	-	-
Solid waste	85,181	-	-	-	-	-	870,563	-	-	-
Total business-type activities	8,843,650	8,429,754	8,269,117	9,582,282	11,589,080	12,493,683	14,420,971	13,011,567	14,793,115	14,944,016
Total primary government revenues	25,739,563	24,554,131	25,704,541	26,242,296	31,852,597	33,953,789	36,408,732	32,498,840	36,570,506	39,827,430
Net (expense) revenue:										
Governmental activities	(112,799,153)	(82,346,912)	(72,306,813)	(76,412,772)	(80,855,581)	(81,868,066)	(88,031,808)	(102,097,811)	(95,826,719)	(129,656,767)
Business-type activities	303,345	(979,201)	(1,367,086)	(455,809)	1,067,038	1,007,061	2,987,483	1,671,220	1,605,674	954,213
Total primary government, net expense	(112,495,808)	(83,326,113)	(73,673,899)	(76,868,581)	(79,788,543)	(80,861,005)	(85,044,325)	(100,426,591)	(94,221,045)	(128,702,554)
Governmental activities:										
Taxes:										
General property taxes	65,895,837	66,376,392	64,490,691	67,972,029	70,601,427	70,208,531	71,962,305	77,182,964	81,433,734	88,479,898
Local sales and use	4,567,854	4,168,753	4,732,665	4,991,019	4,881,368	5,309,256	5,387,061	6,105,799	6,324,892	6,276,421
Consumer utility and communications sales and use	2,667,992	2,676,009	2,680,007	1,028,014	1,035,484	1,078,402	1,095,486	1,156,055	1,058,481	1,116,085
Motor vehicles licenses	1,176,765	1,169,718	1,179,162	1,227,744	1,236,520	1,209,701	1,211,564	1,227,518	1,278,070	1,304,491
Food and beverage	-	297,906	788,452	824,844	889,702	925,336	1,034,025	1,070,535	1,155,637	1,242,234
Other	1,584,576	1,407,319	(252,325)	1,440,610	1,588,072	1,402,550	1,646,656	1,657,068	1,666,630	1,782,847
Intergovernmental, non-categorical aid	6,589,500	6,389,141	8,065,994	8,037,774	8,003,995	8,079,422	7,838,718	8,984,272	8,050,669	8,583,682
Use of money and property	786,523	839,375	964,574	1,067,549	1,472,098	1,505,611	1,460,029	1,720,204	1,133,428	711,810
Miscellaneous	279,146	232,721	779,782	336,457	345,024	302,430	364,608	680,439	627,835	536,673
Transfers	-	(20,000)	-	-	(63,336)	-	870,563	-	-	-
Total governmental activities	83,548,193	83,537,334	83,429,002	86,926,040	89,990,354	90,021,239	92,871,015	99,784,854	102,729,376	110,034,141
Business-type activities:										
Intergovernmental, non-categorical aid	-	-	-	-	-	-	-	26,640	-	-
Use of money and property	199,683	34,080	40,269	39,839	67,961	65,660	93,935	59,852	171,908	272,958
Miscellaneous	243,675	560,244	1,066,813	978,700	1,040,376	898,936	837,750	850,605	762,982	774,434
Transfers	-	20,000	-	-	63,336	-	(870,563)	-	-	-
Total business-type activities	443,358	614,324	1,107,082	1,018,539	1,171,673	964,596	61,122	937,097	934,890	1,047,392
Total primary government	83,991,551	84,151,658	84,536,084	87,944,579	91,162,027	90,985,835	92,932,137	100,721,951	103,664,266	111,081,533
Changes in net assets/net position:										
Governmental activities	(29,250,960)	1,190,422	11,122,189	10,513,268	9,134,773	8,153,173	4,839,207	(2,312,957)	6,902,657	(19,622,626)
Business-type activities	746,703	(364,877)	(260,004)	562,730	2,238,711	1,971,657	3,048,605	2,608,317	2,540,564	2,001,605
Total primary government	\$ (28,504,257)	\$ 825,545	\$ 10,862,185	\$ 11,075,998	\$ 11,373,484	\$ 10,124,830	\$ 7,887,812	\$ 295,360	\$ 9,443,221	\$ (17,621,021)

COUNTY OF ROCKINGHAM, VIRGINIA

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

	Fiscal Year June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Major component units: (2)										
Component unit - school board:										
Expenses:										
Instruction	\$ 98,007,696	\$ 96,112,008	\$ 94,760,403	\$ 97,309,064	\$ 99,897,237	\$ 100,536,652	\$ 105,050,310	\$ 106,353,926	\$ 113,232,867	\$ 115,650,916
Administration, attendance and health	5,385,017	4,891,885	4,618,967	5,216,029	5,346,780	5,552,174	5,895,218	6,431,820	5,824,903	4,995,480
Pupil transportation	8,086,880	7,184,619	8,281,464	8,758,765	9,084,535	9,338,770	9,196,500	9,339,985	9,555,551	9,519,163
Operation and maintenance services	10,227,516	9,919,463	10,893,761	11,211,522	11,810,101	11,573,942	11,746,547	11,417,995	14,110,378	13,290,806
School food services	4,766,860	4,768,548	4,906,946	5,207,956	5,242,451	5,053,123	5,105,966	5,166,363	5,243,049	5,213,331
Total expenses	126,473,969	122,876,523	123,461,541	127,703,336	131,381,104	132,054,661	136,994,541	138,710,089	147,966,748	148,669,696
Program revenues:										
Charges for services	5,638,328	5,321,960	4,954,423	5,056,717	4,899,326	5,084,433	5,436,058	5,426,333	5,596,541	5,451,679
Operating grants and contributions	77,327,118	72,018,553	69,346,071	69,054,491	67,343,777	68,365,556	72,137,991	72,854,877	76,638,660	79,994,313
Capital grants and contributions	3,559,527	3,854,048	345,977	93,627	81,465	32,720	71,650	83,333	175,791	98,915
Total program revenues	86,524,973	81,194,561	74,646,471	74,204,835	72,324,568	73,482,709	77,645,699	78,364,543	82,410,992	85,544,907
Net expense	(39,948,996)	(41,681,962)	(48,815,070)	(53,498,501)	(59,056,536)	(58,571,952)	(59,348,842)	(60,345,546)	(65,555,756)	(63,124,789)
General revenues and other changes in net assets:										
Grants and contributions not restricted to specific programs	78,046,276	48,129,186	40,665,573	44,255,322	50,100,041	49,859,613	53,790,738	55,511,622	60,961,694	85,030,486
Intergovernmental, non-categorical aid	91,946	93,380	91,783	99,154	107,026	79,643	72,671	75,166	77,475	74,224
Use of money and property	144,563	55,765	54,306	38,899	37,184	31,489	45,918	35,649	44,232	137,296
Miscellaneous	152,919	459,070	165,234	360,314	360,536	511,887	626,406	586,358	542,927	249,859
Total general revenues and other changes in net assets/net position	78,435,704	48,737,401	40,976,896	44,753,689	50,604,787	50,482,632	54,535,733	56,208,795	61,626,328	85,491,865
Total general revenues and other change in net assets/net position	\$ 38,486,708	\$ 7,055,439	\$ (7,838,174)	\$ (8,744,812)	\$ (8,451,749)	\$ (8,089,320)	\$ (4,813,109)	\$ (4,136,751)	\$ (3,929,428)	\$ 22,367,076
Component unit - HRSSD:										
Expenses:										
Public assistance	\$ 5,107,848	\$ 5,730,436	\$ 5,998,480	\$ 6,200,265	\$ 5,838,876	\$ 6,452,300	\$ 6,847,545	\$ 6,397,049	\$ 6,816,763	\$ 7,451,225
Comprehensive/children's services	10,533,322	10,236,725	10,114,771	9,196,586	9,028,213	8,874,411	9,146,513	8,883,443	9,573,881	9,755,890
Welfare	6,138,996	5,820,207	5,676,427	5,714,686	5,889,242	6,233,209	5,997,127	7,515,831	7,642,598	9,037,932
VJCCA	-	-	-	-	-	-	82,081	83,474	87,171	86,672
Total expenses	21,780,166	21,787,368	21,789,678	21,111,537	20,756,331	21,559,920	22,073,266	22,879,797	24,120,413	26,331,719
Program revenues:										
Operating grants and contributions	14,843,978	15,969,252	15,401,915	14,695,587	14,869,626	15,586,617	16,200,010	16,033,541	17,128,620	17,606,083
Total program revenues	14,843,978	15,969,252	15,401,915	14,695,587	14,869,626	15,586,617	16,200,010	16,033,541	17,128,620	17,606,083
Net expense	(6,936,188)	(5,818,116)	(6,387,763)	(6,415,950)	(5,886,705)	(5,973,303)	(5,873,256)	(6,846,256)	(6,991,793)	(8,725,636)

COUNTY OF ROCKINGHAM, VIRGINIA

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

	Fiscal Year June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General revenues and other changes in net assets:										
Grants and contributions not restricted to specific programs	\$ 7,147,789	\$ 6,971,699	\$ 6,790,737	\$ 6,242,334	\$ 6,337,742	\$ 6,348,530	\$ 6,739,048	\$ 7,722,610	\$ 8,091,663	\$ 8,209,413
Use of money and property	42,704	15,357	22,423	21,059	32,633	16,177	20,951	12,362	32,086	40,755
Miscellaneous	272,696	74,996	24,805	34,225	38,138	71,814	57,963	48,660	50,286	48,830
Total general revenues and other changes in net assets/net position	7,463,189	7,062,052	6,837,965	6,297,618	6,408,513	6,436,521	6,817,962	7,783,632	8,174,035	8,298,998
Total component unit - HRSSD change in net assets/net position	\$ 527,001	\$ 1,243,936	\$ 450,202	\$ (118,332)	\$ 521,808	\$ 463,218	\$ 944,706	\$ 937,376	\$ 1,182,242	\$ (426,638)
Total major component units change in net assets/net position	\$ 39,013,709	\$ 8,299,375	\$ (7,387,972)	\$ (8,863,144)	\$ (7,929,941)	\$ (7,626,102)	\$ (3,868,403)	\$ (3,199,375)	\$ (2,747,186)	\$ 21,940,438
Total reporting entity change in net assets/net position	\$ 10,509,452	\$ 9,124,920	\$ 3,474,213	\$ 2,212,854	\$ 3,443,543	\$ 2,498,728	\$ 4,019,409	\$ (2,904,015)	\$ 6,696,035	\$ 4,319,417

Notes:

- (1) Net (expense) revenue is the difference between the expenses and program revenues. This difference indicates the degree to which a function or program is supported with its own fees and program-specific grants versus its reliance upon funding from taxes and other general revenues. Numbers in a parentheses are net expenses indicating that expenses were greater than program revenues and, therefore, general revenues were needed to finance that function or program. Numbers without parentheses are net revenues, demonstrating that program revenues were more than sufficient to cover expenses.
- (2) Component units were included in this table due to their significance to the County.
- (3) This table reports financial information based on the accrual basis of accounting. The County implemented GASB Statement No. 63 in fiscal year 2013. This standard eliminated the term "net assets" and now refers to this measurement as "net position."

COUNTY OF ROCKINGHAM, VIRGINIA

Table 4

PROGRAM REVENUES BY FUNCTION / PROGRAM
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

Function/Program	Fiscal Year June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Primary government:										
Governmental activities:										
General government administration	\$ 479,962	\$ 433,380	\$ 398,318	\$ 413,167	\$ 396,562	\$ 420,011	\$ 415,201	\$ 463,593	\$ 428,001	\$ 436,128
Judicial administration	3,464,400	3,198,043	3,002,364	2,927,805	3,039,810	3,168,758	3,232,856	3,391,496	3,653,643	3,762,934
Public safety	11,099,990	10,653,630	11,747,436	11,350,418	11,663,286	12,977,432	13,854,600	13,267,492	14,928,670	15,281,520
Public works	1,021,587	957,819	1,098,549	1,114,716	3,721,270	3,943,748	3,498,966	1,275,587	1,391,488	4,302,667
Health and social services	169,494	151,940	230,958	190,454	186,696	190,008	178,167	203,372	256,559	256,481
Education	-	-	-	-	562,808	-	-	-	-	-
Parks, recreation and cultural	405,709	467,229	696,685	660,369	690,110	756,422	805,431	785,225	863,175	843,541
Community development	254,771	262,336	261,114	3,085	2,975	3,727	2,540	100,508	255,855	143
Total governmental activities	16,895,913	16,124,377	17,435,424	16,660,014	20,263,517	21,460,106	21,987,761	19,487,273	21,777,391	24,883,414
Business-type activities:										
Water and sewer	6,059,169	6,075,853	5,696,405	6,044,184	6,561,144	7,436,597	8,088,703	7,522,685	9,005,087	8,820,147
Solid waste	2,784,481	2,353,901	2,572,712	3,538,098	5,027,936	5,057,086	6,332,268	5,488,882	5,788,028	6,123,869
Total business-type activities	8,843,650	8,429,754	8,269,117	9,582,282	11,589,080	12,493,683	14,420,971	13,011,567	14,793,115	14,944,016
Total primary government	\$ 25,739,563	\$ 24,554,131	\$ 25,704,541	\$ 26,242,296	\$ 31,852,597	\$ 33,953,789	\$ 36,408,732	\$ 32,498,840	\$ 36,570,506	\$ 39,827,430
Major component units:										
Component unit - school board:										
Instruction	\$ 81,522,836	\$ 75,488,678	\$ 69,684,411	\$ 69,099,190	\$ 67,373,976	\$ 68,376,769	\$ 72,551,314	\$ 73,069,780	\$ 76,995,702	\$ 80,216,305
Pupil transportation services	-	760,680	-	-	-	-	-	-	-	-
Operation and maintenance services	-	13,723	-	-	-	-	-	-	-	-
School food services	5,002,137	4,931,480	4,962,060	5,105,645	4,950,592	5,105,940	5,094,385	5,294,763	5,415,290	5,328,602
Total component unit - school board	86,524,973	81,194,561	74,646,471	74,204,835	72,324,568	73,482,709	77,645,699	78,364,543	82,410,992	85,544,907
Component unit - HRSSD:										
Public assistance	3,851,693	4,329,056	4,351,937	4,557,975	4,803,986	5,029,280	5,047,847	4,748,681	4,961,568	5,034,759
Comprehensive/children's services	6,500,946	6,633,186	5,960,163	5,234,401	5,193,142	5,237,254	5,377,628	5,113,599	5,215,483	5,527,679
Welfare	4,491,339	5,007,010	5,089,815	4,903,211	4,872,498	5,320,083	5,712,054	6,069,231	6,868,035	6,956,814
VJCCA	-	-	-	-	-	-	62,481	102,030	83,534	86,831
Total component unit - HRSSD	14,843,978	15,969,252	15,401,915	14,695,587	14,869,626	15,586,617	16,200,010	16,033,541	17,128,620	17,606,083
Total major component units	\$ 101,368,951	\$ 97,163,813	\$ 90,048,386	\$ 88,900,422	\$ 87,194,194	\$ 89,069,326	\$ 93,845,709	\$ 94,398,084	\$ 99,539,612	\$ 103,150,990
Total reporting entity	\$ 127,108,514	\$ 121,717,944	\$ 115,752,927	\$ 115,142,718	\$ 119,046,791	\$ 123,023,115	\$ 130,254,441	\$ 126,896,924	\$ 136,110,118	\$ 142,978,420

COUNTY OF ROCKINGHAM, VIRGINIA

Table 5

FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund:										
Reserved	\$ 928,288	\$ 1,097,948	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	22,588,259	27,255,072	-	-	-	-	-	-	-	-
Nonspendable	-	-	808,957	667,271	536,388	483,343	584,337	712,636	785,140	695,007
Restricted (2)	-	-	-	-	3,116,396	2,105,608	2,058,400	2,551,574	3,026,483	3,088,162
Committed	-	-	-	-	-	-	-	-	82,374	171,434
Assigned	-	-	2,851	7,551	-	-	-	-	-	53,822
Unassigned	-	-	28,661,725	28,308,023	25,803,047	25,193,314	25,644,629	27,066,722	23,537,191	26,465,446
Total General Fund	\$ 23,516,547	\$ 28,353,020	\$ 29,473,533	\$ 28,982,845	\$ 29,455,831	\$ 27,782,265	\$ 28,287,366	\$ 30,330,932	\$ 27,431,188	\$ 30,473,871
All Other Governmental Funds:										
Reserved	\$ 351,245	\$ 422,337	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	18,761,704	10,102,262	-	-	-	-	-	-	-	-
Nonspendable	-	-	11,143	11,143	11,143	11,143	11,143	-	-	-
Restricted	-	-	1,371,862	409,284	484,439	193,685	224,566	195,800	235,108	404,183
Committed	-	-	-	-	-	-	-	-	4,288,809	3,962,920
Assigned	-	-	12,822,866	14,439,666	19,801,602	22,093,893	17,828,714	14,456,621	7,312,400	3,979,016
Total all other governmental funds	\$ 19,112,949	\$ 10,524,599	\$ 14,205,871	\$ 14,860,093	\$ 20,297,184	\$ 22,298,721	\$ 18,064,423	\$ 14,652,421	\$ 11,836,317	\$ 8,346,119

Notes:

- (1) In fiscal year 2011, the County implemented GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which effectively changed the classifications used to report fund balances. The terms reserved and unreserved are no longer used to describe fund balance. Fund balance is now classified as nonspendable, restricted, committed, assigned, or unassigned.
- (2) In fiscal year 2013, the County implemented GASB 61, *The Financial Reporting Entity: Omnibus*, which changed the reporting of the County's interest in the Harrisonburg-Rockingham Social Services District. As such, the County reports its interest in the Social Services District as an asset and Restricted Net Position, beginning with fiscal year 2013.

COUNTY OF ROCKINGHAM, VIRGINIA

Table 6
Page 1

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues:										
General property taxes	\$ 65,570,241	\$ 66,216,435	\$ 64,487,098	\$ 67,611,207	\$ 70,546,928	\$ 70,426,736	\$ 71,932,121	\$ 77,123,724	\$ 81,459,657	\$ 88,474,133
Other local taxes	9,997,187	9,719,705	9,127,961	9,512,231	9,631,146	9,925,245	10,374,792	11,216,975	11,483,710	11,722,078
Permits, privilege fees and licenses	749,140	803,462	904,624	692,745	888,111	1,003,449	1,085,078	1,056,984	1,730,059	1,364,545
Fines and forfeitures	148,535	238,435	274,412	274,611	167,342	159,842	184,583	151,516	240,396	208,051
Use of money and property	771,924	833,742	957,222	1,059,359	1,457,668	1,494,063	1,444,522	1,711,660	1,111,496	687,937
Charges for services	2,850,575	2,801,305	3,573,280	3,406,935	3,657,806	3,925,885	3,956,131	3,643,395	3,645,601	3,898,039
Miscellaneous	279,146	232,721	779,782	336,457	345,024	302,430	364,608	680,439	627,835	536,673
Recovered costs	3,048,135	2,759,777	3,217,501	3,381,843	3,665,254	4,134,950	5,064,878	4,563,572	4,957,855	5,457,543
Reimbursement from component unit	-	-	-	-	562,808	-	-	-	-	-
Intergovernmental	16,688,669	15,910,457	17,531,492	16,941,563	19,326,049	20,315,305	19,535,622	19,056,078	19,254,149	22,183,133
Total revenues	100,103,552	99,516,039	100,853,372	103,216,951	110,248,136	111,687,905	113,942,335	119,204,343	124,510,758	134,532,132
Expenditures:										
General government administration	4,659,357	4,398,991	4,149,027	4,196,686	4,463,079	4,787,939	4,804,695	5,203,673	5,543,460	5,349,427
Judicial administration	3,827,879	3,343,653	3,123,597	3,188,815	3,371,268	3,540,441	3,740,215	3,827,334	4,187,990	4,279,035
Public safety	19,874,198	18,910,325	19,817,574	20,309,292	20,575,858	22,919,965	26,121,456	26,286,332	28,665,762	29,582,664
Public works	2,482,615	2,352,738	2,522,534	2,580,230	2,705,553	2,852,182	2,921,785	2,944,236	3,108,156	2,927,766
Health and social services	5,044,027	5,168,646	4,955,083	4,777,502	4,557,024	5,898,577	5,400,366	5,807,989	6,171,569	6,868,468
Education	78,046,276	48,129,186	40,665,573	44,255,322	50,100,041	49,859,613	53,790,738	55,511,622	60,961,694	85,030,486
Parks, recreation and cultural	2,064,277	2,023,049	2,212,498	2,154,894	2,126,961	2,130,299	2,197,829	2,251,615	2,365,854	2,392,388
Community development	5,783,273	4,467,357	4,211,445	3,399,091	3,154,781	2,497,658	2,753,660	3,090,881	3,959,791	3,479,239
Capital outlay	12,088,043	1,969,136	354,404	4,325,301	2,796,798	4,593,950	5,048,279	3,965,319	3,894,304	14,168,378
Debt service:										
Principal	5,173,395	6,166,108	7,781,938	7,797,795	8,086,516	7,528,018	7,182,006	7,762,776	7,809,066	6,975,972
Interest and fiscal charges	5,473,153	6,318,727	6,257,914	6,068,489	5,148,228	4,751,292	4,581,066	3,921,002	3,558,960	3,235,080
Total expenditures	144,516,493	103,247,916	96,051,587	103,053,417	107,086,107	111,359,934	118,542,095	120,572,779	130,226,606	164,288,903
Revenues over (under) expenditures	(44,412,941)	(3,731,877)	4,801,785	163,534	3,162,029	327,971	(4,599,760)	(1,368,436)	(5,715,848)	(29,756,771)
Other financing sources (uses):										
Transfers in	13,556,253	-	4,000,000	4,890,000	4,930,448	4,284,869	1,947,743	800,000	800,000	8,757,000
Transfers out	(16,071,679)	(20,000)	(4,000,000)	(4,890,000)	(4,960,000)	(4,284,869)	(1,077,180)	(800,000)	(800,000)	(7,232,000)
Issuance of debt	37,261,410	-	-	-	-	-	13,125,000	-	-	25,822,000
Payment to refunded bond escrow agent	-	-	-	-	-	-	(13,125,000)	-	-	-
Premium on issuance debt	2,244,149	-	-	-	-	-	-	-	-	1,962,256
Total other financing sources (uses), net	36,990,133	(20,000)	-	-	(29,552)	-	870,563	-	-	29,309,256
Net change in fund balance	\$ (7,422,808)	\$ (3,751,877)	\$ 4,801,785	\$ 163,534	\$ 3,132,477	\$ 327,971	\$ (3,729,197)	\$ (1,368,436)	\$ (5,715,848)	\$ (447,515)

COUNTY OF ROCKINGHAM, VIRGINIA

Table 6
Page 2

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Service as a percentage of noncapital expenditures:										
Primary government:										
Total debt service	\$ 10,646,548	\$ 12,484,835	\$ 14,039,852	\$ 13,866,284	\$ 13,234,744	\$ 12,279,310	\$ 11,763,072	\$ 11,683,778	\$ 11,368,026	\$ 10,211,052
Total expenditures	\$ 144,516,493	\$ 103,247,916	\$ 96,051,587	\$ 103,053,417	\$ 107,086,107	\$ 111,359,934	\$ 118,542,095	\$ 120,572,779	\$ 130,226,606	\$ 164,288,903
Less: Capital outlay - primary government	(12,330,838)	(1,012,486)	(967,936)	(4,807,614)	(668,787)	(1,258,644)	(2,087,485)	(2,724,796)	(5,626,572)	(5,912,172)
Noncapital expenditures	\$ 132,185,655	\$ 102,235,430	\$ 95,083,651	\$ 98,245,803	\$ 106,417,320	\$ 110,101,290	\$ 116,454,610	\$ 117,847,983	\$ 124,600,034	\$ 158,376,731
Debt service as a percentage of noncapital expenditures	8.05%	12.21%	14.77%	14.11%	12.44%	11.15%	10.10%	9.91%	9.12%	6.45%
Major component units - School Board and HRSSD:										
Expenditures:										
School board	\$ 156,426,408	\$ 138,094,883	\$ 117,956,384	\$ 120,957,761	\$ 124,197,953	\$ 123,811,920	\$ 131,802,060	\$ 134,799,313	\$ 146,858,092	\$ 162,739,989
HRSSD	21,623,271	21,729,506	21,608,529	21,028,646	20,668,028	23,594,887	23,264,806	22,983,663	24,549,020	25,742,457
Less: Capital outlay - school board	(36,916,024)	(21,949,313)	(2,405,403)	(3,307,213)	(2,037,300)	(1,421,014)	(2,891,187)	(3,267,837)	(8,428,049)	(18,786,715)
Less: Capital outlay - HRSSD	(17,503)	(16,646)	-	-	-	(2,163,687)	(530,456)	(31,182)	(42,681)	(123,000)
Noncapital expenditures	\$ 141,116,152	\$ 137,858,430	\$ 137,159,510	\$ 138,679,194	\$ 142,828,681	\$ 143,822,106	\$ 151,645,223	\$ 154,483,957	\$ 162,936,382	\$ 169,572,731
Total reporting entity:										
Total noncapital expenditures	\$ 188,815,003	\$ 185,875,702	\$ 185,478,384	\$ 186,794,179	\$ 193,713,080	\$ 197,938,726	\$ 207,908,866	\$ 212,140,973	\$ 227,345,449	\$ 238,142,511
Debt service as a percentage of noncapital expenditures	5.64%	6.72%	7.57%	7.42%	6.83%	6.20%	5.66%	5.51%	5.00%	4.29%

COUNTY OF ROCKINGHAM, VIRGINIA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

Table 6

Page 3

Notes:

- (1) Expenditures of the School Board do not include those associated with the School Activity Funds or the Massanutten Technical Center Activity Funds.
- (2) In Virginia, the County issues debt to finance the construction of school facilities for the public schools because the public schools do not have borrowing or taxing authority. Therefore, the debt service payments related to school facilities are presented as debt service of the primary government. Debt service as a percentage of noncapital expenditures for the total reporting entity more appropriately reflects the unique Virginia school debt requirement.
- (3) For the "Total Reporting Entity" amounts, the total noncapital expenditures have been reduced by the amounts given by the primary government to the public schools, Massanutten Technical Center, and the Social Services District so those expenditures are not included twice.

COUNTY OF ROCKINGHAM, VIRGINIA

Table 7

TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

Fiscal Year June 30,	Property (1)	Local Sales and Use	Motor Vehicle	Consumer Utility and Communications Sales and Use (2)	Recordation and Wills	Food and Beverage	Other	Total
2009	\$ 64,951,212	\$ 4,567,854	\$ 1,176,765	\$ 2,667,992	\$ 1,091,116	\$ -	\$ 493,460	\$ 74,948,399
2010	65,511,983	4,168,753	1,169,718	2,676,009	882,174	297,906	525,145	75,231,688
2011	63,822,003	4,732,665	1,179,162	1,020,285	792,313	788,452	615,084	72,949,964
2012	66,900,268	4,991,019	1,227,744	1,028,014	827,202	824,844	613,408	76,412,499
2013	69,783,176	4,881,368	1,236,520	1,035,484	969,920	889,702	618,152	79,414,322
2014	69,694,829	5,309,526	1,209,701	1,078,402	730,498	925,336	671,782	79,620,074
2015	71,270,077	5,387,061	1,211,564	1,095,486	955,372	1,034,025	691,284	81,644,869
2016	76,369,114	6,105,799	1,227,518	1,156,055	942,381	1,070,535	714,687	87,586,089
2017	80,660,077	6,324,892	1,278,070	1,058,481	957,414	1,155,637	709,216	92,143,787
2018	87,582,204	6,276,421	1,304,491	1,116,085	1,036,421	1,242,234	746,426	99,304,282
Change 2009-2018	34.84%	37.40%	10.85%	-58.17%	-5.01%	N/A	51.26%	32.50%

Notes:

- (1) Property tax revenue does not include penalties and interest collected on delinquent tax collections.
- (2) In fiscal year 2011, the County implemented the Auditor of Public Accounts' requirement that communication sales and use tax be reported as non-categorical state aid instead of other local taxes.

COUNTY OF ROCKINGHAM, VIRGINIA

Table 8

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Calendar Years
(Unaudited)**

Calendar Year	Residential Property (1)	Commercial Property (1)	Industrial Property (1)	Farm Property (1)	Exempt & Nontaxable Property (1) (2)	Total Assessed Value	Percent Growth	Assessed Value of Tax Deferred Land Use (3)	Total Taxable Value	Total Direct Tax Rate	Tax Value as a Percentage of Assessed Value
2009	\$ 4,716,212,700	\$ 611,433,100	\$ 260,782,100	\$ 1,677,385,800	\$ 872,697,500	\$ 8,138,511,200	2.10%	\$ 753,312,347	\$ 6,512,501,353	\$ 0.60	80.02%
2010	4,879,919,700	718,626,400	277,930,600	1,915,838,000	987,038,600	8,779,353,300	7.30%	931,781,985	6,860,189,315	0.60	78.14%
2011	4,945,640,600	717,918,900	244,690,500	1,924,739,900	1,003,185,100	8,836,175,000	0.65%	922,202,345	6,910,787,555	0.60	78.21%
2012	4,999,192,200	728,316,900	254,690,200	1,944,432,200	1,139,922,400	9,066,553,900	2.54%	938,573,459	6,988,058,041	0.64	77.08%
2013	5,035,839,700	734,537,700	258,387,400	1,956,029,000	1,148,229,700	9,133,023,500	0.73%	950,926,733	7,033,867,067	0.64	77.02%
2014	5,131,903,600	744,413,500	260,799,200	2,069,514,600	1,155,622,900	9,362,253,800	2.45%	1,060,320,506	7,146,310,394	0.64	76.33%
2015	5,198,957,000	765,627,500	258,445,700	2,073,139,200	1,155,559,900	9,451,729,300	0.96%	1,014,434,080	7,281,735,320	0.66/0.68	77.04%
2016	5,286,192,700	772,036,000	265,826,900	2,080,831,900	1,154,888,500	9,559,776,000	1.14%	1,016,281,990	7,388,605,510	0.68/0.70	77.29%
2017	5,360,674,700	801,922,900	263,991,000	2,083,044,800	1,169,407,400	9,679,040,800	1.25%	1,013,613,780	7,496,019,620	0.74	77.45%
2018	5,616,112,800	821,069,100	276,622,400	2,112,122,000	1,171,035,500	9,996,961,800	3.28%	1,029,749,840	7,796,176,460	0.74	77.99%

Source:

Rockingham County real estate records.

Notes:

- (1) Real estate assessed values are assessed for comparison to fair market value every four years. (2010, 2014 and 2018)
- (2) Nontaxable and exempt property includes principally real estate owned by governmental, religious, charitable or educational entities.
- (3) Rockingham County has adopted land use valuation for agricultural and open space land. Rather than fair market value, the value of this property is based upon its "use" value.

COUNTY OF ROCKINGHAM, VIRGINIA

Table 9

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

Rockingham County

Fiscal Year June 30,	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital	Farm Machinery	Total Direct Rate
2009	\$ 0.60	\$ 2.80	\$ 0.60	\$ 2.55	\$ 0.87	\$ 0.44	\$ 7.86
2010	0.60	2.80	0.60	2.55	0.87	0.44	7.86
2011	0.60	2.80	0.60	2.55	0.87	0.44	7.86
2012	0.64	2.85	0.64	2.55	0.87	0.44	7.99
2013	0.64	2.85	0.64	2.55	0.87	0.44	7.99
2014	0.64	2.85	0.64	2.55	0.87	0.44	7.99
2015	0.66/0.68	2.90	0.68	2.55	0.87	0.44	8.11
2016	0.68/0.70	2.90	0.68/0.70	2.55	0.87	0.44	8.14
2017	0.74	3.00	0.74	2.55	0.87	0.44	8.34
2018	0.74	3.00	0.74	2.55	0.87	0.44	8.34

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
2009	\$ 0.07-0.12	\$ 0.30-0.75	\$ 0.07-0.46	\$ 0.30-0.75	\$ -	\$ -
2010	0.07-0.12	0.30-0.75	0.07-0.46	0.30-0.75	-	-
2011	0.07-0.12	0.30-0.75	0.07-0.46	0.30-0.75	-	-
2012	0.07-0.12	0.30-0.75	0.07-0.46	0.30-0.75	-	-
2013	0.07-0.12	0.30-0.75	0.07-0.46	0.30-0.75	-	-
2014	0.05-0.12	0.20-0.75	0.07-0.46	0.30-0.46	-	-
2015	0.07-0.12	0.20-0.75	0.07-0.46	0.30-0.46	-	-
2016	0.07-0.12	0.20-0.75	0.07-0.46	0.30-0.46	-	-
2017	0.07-0.12	0.20-0.75	0.07-0.38	0.30-0.40	-	-
2018	0.07-0.12	0.20-0.75	0.07-0.38	0.30-0.40	-	-

Notes:

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

COUNTY OF ROCKINGHAM, VIRGINIA

Table 10

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

Taxpayer	2018					
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Property Taxes Paid	Rank	Percentage of Total Property Taxes Paid Value
Great Eastern Resort Management	\$ 412,412,845	1	4.40%	\$ 3,268,106	2	3.50%
MillerCoors	254,477,465	2	2.70%	4,810,298	1	5.10%
Wal-Mart Retail and Distribution Centers	136,961,535	3	1.40%	1,663,950	5	1.80%
Merck & Company, Inc.	127,757,070	4	1.50%	1,987,163	4	2.10%
White Wave	116,890,970	5	1.30%	2,098,039	3	2.20%
Marshall's	78,374,895	6	0.80%	1,001,454	7	1.10%
LSC Communications US, LLC (formerly R.R. Donnelley & Sons Co.)	74,651,070	7	0.80%	1,128,379	6	1.20%
Sunnyside Retirement Community	54,836,600	8	0.60%	405,791	10	0.40%
Cargill	52,218,755	9	0.60%	839,875	8	0.90%
Sysco	51,127,755	10	0.50%	825,407	9	0.90%
Total	\$ 1,359,708,960		14.60%	\$ 18,028,462		19.20%

Taxpayer	2009					
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Property Tax Paid	Rank	Percentage of Total Property Taxes Paid
Adolph Coors Company	\$ 371,501,545	1	5.81%	\$ 6,858,122	1	9.74%
Great Eastern Resort Management	311,730,345	2	4.88%	2,041,722	2	2.90%
Merck & Company, Inc.	140,110,525	3	1.52%	2,600,102	3	3.69%
Wal-Mart Retail and Distribution Centers	97,192,345	4	2.19%	1,221,514	5	1.73%
White Wave (Morningstar Foods)	70,816,265	5	1.11%	1,266,538	4	1.80%
Marshall's	60,176,385	6	0.94%	562,683	8	0.80%
Cargill	44,589,790	7	0.70%	626,056	7	0.89%
R.R. Donnelley & Sons Co.	42,080,445	8	0.66%	665,275	6	0.94%
Sysco	31,582,820	9	0.49%	345,081	9	0.49%
Virginia Poultry Growers	19,818,925	10	0.31%	250,443	10	0.36%
Total	\$ 1,189,599,390		18.61%	\$ 16,437,536		23.34%

Source:

Rockingham County Commissioner of the Revenue.

COUNTY OF ROCKINGHAM, VIRGINIA

Table 11

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

Calendar Year	Taxes Levied for the Calendar Year	Collected Within the Calendar Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	\$ 39,591,283	\$ 38,147,864	96.35%	\$ 1,443,419	\$ 39,591,283	100.00%
2009	40,502,223	38,979,011	96.24%	1,515,485	40,494,496	99.98%
2010	42,621,495	40,949,099	96.08%	1,672,396	42,621,495	100.00%
2011	42,997,402	41,455,415	96.41%	1,541,987	42,997,402	100.00%
2012	46,418,364	44,793,454	96.50%	1,624,910	46,418,364	100.00%
2013	46,847,898	45,330,910	96.76%	1,516,988	46,847,898	100.00%
2014	47,634,558	46,160,931	96.91%	1,438,585	47,599,516	99.93%
2015	50,861,929	49,410,225	97.15%	1,370,457	50,780,682	99.84%
2016	53,997,527	53,187,098	98.50%	423,755	53,610,853	99.28%
2017	57,907,159	57,106,295	98.62%	N/A	57,106,295	98.62%

Source:

Rockingham County Treasurer.

Note:

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

RATIOS OF OUTSTANDING DEBT BY TYPE AND GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Governmental Activities				Business-Type Activities	Total Primary Government	Percentage of Per Capita Personal Income	Debt Per Capita
	General Obligation Bonds	Literary Loans	Note Payable	Capital Leases	Revenue Bonds			
2009	\$ 112,010,877	\$ 315,859	\$ -	\$ 26,355,902	\$ 19,696,028	\$ 158,378,666	6.87%	\$ 2,093
2010	106,724,577	142,359	-	25,396,463	18,816,715	151,080,114	6.45%	1,974
2011	100,641,607	68,859	-	23,517,864	17,687,978	141,916,308	5.71%	1,836
2012	94,585,257	-	-	21,592,147	16,526,645	132,704,049	5.10%	1,711
2013	88,473,576	-	-	19,364,182	15,275,826	123,113,584	4.65%	1,576
2014	82,458,757	-	-	17,597,852	13,602,412	113,659,021	4.30%	1,440
2015	76,531,468	-	-	16,090,003	12,359,388	104,980,859	3.74%	1,327
2016	70,472,680	-	8,714,153	14,132,883	20,383,318	113,703,034	3.99%	1,426
2017	64,260,913	-	7,826,952	12,282,453	29,711,540	114,081,858	N/A	1,414
2018	83,339,596	-	9,886,514	10,411,515	31,844,345	135,481,970	N/A	1,680

General bonded debt outstanding:

Fiscal Year	General Obligation Bonds	Literary Loans	Total	Percentage of Actual Taxable Value of Property	Debt Per Capita
2009	\$ 112,010,877	\$ 315,859	\$ 112,326,736	1.77%	\$ 1,485
2010	106,724,577	142,359	106,866,936	1.64%	1,397
2011	100,641,607	68,859	100,710,466	1.47%	1,303
2012	94,585,257	-	94,585,257	1.37%	1,220
2013	88,473,576	-	88,473,576	1.27%	1,133
2014	82,458,757	-	82,458,757	1.17%	1,044
2015	76,531,468	-	76,531,468	1.05%	967
2016	70,472,680	-	70,472,680	0.95%	884
2017	64,260,913	-	64,260,913	0.86%	797
2018	83,339,596	-	83,339,596	1.07%	1,033

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, 2018
(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Town of Bridgewater, Virginia	\$ 2,224,270	6.16%	\$ 137,015
Town of Broadway, Virginia	299,966	4.05%	12,161
Town of Mt. Crawford, Virginia	77,233	0.46%	353
Town of Dayton, Virginia	20,224	1.88%	381
Town of Elkton, Virginia	1,776,738	2.59%	45,951
Town of Grottoes, Virginia	-	2.47%	-
Town of Timberville, Virginia	-	2.19%	-
Subtotal, overlapping debt			<u>195,861</u>
County Direct Debt			<u>103,637,625</u>
Total direct and overlapping debt			<u><u>\$ 103,833,486</u></u>

Note:

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

COUNTY OF ROCKINGHAM, VIRGINIA

Table 14
Page 1

PLEGGED-REVENUE COVERAGE
Last Ten Fiscal Years
(Unaudited)

Water and Sewer Fund							
Fiscal Year	Utility Service Charges	Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2009	\$ 5,125,257	\$ 3,283,073	\$ 1,842,184	\$ 190,000	\$ 194,728	\$ 384,728	4.79
2010	5,953,542	4,012,722	1,940,820	418,154	462,610	880,764	2.20
2011	5,564,105	4,198,941	1,365,164	410,000	469,502	879,502	1.55
2012	5,776,771	4,497,157	1,279,614	435,000	429,278	864,278	1.48
2013	6,424,821	4,519,326	1,905,495	425,000	424,224	849,224	2.24
2014	7,210,344	4,754,001	2,456,343	425,000	517,778	942,778	2.61
2015	7,825,015	4,960,792	2,864,223	440,000	379,548	819,548	3.49
2016	7,270,371	4,982,413	2,287,958	540,000	565,731	1,105,731	2.07
2017	8,743,842	5,284,929	3,458,913	585,000	387,667	972,667	3.56
2018	8,451,441	5,737,979	2,713,462	610,000	499,011	1,109,011	2.45

Smith Creek Water & Waste Authority Fund							
Fiscal Year	Utility Service Charges	Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2009	\$ 218,959	\$ 93,376	\$ 125,583	\$ 107,915	\$ 102,602	\$ 210,517	0.60
2010	215,848	68,805	147,043	111,357	99,160	210,517	0.70
2011	200,492	164,332	36,160	114,912	95,605	210,517	0.17
2012	332,243	133,565	198,678	110,064	125,961	236,025	0.84
2013	255,706	167,269	88,437	174,128	62,925	237,053	0.37
2014	329,709	156,716	172,993	172,419	64,636	237,055	0.73
2015	387,037	217,177	169,860	177,419	59,655	237,074	0.72
2016	355,029	203,397	151,632	182,562	54,501	237,063	0.64
2017	453,320	204,229	249,091	187,858	49,197	237,055	1.05
2018	605,657	273,915	331,742	193,305	43,748	237,053	1.40

Countryside Sanitary District Fund							
Fiscal Year	Utility Service Charges	Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2009	\$ 15,748	\$ 5,408	\$ 10,340	\$ 6,610	\$ 5,103	\$ 11,713	0.88
2010	15,124	6,199	8,925	6,827	4,888	11,715	0.76
2011	16,991	6,346	10,645	7,050	4,664	11,714	0.91
2012	14,240	6,728	7,512	7,281	4,433	11,714	0.64
2013	13,217	5,814	7,403	7,520	4,194	11,714	0.63
2014	15,946	6,277	9,669	7,767	3,948	11,715	0.83
2015	14,306	7,522	6,784	8,021	3,694	11,715	0.58
2016	18,833	8,965	9,868	8,284	3,429	11,713	0.84
2017	15,738	9,492	6,246	8,555	3,159	11,714	0.53
2018	14,009	12,766	1,243	8,835	2,879	11,714	0.11

PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years
(Unaudited)

Solid Waste Fund							
Fiscal Year	Utility Service	Operating Expenses	Net Available	Debt Service			Coverage
	Charges		Revenue	Principal	Interest	Total	
2009	\$ 2,854,735	\$ 2,717,244	\$ 137,491	\$ 270,000	\$ 130,269	\$ 400,269	0.34
2010	2,774,723	2,579,332	195,391	323,561	118,902	442,463	0.44
2011	3,536,054	2,533,132	1,002,922	520,000	213,115	733,115	1.37
2012	4,412,861	2,225,688	2,187,173	535,000	188,935	723,935	3.02
2013	5,938,147	3,378,630	2,559,517	550,000	162,727	712,727	3.59
2014	5,840,785	3,851,399	1,989,386	565,000	136,012	701,012	2.84
2015	6,193,726	3,524,940	2,668,786	580,000	108,207	688,207	3.88
2016	6,232,808	3,560,345	2,672,463	595,000	66,424	661,424	4.04
2017	6,473,078	4,232,965	2,240,113	810,000	142,265	952,265	2.35
2018	6,866,481	4,098,618	2,767,863	925,000	384,137	1,309,137	2.11

Lilly Subdivision Sanitary District							
Fiscal Year	Utility Service	Operating Expenses	Net Available	Debt Service			Coverage
	Charges		Revenue	Principal	Interest	Total	
2009	\$ 37,652	\$ 20,699	\$ 16,953	\$ 54,904	\$ 10,670	\$ 65,574	0.26
2010	35,213	12,054	23,159	15,342	15,512	30,854	0.75
2011	36,812	14,721	22,091	15,813	14,829	30,642	0.72
2012	37,261	19,398	17,863	16,300	14,132	30,432	0.59
2013	35,497	22,745	12,752	16,800	13,421	30,221	0.42
2014	34,761	22,476	12,285	17,316	12,692	30,008	0.41
2015	35,671	28,300	7,371	17,849	11,949	29,798	0.25
2016	47,631	19,871	27,760	18,397	11,189	29,586	0.94
2017	29,877	17,874	12,003	18,961	10,414	29,375	0.41
2018	36,915	22,883	14,032	19,545	9,619	29,164	0.48

Penn Laird Sewer Authority							
Fiscal Year	Utility Service	Operating Expenses	Net Available	Debt Service			Coverage
	Charges		Revenue	Principal	Interest	Total	
2009	\$ 18,967	\$ 1,959	\$ 17,008	\$ 3,272	\$ 27,538	\$ 30,810	0.55
2010	29,628	1,222	28,406	4,072	16,051	20,123	1.41
2011	21,745	7	21,738	4,249	15,876	20,125	1.08
2012	27,445	1,349	26,096	975	25,096	26,071	1.00
2013	30,029	778	29,251	20,658	7,604	28,262	1.03
2014	26,374	2,071	24,303	19,218	9,043	28,261	0.86
2015	26,338	902	25,436	19,735	8,525	28,260	0.90
2016	23,992	898	23,094	20,269	7,996	28,265	0.82
2017	12,150	208	11,942	20,815	7,447	28,262	0.42
2018	16,905	1,519	15,386	21,375	6,885	28,260	0.54

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.

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
2009	75,656	\$ 2,305,690,941	\$ 30,476	11,422	6.5%
2010	76,523	2,342,859,939	30,616	11,414	6.3%
2011	77,297	2,487,452,867	32,180	11,376	5.5%
2012	77,551	2,602,698,926	33,561	11,245	5.6%
2013	78,102	2,646,027,951	33,879	11,331	5.1%
2014	78,953	2,642,433,157	33,468	11,310	4.8%
2015	79,134	2,804,549,679	33,195	11,327	4.4%
2016	79,735	2,847,734,260	35,715	11,287	3.7%
2017	80,666	N/A	N/A	11,261	3.4%
2018	N/A	N/A	N/A	11,252	3.1%

Sources:

(1) Estimated by the Weldon Cooper Center, University of Virginia, on a calendar year basis for all years.

(2) Bureau of Economic Analysis - Harrisonburg/Rockingham County (calendar year).

(3) County of Rockingham School Division as of September 30 each year.

(4) Virginia Employment Commission (fiscal year end).

N/A - Information unavailable at fiscal year end.

COUNTY OF ROCKINGHAM, VIRGINIA

Table 16

**PRINCIPAL EMPLOYERS
Current Year and Ten Years Ago
(Unaudited)**

Employer	Fiscal Year June 30,	
	2018 Rank	2009 Rank
Rockingham County School Board	1	1
Sentara Healthcare	2	-
Wal-Mart	3	4
Cargill Meat Solutions	4	2
Marshall's	5	8
Great Eastern Resort Management	6	3
LSC Communications US, LLC*	7	6
Pilgrims Pride Corp.	8	9
Merck Sharp & Dohme Corp.	9	5
County of Rockingham	10	10
Perdue Products	14	7

* Formerly R.R. Donnelley & Sons Co.

Source:

Virginia Employment Commission.

COUNTY OF ROCKINGHAM, VIRGINIA

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

Function/Program	Fiscal Year			
	2009	2010	2011	2012
General government administration:				
Legislative	5	5	5	5
General and financial:				
Commissioner of the revenue	18.3	14	13	13
Treasurer	8.3	8	6	6
Executive administration and legal	8	8	8	8
Finance	10.5	9.4	9.4	9.4
Human resources	2.5	2.4	2.4	2.4
Information systems	11	11	11	11
Central switchboard	1.5	1.4	1.4	1.4
Board of elections	2	2	2	2
Judicial administration:				
Courts:				
Clerk of the circuit court	15	15	13	14
Court services	8.5	6.5	8.5	9.5
Commonwealth attorney	26.5	24.0	27.5	25.9
Public safety:				
Sheriff	173	167	161.5	161.5
Fire and rescue	65.5	66	70	71
Building inspections	13	9.3	8.3	8
Other protection	2	2	2	2
Public works:				
General administration	1	0.8	0.7	0.6
Garage operations	2	2	2	2
Maintenance	19.4	16.4	15.4	16.6
Parks, recreation and cultural	10.6	12.6	9.6	8.6
Community development:				
Planning and community development	13.8	13.2	12.7	12
Extension	1	-	-	-
Economic development	0.5	0.5	0.5	1.3
Water and sewer:				
Utilities/water treatment	27.8	24.5	22.4	19.1
Solid waste:				
Landfill	21.3	20.6	19.7	19.2
Container site	12.7	13.1	13.1	13.1
Component unit school board:				
Education:				
Instruction	1,481	1,446	1,410	1,414
Administration, attendance and health	63	63	61	62
Pupil transportation services	223	228	229	239
Operation and maintenance services	110	110	114	115
School food services	114	113	116	119
Component unit HRSSD:				
Social services:				
Services	52	52	53	53
Public assistance	44	39	40	42
Comprehensive/Children's Services Act	3	2.8	2.8	3.5
Administration	9	9	9	10
Totals	2,579.7	2,517.5	2,479.9	2,500.1

Source:

Rockingham County Department of Human Resources.

Table 17

June 30,					
2013	2014	2015	2016	2017	2018
5	5	5	5	5	5
13	13	13.5	14	15	15
6	6	6.5	7	7	7
8	9	9	9	9	7
9.4	9.4	9.2	9.2	11.0	11.0
2.4	2.4	3	4	4	4
11	11	11	11	11	15
1.4	1.4	1.5	1.5	1.0	1.0
2	2	2	2	2	2
14	14	15	15	15	16
9.5	10	11	11	11	12
25.9	26.3	26.3	27.3	26.0	26.3
166.5	167	169	175	175	178
70	74	81	76	90	86
8	8	8.5	9	9	9
2	2	2	2	2	2
0.6	0.7	0.7	0.7	1.0	2.0
2	2	2	2	2	2
16.6	17	17	18	18	19
9.6	9	11	11	11	11
12.5	12	12.5	12	12	13
-	-	-	-	-	-
1.3	1	1	1	1	1
19.5	19.6	20.1	21.1	21.0	21.0
17.8	17.9	17.9	19	19	19
12.4	12	12	12	12	12
1,413	1,402	1,414	1,410	1,486	1,477
62	62	63	64	98	48
236	239	238	238	241	236
115	115	115	115	116	118
113	110	108	113	108	109
52	57	58.5	65	65	65
41	45	48.5	53	53	52
3.5	3.5	3.5	3.5	3.5	3.8
10	5	5	7	7	7
2,491.9	2,490.2	2,521.2	2,543.3	2,667.5	2,612.1

COUNTY OF ROCKINGHAM, VIRGINIA

OPERATING INDICATORS BY FUNCTION / PROGRAM

Last Ten Fiscal Years

(Unaudited)

Function/Program	Fiscal Year			
	2009	2010	2011	2012
Police: (1)				
Calls for service	18,903	18,861	19,739	20,913
Adult arrest	4,748	3,776	4,100	3,899
Juvenile arrest	189	259	241	175
Traffic citations	2,068	3,304	4,329	4,236
Fire: (2)				
Total fire runs	10,861	9,510	6,348	7,001
Total rescue runs	12,847	13,648	15,565	17,158
Public service: (3)				
Garbage collected (ton)	78,445	76,445	76,466	79,062
Recycle collected (ton)	12,299	17,392	28,761	24,861
Water and sewer: (3)				
New water connections	151	87	46	54
New wastewater connections	156	92	38	2
Average daily water consumption (gallons)	55,403,500	62,389,333	62,629,583	61,788,500
Average daily sewage treatment (gallons)	49,059,001	55,244,955	57,871,485	60,180,000
Transportation: (5)				
Total route miles	1,129	1,132	1,135	1,135
Education: (6)				
Average daily membership	11,400	11,376	11,343	11,236
Kindergarteners	816	875	880	832
Grades 1-12	10,584	10,501	10,463	10,404

Sources:

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

Table 18

June 30,					
2013	2014	2015	2016	2017	2018
21,124	23,546	22,714	25,081	32,250	33,803
4,162	3,749	4,119	4,201	4,253	5,232
202	373	257	195	294	220
1,879	1,363	1,479	1,682	3,081	3,634
7,475	7,119	6,959	6,907	6,623	11,016
17,283	17,289	18,313	18,948	19,414	13,512
108,882	107,977	127,842	124,278	134,879	133,255
24,323	16,343	12,714	9,632	2,276	2,188
97	115	118	124	105	109
97	115	129	112	97	134
58,389,558	69,591,675	74,113,083	71,094,539	70,032,583	76,006,333
50,065,833	63,479,583	62,545,110	73,577,916	73,000,000	85,927,083
1,138	1,139	1,145	1,146	1,146	1,146
11,223	11,304	11,290	11,287	11,261	11,252
852	820	854	838	795	812
10,371	10,484	10,436	10,449	10,466	10,440

COUNTY OF ROCKINGHAM, VIRGINIA

CAPITAL ASSET STATISTICS BY FUNCTION / PROGRAM

Last Ten Fiscal Years

(Unaudited)

Function/Program	Fiscal Year			
	2009	2010	2011	2012
Police Stations: (1)	1	1	1	1
Fire Companies (not County owned): (2)	10	10	10	10
Rescue Squads (not County owned): (2)	8	8	8	8
Streets: (4)				
Centerline Mileage:				
Interstate (6)	54	54	54	54
Primary (6)	184	184	186	186
Secondary (6)	891	894	895	897
Number of street lights (6)	16	16	16	16
Traffic signals (6)	35	37	39	40
Parks and Recreation: (5)				
Parks - number of acres	28	22	22	22
Neighborhood parks - number of acres	28	22	22	22
Baseball/softball diamonds	32	31	31	31
Soccer/football fields	13	13	13	13
Basketball courts	13	13	13	13
Parks with playground equipment	1	1	1	1
Picnic shelters	4	4	4	4
Community centers	3	3	3	3
Water: (3)				
Wells (County owned)	3	3	2	2
Water lines (feet)	503,321	505,685	516,154	526,623
Fire hydrants	678	684	703	778
Storage capacity (MGPD)	10,088,000	10,088,000	10,088,000	10,088,000
Average daily consumption (MGPD)	1,995,682	2,079,644	2,059,054	2,031,403
Peak consumption (MGPD)	2,549,500	2,988,500	3,120,000	3,519,000
Wastewater: (3)				
Sanitary sewers (feet)	495,002	552,812	560,023	567,234

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,					
2013	2014	2015	2016	2017	2018
1	1	1	1	1	1
10	10	10	11	11	11
8	8	7	8	7	7
54	54	54	54	54	54
186	187	192	192	192	210
898	898	899	900	900	882
16	16	16	16	16	16
41	41	42	42	43	43
22	81	81	81	81	81
22	22	19	19	19	19
31	31	31	31	31	31
13	13	13	13	13	13
13	13	13	14	14	14
1	1	1	1	1	1
3	3	3	3	3	3
3	3	3	3	3	3
2	2	2	2	2	3
534,150	538,958	553,039	577,643	587,938	599,862
803	815	854	909	957	999
10,088,000	10,088,000	10,088,000	10,088,000	10,088,000	10,088,000
2,076,660	2,287,945	2,436,595	2,337,355	2,302,441	2,498,838
2,979,000	3,267,000	3,252,000	3,188,000	3,322,000	3,315,000
571,944	572,727	586,191	588,915	598,057	608,165

COMPLIANCE SECTION

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2018**

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
DEPARTMENT OF AGRICULTURE:				
<u>Direct payments:</u>				
Cooperative Law Enforcement	10.U01	N/A	\$ -	\$ 3,010
<u>Pass-through payments:</u>				
Department of Social Services:				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	Not provided	-	1,247,531
Total SNAP Cluster				<u>1,247,531</u>
Department of Agriculture and Consumer Services				
Child Nutrition Cluster:				
Commodity Distributions	10.555	40623	-	374,473
Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	40591/40623	-	744,856
National School Lunch Program	10.555	40623	-	2,202,089
Summer Food Service Program for Children	10.559	Not provided	-	2,381
Total Child Nutrition Cluster				<u>3,323,799</u>
Forest Service Schools and Roads Cluster:				
Schools and Roads - Grants to States	10.665	43841	-	28,987
Total Forest Service Schools and Roads Cluster				<u>28,987</u>
Total Department of Agriculture				<u>4,603,327</u>
DEPARTMENT OF TRANSPORTATION:				
<u>Pass-through payments:</u>				
Federal Highway Administration:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	Not provided	-	104,643
Total Highway Planning and Construction Cluster				<u>104,643</u>
Department of Motor Vehicles:				
Alcohol Open Container Requirements	20.607	154AL-2016-56097-6297	-	35,004
Total Department of Transportation				<u>139,647</u>

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2018**

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
<u>Pass-through payments:</u>				
Department of Social Services:				
Promoting Safe and Stable Families	93.556	Not provided	\$ -	\$ 30,192
TANF Cluster:				
Temporary Assistance to Needy Families	93.558	Not provided	-	657,619
Total TANF Cluster				<u>657,619</u>
Refugee and Entrant Assistance - State Administered Programs	93.566	Not provided	-	11,053
Low-Income Home Energy Assistance	93.568	Not provided	-	66,170
Child Care and Development Fund Cluster:				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	Not provided	-	81,866
Total Child Care and Development Fund Cluster				<u>81,866</u>
Chafee Education and Training Vouchers Program (ETV)	93.599	Not provided	-	13,218
Stephanie Tubbs Jones Child Welfare Services Program	93.645	Not provided	-	1,746
Foster Care - Title IV-E	93.658	Not provided	-	1,770,082
Adoption Assistance	93.659	Not provided	-	1,548,219
Social Services Block Grant	93.667	Not provided	-	790,563
Chafee Foster Care Independence Program	93.674	Not provided	-	15,447
Children's Health Insurance Program	93.767	Not provided	-	49,187
Medicaid Cluster:				
Medical Assistance Program	93.778	Not provided	-	1,650,177
Total Medicaid Cluster				<u>1,650,177</u>
Total Department of Health and Human Services				<u>6,685,539</u>
DEPARTMENT OF JUSTICE:				
<u>Direct payments:</u>				
Federal Forfeiture - Equitable Sharing Program	16.922	N/A	-	30,963
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	N/A	-	40,133
				<u>71,096</u>
<u>Pass-through payments:</u>				
Violence Against Women Office:				
Violence Against Women Formula Grants	16.588	17-U9349VA16 /18-V9349VA17	-	22,717
Department of Criminal Justice Services:				
Crime Victim Assistance - Discretionary Grants	16.575	18-U9573VW16	-	126,266
Edward Byrne Memorial Justice Assistance Grant Program	16.738	17-D2870AD13	-	(391)
				<u>148,592</u>
Total Department of Justice, Office of Justice Programs, Bureau of Justice Assistance				<u>219,688</u>

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2018**

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
DEPARTMENT OF DEFENSE:				
<u>Direct payments:</u>				
Payments to States in Lieu of Real Estate Taxes	12.112	N/A	\$ -	\$ 477,976
Total Department of Defense				<u>477,976</u>
DEPARTMENT OF EDUCATION:				
<u>Pass-through payments:</u>				
Department of Education:				
Title I Grants to Local Educational Agencies	84.010	42901	-	2,002,677
Special Education Cluster:				
Special Education - Grants to States	84.027	43071 / 61135	-	2,688,956
Special Education - Preschool Grants	84.173	62521	-	62,574
Total Special Education Cluster				<u>2,751,530</u>
Adult Education - Basic Grants to States	84.002	Not provided	-	302,767
Career and Technical Education - Basic Grants to States	84.048	61095	-	165,029
English Language Acquisition State Grants	84.365	60512	-	113,726
Supporting Effective Instruction State Grant	84.367	61480	-	<u>315,963</u>
Total Department of Education				<u>5,651,692</u>
DEPARTMENT OF HOMELAND SECURITY:				
<u>Direct payments:</u>				
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	N/A	-	<u>421,921</u>
<u>Pass-through payments:</u>				
Department of Emergency Management:				
Emergency Management Performance Grants	97.042	Not provided	-	<u>19,022</u>
Total Department of Homeland Security				<u>440,943</u>
Total Expenditures of Federal Awards				<u>\$ 18,218,812</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2018

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the County of Rockingham, Virginia (the County) and component units of the Rockingham County School Board and the Harrisonburg-Rockingham Social Services District under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

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

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

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

Major Programs – Major programs for the County of Rockingham, Virginia and its component units were determined using a risk-based approach in accordance with Uniform Guidance.

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

Cluster of Programs – Closely related programs that share common compliance requirements are grouped into clusters of programs. A cluster of programs is considered as one federal program for determining major programs. The following are the clusters administered by the County of Rockingham, Virginia and its component units: SNAP, Child Nutrition, Forest Service Schools and Roads, Highway Planning and Construction, TANF, Child Care and Development Fund, Medicaid, and Special Education.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2018

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

The County has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4. Non-Cash Assistance

In addition to amounts reported on the Schedule, the County consumed non-cash assistance in the form of food commodities. Commodities with a fair value of \$374,473 at the time received were consumed during the year ended June 30, 2018. These commodities were included in the determination of federal awards expended during the year ended June 30, 2018.



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the budgetary comparison of the General Fund of the County of Rockingham, Virginia (County), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 27, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

P. B. Mares, LLP

Harrisonburg, Virginia
November 27, 2018



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

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

Report on Compliance for Each Major Federal Program

We have audited the County of Rockingham, Virginia’s (County) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the County’s major federal programs for the year ended June 30, 2018. The County’s major federal programs are identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the County’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County’s compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance we considered to be material weaknesses. However, material weakness may exist that have not been identified.

Purpose of this Report

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

PBmares, YYP

Harrisonburg, Virginia
November 27, 2018

COUNTY OF ROCKINGHAM, VIRGINIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2018**

Section I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

Material weaknesses identified?	<u> </u> Yes	<u> √ </u> No
Significant deficiencies identified?	<u> </u> Yes	<u> √ </u> None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

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

<u> </u> Yes	<u> √ </u> No
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Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
Child Nutrition Cluster:	
10.553	School Breakfast Program
10.555	National School Lunch Program
10.559	Summer Food Services Program for Children
Special Education Cluster:	
84.027	Grants to States
84.173	Preschool Grants
93.667	Social Services Block Grant
Medicaid Cluster:	
93.778	Medical Assistance Program

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

Auditee qualified as low-risk auditee? Yes √ No

Section II. FINANCIAL STATEMENT FINDINGS

No matters were reported.

Section III. FINDING AND QUESTIONED COSTS FOR FEDERAL AWARDS

No matters were reported.

HARRISONBURG ROCKINGHAM SOCIAL SERVICES DISTRICT

110 North Mason Street
P.O. Box 809 Harrisonburg, VA 22803-0809

540-574-5100 (Main Number) • 540-574-51 10 (Benefit Programs)
540-574 -5 127 (Main Fax) • 540-574-5 182 (Benefit Programs Fax)
540-574-5120 (Services) • 540-574-5104 (CPS/APS)

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS Year Ended June 30, 2018

Identifying Number: 2017-001

Audit Finding:

FINANCIAL STATEMENT FINDING

A. Compliance Finding

2017-001: Compliance with Virginia Initiative for Employment not Welfare (VIEW) requirements

Criteria and Condition: In conjunction with our audit in accordance with the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, we performed procedures to ensure a selection of VIEW purchased service transactions were in accordance with policy and appropriate based on the individual VIEW Participant's Activity and Service Plan.

Context: Of the 25 transactions tested, eight were not in accordance with the VIEW Participant's Activity and Service Plan. The Activity and Service Plans did not properly include all eligible supportive services.

Cause: Lack of documentation of services needed on the VIEW Participant's Activity and Service Plan.

Effect: Noncompliance with requirements may result in improper payments on behalf of individuals who participate in the VIEW program.

Recommendation: We recommend procedures be implemented to ensure all transactions are in accordance with policy and are appropriate based on the VIEW Participant's Activity and Service Plan.

Views of Responsible Officials: Management concurs with the findings of the lack of documentation in the VIEW Participant's Activity and Service Plan in accordance with the payments for services on behalf of the individuals who participate in the VIEW program. In the implementation of new procedures to ensure all transactions are in accordance with policy including eligibility and documented as supportive services the factors, listed below, have been considered in the development of the agency's Plan of Action.

Identifying Number: 2017-001 (Continued)

Audit Finding: (Continued)

Views of Responsible Officials: (Continued)

Two program plans were reviewed:

- 1- The VIEW Annual Workforce Plan - designed to assist agencies in planning and implementing programs make optimum use of allocated funds to increase client employment and earnings.
- 2- The EPPE for a VIEW FSS Worker – transformed to have clear job expectations, which are program driven and set within the worker’s Performance Evaluation.

Guidelines of the VIEW Program were reviewed:

- 1- The goal of the VIEW Program is to assist program participants in obtaining employment with wages and benefits sufficient to make continued or future receipt of public assistance unnecessary.
- 2- Identify and evaluate the participant's occupational skills, strengths, and weaknesses, and describe in detail how this information will be used to assess immediate employability.
- 3- Participant’s assessment will help identify additional skills, training or education needed to enhance employability.
- 4- The VIEW Participant’s Activity and Service Plan will include needed supportive services to obtain and enhance employability. Each specific service provided will be recorded as to the accordance with goal achievement.

Update on Corrective Action Taken:

The agency has taken several actions to improve the processes of the VIEW Program. A review of the VIEW Participant's Activity and Service Plan has increased by updating any changes as it occurs and creating a new Service Plan with the client every six months. This six-month review is a face-to-face interview with the client to help and support the client to obtain and enhance employability as well as ensure the funding of supportive services are identified on the Service Plan. Appropriate boxes are checked on the Service Plan related to each service that the participant is provided. Each supportive service is checked for proper payment in regards to the listed services on VIEW Participant's Activity and Service Plan. Each purchase order is on a month-to-month basis to increase review of need for the client to obtain and/or enhance employability is occurring timely. A review of funds occurs on a monthly basis as well as ongoing support from the VIEW Regional Consultant to optimize allocated funds and help guide best practices for the program.

Identifying Number: 2017-002

Audit Finding:

FINDING AND QUESTIONED COSTS FOR FEDERAL AWARDS

A. Department of Health and Human Services

2017-002: Eligibility – Medical Assistance Program

Information on the Federal Program: CFDA title and number: Medical Assistance Program – 93.778; Award period: Year Ended June 30, 2018; Name of federal agency: Department of Health and Human Services; Pass-through entity name: Virginia Department of Social Services

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

Context: Of the 60 eligibility determinations tested, five redeterminations within the specified 12 month timeframe were not performed. Although the Code of Federal Regulations allows certain eligibility factors such as blindness and disability to be considered as continuing until the conditions are no longer met, other eligibility factors which may change require redeterminations be performed.

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

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

Questioned Costs: Undeterminable

Repeat Finding: This is a repeat finding, as the prior year finding was identified as 2016-001.

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

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

- 1- The agency, like the State as a whole, experienced increased caseloads, that is, new applications, denials, and ongoing cases, as a result of the recession of 2008. Assistance cases peaked in 2013, but have not yet significantly declined.

Identifying Number: 2017-002 (Continued)

Audit Finding: (Continued)

Views of Responsible Officials: (Continued)

- 2- The Virginia Department of Social Services (VDSS) implemented a new automated benefit determination and management system, Virginia Client Management System (VaCMS), in October 2013. The program is a rule based Medical Assistance determination and case management system that has been developed and modified as it rolled out to local agencies. Although the system's functionality has improved and become more reliable and workable, it continues to expand and be modified through the various Medical Assistance programs. Effective October 2016, VACMS encompasses SNAP and all remaining assistance programs. With the inclusion of other benefit programs, VACMS has experienced other functionality complications, such as: systems outages / offline, system latency and, program enhancements for one program that has led to incorrect determinations for other programs due to incorrect application of rules and policy by the system.
- 3- Over the last two years, management has worked to establish clear job expectations which are set within the worker's Performance Evaluation criteria. Recognizing that there are staff performance concerns, special attention has been given to the Benefit Program Specialists who have been struggling to achieve agency and policy expectations.
- 4- Although agency management has increased the use of local and Virginia Department of Social Services generated data to monitor unit and individual worker performance, the focus has been upon the worker who has cases which have exceeded, or are about to exceed, new application or renewal time frames. This post monitoring perspective has resulted in improved management attention to the issues of timeliness, but has been after the fact, often failing to avoid the late determination.

Update on Corrective Action Taken:

As an ongoing effort to improve Medicaid Program integrity, the agency has implemented various processes to ensure renewals are completed timely. The agency has implemented random case sampling to evaluate cases for accuracy, correct benefit and timely processing of application and renewals. The task is completed by supervisors and senior workers. Also, at the regional level the Medicaid Consultant is performing quarterly sampling of at least 30 cases. The cases are evaluated again for accuracy, correct benefit and timeliness. The agency continues to provide staff with relevant data information in regards to cases upcoming and overdue renewals. This is accomplished by weekly face-to-face meetings, weekly emails of pending case reports and reposts from VDSS on application and renewal status. In-house training occurs once per quarter to all staff to address ongoing policy and process deficiencies. Regional Consultant and VDSS leadership meetings are optimized to seek improvements in processes and support best practices for the program.