

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

Fiscal Year Ended June 30, 2007



Prepared by:

Department of Finance
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COUNTY OF ROCKINGHAM, VIRGINIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FISCAL YEAR ENDED JUNE 30, 2007

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INTRODUCTORY SECTION



JOSEPH S. PAXTON
County Administrator



ROCKINGHAM COUNTY

BOARD OF SUPERVISORS

PABLO CUEVAS

Election District No. 1

CHARLES W. AHREND

Election District No. 2

DEE E. FLOYD

Election District No. 3

WILLIAM B. KYGER, JR.

Election District No. 4

MICHAEL A. BREEDEN

Election District No. 5

November 19, 2007

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 County of Rockingham for the fiscal year ended June 30, 2007. This report has been prepared in accordance with Section 15.2-2503 of the *Code of Virginia*, 1950, as amended.

Upon completing your review of this introductory section, you are encouraged to read Management's Discussion and Analysis (MD&A) for an overview of the County's financial position and operating results.

The State's budget allocations continue to shift responsibilities to localities, particularly in areas such as education, transportation, and social services.

The CAFR reflects a continued increase in the cost to provide fire and rescue services with paid personnel as the County finds it increasingly difficult to meet that need with volunteers.

The Board continues to support County schools with substantial expenditures for capital projects. With the completion of renovations at J. Frank Hillyard, all four County middle schools have been renovated within the past five years. The focus of school capital expenditures has now turned to providing adequate space at the elementary and high school levels on the east side of the County to relieve overcrowding in existing schools.

The Board authorized up to \$90 million this past year for the construction of the new Cub Run Elementary School and for the design and construction of an elementary and high school complex near the Town of Elkton. These three new schools represent the first new school construction projects that do not replace existing facilities since the construction of the three existing County high schools. As a result, along with one-time capital expenditures for these schools, the County will have significant additional annual operating and maintenance expenditures.

Other significant events and actions during the fiscal year are as follows:

- Completed pond, entrance signage, and landscaping project at the Rockingham Center for Research and Technology on Route 11 North.
- Began construction of the Pleasant Run water and sewer project.
- Began construction of the Penn Laird sewer project.
- Completed design of the Harrisonburg Rockingham Regional Sewer Authority (HRRSA) wastewater plant expansion and upgrades to meet Chesapeake Bay standards.
- Initiated design of the McGaheysville sewer project which will convey wastewater from the existing McGaheysville sewer treatment plant to the HRRSA facility. This project will allow the County to remove the McGaheysville plant from active operation.
- Completed construction of Phase III (piggyback) of the landfill expansion which is estimated to provide nine years of additional space for solid waste disposal for Rockingham County and the City of Harrisonburg (City).
- Continued construction of the infrastructure for an 800 MHz two-way communications system for the County and City.
- Increased full-time Fire and Rescue field staff by four positions. Provided 24-hour staffing for Broadway area, the first such 24-hour service in the County.
- Updated weapons and uniforms and provided five new vehicles for the Sheriff's Department.
- Began construction of an addition to the County Administration Center.

Looking to the future, a number of issues under discussion by the Board may result in capital projects, and need to be considered in the County's financial planning. These issues include:

- Working with the City to acquire additional operational space for social services, community services board, health department, and other related state and federal agencies;
- Beginning preliminary research to locate the next disposal area for the County landfill, which is key for the area as it serves both the County and City;
- Beginning the design for a new connector road to link western and eastern Rockingham County along an approved conceptual route that redirects traffic around downtown Harrisonburg; and
- Continuing to move toward an expansion of the regional jail to provide secure housing for the increase in inmate population.

The economy of the region continues to be strong. As noted in last year's report, the Board approved (October 2005) rezoning 200+ acres of land adjacent to the City for the construction of a new medical complex for Rockingham Memorial Hospital. Construction is underway on the state-of-the-art hospital complex to serve the citizens of this area. Completion is projected for 1st quarter 2010.

In other economic news,

- Design work has neared completion for the construction of a state-of-the-art research facility for SRI, International to establish SRI Shenandoah Valley. Site work and construction will begin in late 2007;
- The Adolph Coors Company completed a \$350 million expansion including the construction of a brewing facility and the addition of a high speed can fill line at its plant in eastern Rockingham County;
- RR Donnelley, a provider of print and related services, invested \$17 million in its plant in Rockingham County. Virginia successfully competed against several other states for the project which involved three localities in the Commonwealth;
- Merck & Co., Inc. invested \$135 million to prepare its facility in Elkton to support the production of a vaccine candidate, including construction of a new building on its property and the installation of new manufacturing equipment for the process. The expansion, which is expected to be operational in 2007, will allow the Elkton facility to undertake part of the manufacturing process for GARDASIL™, Merck's vaccine in development to prevent certain infections; and
- Extensive site work and construction of residential units has begun at the Preston Lake development, approved by the Board in 2006. This project will set a standard for future developments in the County with its mix of upscale commercial design and layout, and various options for housing.

Completion of these expansions will provide a significant increase in tax revenue for the County and provide necessary financial resources to meet the service demands of the area. These activities support the Board's objective to encourage steady, sustainable growth, which fosters a strong local economy and makes Rockingham County "*A Great Place to Be*". For more information on the services provided by the County please refer to our website at www.rockinghamcountyva.gov.

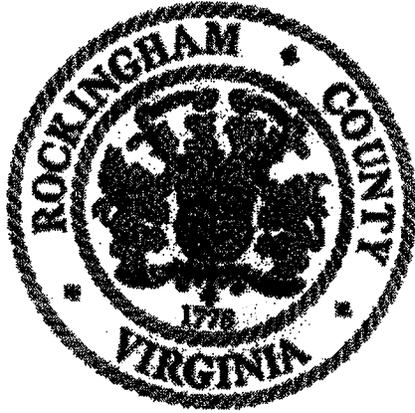
The Government Finance Officers Association of the United States and Canada has awarded the County a Certificate of Achievement for Excellence in Financial Reporting for the twenty-fifth consecutive year. This award certifies our continuing efforts to achieve the highest standards in government accounting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

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

Respectfully submitted,



Joseph S. Paxton
County Administrator





BOARD OF SUPERVISORS

PABLO CUEVAS

Election District No. 1

CHARLES W. AHREND

Election District No. 2

DEE E. FLOYD

Election District No. 3

WILLIAM B. KYGER, JR.

Election District No. 4

MICHAEL A. BREEDEN

Election District No. 5

ROCKINGHAM COUNTY

JOSEPH S. PAXTON
County Administrator

November 19, 2007

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

The Finance Department is pleased to present the County of Rockingham's (the County) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2007. The report is designed to present fairly the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County in all material respects, and to demonstrate compliance with applicable finance-related legal and contractual provisions. The report adheres to the principle of full disclosure so that the reader may gain the maximum understanding of the County's financial affairs.

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

PBGH, LLP, Certified Public Accountants, have issued an unqualified ("clean") opinion on the County of Rockingham's financial statements for the year ended June 30, 2007. The independent auditors' report is located at the front of the financial section of this report.

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

Profile of the Government

The County of Rockingham, located in the heart of the Shenandoah Valley, is the third largest county in Virginia in land area with 853.65 square miles and an estimated population of 72,900. The independent city of Harrisonburg, with an estimated population of 44,500 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 of Rockingham 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 of Rockingham (primary government); as well as, the financial activities of the County's component units. Component units are legally separate entities for which the primary government is financially accountable and, therefore, are included in the primary government's CAFR.

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

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

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

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

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

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

The Board establishes a time and place for a public hearing on the budget. A hearing must be held at least seven days prior to the adoption of the budget. Except for the School's budget, which may only be increased or decreased by major category or as a whole, the Board may insert new items of expenditure or may increase, decrease, or remove items of expenditure (other than debt service or other legal requirements). On April 25, 2006, the Board approved the budget for fiscal year 2007. During the fiscal year 2007, as is customary, the Board also approved supplemental budget amendments.

Local Economy

The County continues to enjoy a strong, diverse local economy and local indicators point to continued stability. The County has a varied manufacturing, industrial, distribution, services, and higher education base that adds to the relative stability of the unemployment rate (currently 2.5%). Major industries with headquarters or divisions located within the County's boundaries include a chemical manufacturer, brewery, printer, food service, 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 18,000 students.

According to the most recent report published in 2002 by the U.S. Census of Agriculture, Rockingham County is 2nd in the country in market value of poultry and poultry products sold, and is 39th in the country in market value of total agricultural products sold. Rockingham County's total cash receipts from agricultural production ranks 1st in the state (\$446 million) and exceeds the combined totals of the next four ranking counties.

Building activity in the County experienced a steady increase for fiscal year 2007. Over \$176 million was authorized for new construction and renovations in the County for this time period including seven projects, each of which involved an investment of one million dollars or more. These seven projects were: Rockingham Memorial Hospital (new hospital); Kline Campus Center (renovation to Bridgewater College); Virginia Poultry Growers (new grain unloading facility); Merck (new vaccine building); Shen Valley Warehouse (remodel for GSA facility); Cooks Creek Presbyterian Church (building addition); and Crosskeys Vineyard (new winery building).

Long-Term Financial Planning

Unreserved, undesignated fund balance in the General Fund totaled over \$17 million, which represents 15 percent of total General Fund expenditures. While there are no formal policy guidelines, the Board reviews this data for budgetary and planning purposes. One of the key goals is to ensure that operational costs for needed services are funded from on-going revenues to protect the quality of life for County residents.

The Board approved the Capital Improvements Plan which totaled almost \$210 million, of which over \$140 million is designated for the five-year period through 2012. This Capital Improvements Plan also included an outline of the various funding sources.

School projects totaling up to \$90 million have been authorized and require bond funding through the Virginia Public School Authority. The debt service to retire these bonds will provide pressure on revenue resources of the County in future years. Since these are new and not replacement school facilities, there will also be a significant impact on the cost of school operations.

The Board, with the assistance of staff, is aware that these capital projects require long-term financial planning, and the Board optimistically looks forward to addressing these challenges.

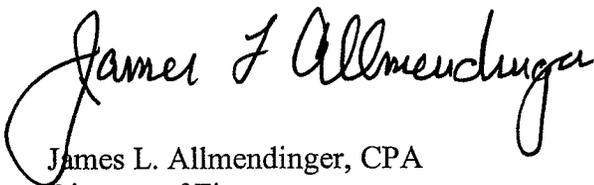
Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Rockingham for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2006. This was the 25th consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



James L. Allmendinger, CPA
Director of Finance

COUNTY OF ROCKINGHAM, VIRGINIA

Directory of Principal Officials
June 30, 2007

Board of Supervisors

William B. Kyer, Jr, Chairman
District 4
Dee E. Floyd, Vice-Chairman
District 3

Pablo Cuevas
District 1

Charles W. Ahrend
District 2

Michael A. Breeden
District 5

County Administrator

Joseph S. Paxton

School Board

Dan R. Breeden, Chairman
District 5
Anthony Slater, Vice-Chairman
District 1

Dennis Stoneburner
District 2

John Myers, Jr.
District 3

William Gamble
District 4

Superintendent of Schools

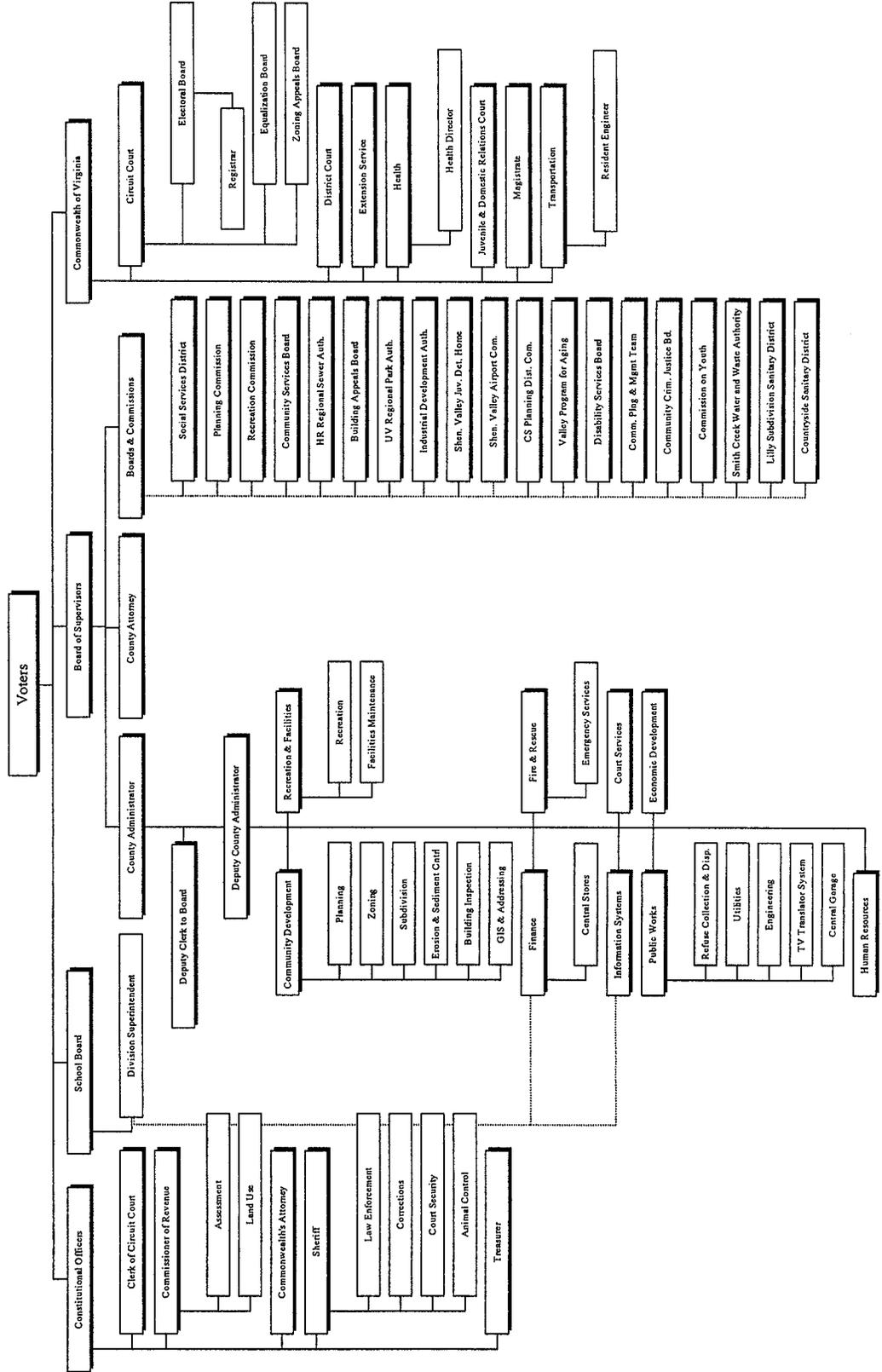
Dr. John H. Kidd

Other Officials

Stephen G. King
G. Chris Brown
Richard E. Connellee
Donald W. Farley
L. Todd Garber
Marsha L. Garst
L. Wayne Harper
James L. Allmendinger
Donald D. Driver, Jr.
Franklin P. O'Byrne
Wendell J. Eberly
Rhonda G. Henderson
Warren G. Heidt
Kenneth N. McNett
Stephen N. Riddlebarger
S. Kay Shifflett
Robert A. Symons
William L. Vaughn

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

COUNTY OF ROCKINGHAM, VIRGINIA
GOVERNMENT ORGANIZATION CHART
June 30, 2007



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, 2006

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



President

Executive Director



FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Rockingham, Virginia, (County) as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Rockingham, Virginia, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, and the budgetary comparisons for the General and E-911 Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2007 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis (pages 13 to 30) and the required supplementary information (page 77) are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

PBGH, LLP

Harrisonburg, Virginia
November 26, 2007

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, 2007. We encourage readers to consider the information presented here in conjunction with the letters of transmittal in the Introductory Section of this report and the County's financial statements following this analysis. **All amounts, unless otherwise indicated, are expressed in thousands of dollars.**

Financial Highlights

- The County's total net assets, excluding component units, totaled \$27,580 at June 30, 2007. Of this amount, there was \$55,452 invested in the County's capital assets, net of related debt, \$4,008 in restricted net assets, and a negative \$31,880 in unrestricted funds as a result of recording the debt for the component unit – School Board within the governmental activities. Debt is recorded within the primary government since the County is legally obligated to make payments for this debt; however, the corresponding assets are reported in the component unit – School Board statements since the School Board holds title to the assets.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$35,394, an increase of \$4,026 in comparison with the prior year. Approximately 82 percent of this total amount, \$28,933 is available for spending at the government's discretion (unreserved, undesignated fund balance).
- During the current fiscal year, the unreserved, undesignated fund balance in the General Fund decreased by only \$1,289, from \$18,366 to \$17,077. This \$1,289 is considerably less than the \$8,954 the County had budgeted for in the 2007 fiscal year. It was intended that this use of available fund balance to offset one-time expenditures would avoid the need to raise taxes or other charges during the 2007 fiscal year for the acquisition of capital equipment and facilities. The unreserved, undesignated fund balance in the General Fund of \$17,077 at the end of the current fiscal year represents 15 percent of total General Fund expenditures, excluding transfers out.

Overview of the Financial Statements

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

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

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

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

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

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

The government-wide financial statements can be found on pages 31-33 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 six 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, the Special Revenue E-911 Fund, and the General Capital Projects Fund, all of which are considered to be major funds. Data from the other non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 34-39 of this report.

Proprietary funds. The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its water and sewer activities and for its solid waste operation. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses an internal service fund to account for revenue and expenses associated with providing office supplies to other departments or agencies of the County on a cost-reimbursement basis. Because this service predominantly benefits governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements.

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 45-76 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 77 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$27,580 at the close of the most recent fiscal year. This is a decrease of 30 percent in comparison with the prior year. The explanation for this decrease is provided below.

By far, the largest portion of the County's net assets, \$55,452, reflects its investment in capital assets (e.g. land, buildings, improvements, machinery and equipment, and construction in progress, net of accumulated depreciation), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to its citizens; consequently, these assets are not readily available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves would not likely be used to liquidate these liabilities.

An additional portion of the County's net assets, \$4,008, represents resources that are subject to external restrictions on how they may be used. There was a decrease of \$1,053 in restricted net assets reported in connection with the County's governmental activities. This was mostly due to unspent funds in the prior fiscal year being expended this current fiscal year for the new E-911 communications system.

The unrestricted portion of the County's net assets for the primary government changed from a negative \$12,450 to a negative \$31,880. This negative balance is due to the County financing the necessary capital asset projects of the component unit School Board. Since the County is legally obligated for the retirement of the debt, it is required to record the liability for this financing; however, the capital asset which statutorily is owned by the School Board is recorded with the component unit. Please refer to Note 1(E)(9) of the financial statements for further explanation.

The governmental activities decreased by \$13,818 during the current fiscal year. While revenues increased by \$4,915 primarily due to additional general property taxes, the offsetting key factor contributing to this outcome was the increase of \$20,568 in education expenses. This increase is directly related to the \$24,627 transferred to the School Capital Projects Fund for the construction projects at Cub Run Elementary School, J. Frank Hillyard Middle School, and Wilbur Pence Middle School.

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

County of Rockingham, Virginia
Summary Statement of Net Assets
Years Ended June 30, 2007 and 2006

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 40,515	\$ 37,038	\$ 10,325	\$ 6,065	\$ 50,840	\$ 43,103
Capital assets, net	36,526	33,079	34,911	29,768	71,437	62,847
Total assets	<u>77,041</u>	<u>70,117</u>	<u>45,236</u>	<u>35,833</u>	<u>122,277</u>	<u>105,950</u>
Other liabilities	3,711	3,507	983	328	4,694	3,835
Noncurrent liabilities	74,204	53,666	15,799	9,259	90,003	62,925
Total liabilities	<u>77,915</u>	<u>57,173</u>	<u>16,782</u>	<u>9,587</u>	<u>94,697</u>	<u>66,760</u>
Net Assets:						
Investment in capital assets, net of related debt	28,294	21,591	27,158	24,988	55,452	46,579
Restricted	4,008	5,061	-	-	4,008	5,061
Unrestricted (deficit)	(33,176)	(13,708)	1,296	1,258	(31,880)	(12,450)
Total net assets	<u>\$ (874)</u>	<u>\$ 12,944</u>	<u>\$ 28,454</u>	<u>\$ 26,246</u>	<u>\$ 27,580</u>	<u>\$ 39,190</u>

	Component Units			
	School Board		Harrisonburg- Rockingham Social Services District	
	2007	2006	2007	2006
Current and other assets	\$ 24,669	\$ 12,271	\$ 4,653	\$ 3,075
Capital assets, net	97,992	86,187	195	170
Total assets	<u>122,661</u>	<u>98,458</u>	<u>4,848</u>	<u>3,245</u>
Other liabilities	13,800	14,567	2,973	1,524
Noncurrent liabilities	3,199	2,830	275	268
Total liabilities	<u>16,999</u>	<u>17,397</u>	<u>3,248</u>	<u>1,792</u>
Net Assets:				
Investment in capital assets, net of related debt	97,992	86,187	195	170
Unrestricted (deficit)	7,670	(5,126)	1,405	1,283
Total net assets	<u>\$ 105,662</u>	<u>\$ 81,061</u>	<u>\$ 1,600</u>	<u>\$ 1,453</u>

County of Rockingham, Virginia
Summary Statement of Changes in Net Assets
Years Ended June 30, 2007 and 2006

	Governmental Activities		Business-type Acitivities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$ 6,466	\$ 6,312	\$ 6,662	\$ 7,007	\$ 13,128	\$ 13,319
Operating grants and contributions	10,333	10,577	20	34	10,353	10,611
Capital grants and contributions	221	538	2,515	2,124	2,736	2,662
General revenues:						
General property taxes	53,410	48,388	-	-	53,410	48,388
Other local taxes	10,047	9,964	-	-	10,047	9,964
Intergovernmental non-categorical aid	6,502	6,606	-	-	6,502	6,606
Use of money and property	1,876	1,490	266	214	2,142	1,704
Miscellaneous	120	185	198	248	318	433
Total revenues	88,975	84,060	9,661	9,627	98,636	93,687
Expenses:						
General government administration						
	4,912	4,564	-	-	4,912	4,564
Judicial administration	3,538	3,109	-	-	3,538	3,109
Public safety	18,691	16,729	-	-	18,691	16,729
Public works	2,510	2,187	7,514	6,872	10,024	9,059
Health and social services	4,811	4,403	-	-	4,811	4,403
Education	60,500	39,932	-	-	60,500	39,932
Parks, recreation and cultural	2,201	2,084	-	-	2,201	2,084
Community development	2,491	3,830	-	-	2,491	3,830
Interest	3,078	2,572	-	-	3,078	2,572
Total expenses	102,732	79,410	7,514	6,872	110,246	86,282
Changes in net assets before transfers						
	(13,757)	4,650	2,147	2,755	(11,610)	7,405
Transfers	(61)	(396)	61	396	-	-
Change in net assets	(13,818)	4,254	2,208	3,151	(11,610)	7,405
Net assets, beginning	12,944	8,690	26,246	23,095	39,190	31,785
Net assets, ending	\$ (874)	\$ 12,944	\$ 28,454	\$ 26,246	\$ 27,580	\$ 39,190

County of Rockingham, Virginia
Summary Statement of Changes in Net Assets (Continued)
Years Ended June 30, 2007 and 2006

	Component Units			
	School Board		Harrisonburg-Rockingham Social Services District	
	2007	2006	2007	2006
Revenues:				
Program revenues:				
Charges for services	\$ 4,990	\$ 4,574	\$ -	\$ -
Operating grants and contributions	70,738	62,090	13,150	12,409
Capital grants and contributions	2,623	2,200	-	-
General revenues:				
Grants and contributions not restricted to specific programs	60,500	39,932	5,643	4,802
Intergovernmental non-categorical aid	129	132	-	-
Use of money and property	268	95	83	62
Miscellaneous	532	403	258	242
Total revenues	139,780	109,426	19,134	17,515
Expenses:				
Health and social services	-	-	18,987	17,467
Education	115,179	104,981	-	-
Total expenses	115,179	104,981	18,987	17,467
Change in net assets	24,601	4,445	147	48
Net assets, beginning	81,061	76,616	1,453	1,405
Net assets, ending	\$ 105,662	\$ 81,061	\$ 1,600	\$ 1,453

Governmental activities. Governmental activities decreased the County's net assets by \$13,818. Key factors of this net decrease are as follows:

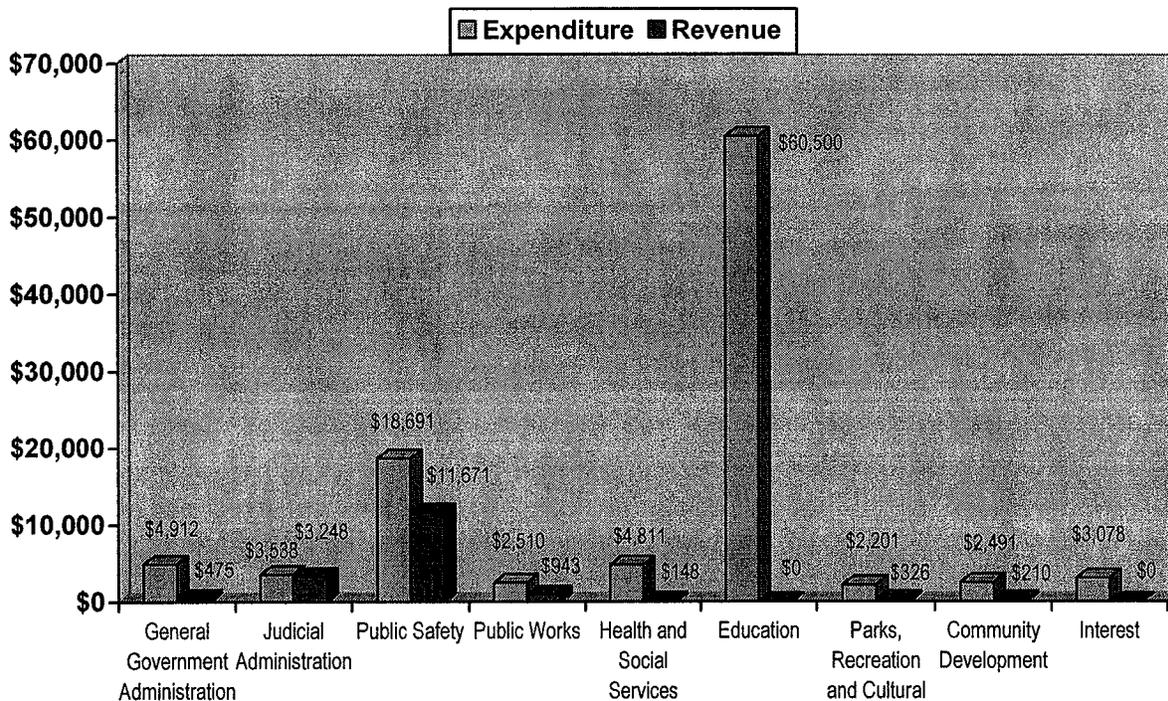
Revenues increased \$4,915 over the last fiscal year. While most revenue categories remained relatively stable, general property taxes increased \$5,022 (10 percent). This was due to two factors: this was the first full fiscal year after the required reassessment of real estate; and a strong local economy continued to foster commercial and residential building growth. Real property taxes and personal property taxes contributed to most of this increase.

Expenses increased \$23,322 over the last fiscal year. For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. There were, however, three categories which had the most impact as follows: education increased \$20,568 almost entirely due to school capital projects; public safety increased \$1,962 primarily due to the adding of personnel for the fire department and County-operated correctional facility; and community development decreased \$1,339 mostly due to a one-time pass-through State grant of \$1,500.

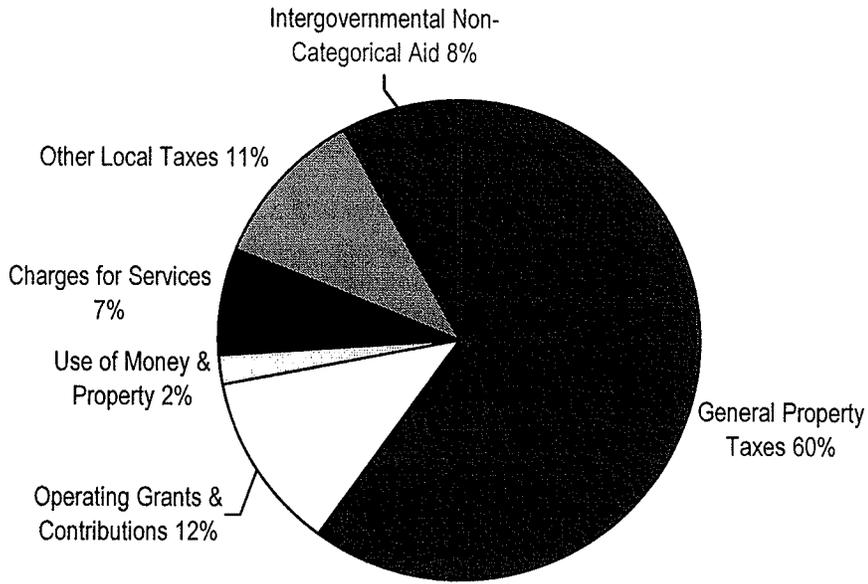
Business-type activities. Business-type activities increased the County's net assets by \$2,208. Key factors of this increase are as follows:

- Capital grants and contributions increased by \$391 (18 percent) compared to last year. This was mostly the result of \$2,271 received for capital costs and expansion of the sanitary landfill of the Solid Waste Fund in the current year.
- Program revenues decreased by \$359 (5 percent) compared to last year. This was mainly the result of :
 1. Charges for services increased \$460 due to more customers, higher usage, and a solid waste rate increase effective April 1, 2007.
 2. Connection availability fees and connection fees decreased \$805 due to less water and sewer connections in the current fiscal year.
- Expenses for business-type activities increased \$642 (9 percent) compared to last year. Key factors for this change were:
 1. Personal services and fringe benefits increased \$295.
 2. Depreciation and amortization increased \$93.
 3. Loss on disposal of equipment increased \$68.
- Transfers to business-type activities decreased by \$335 compared to last year.

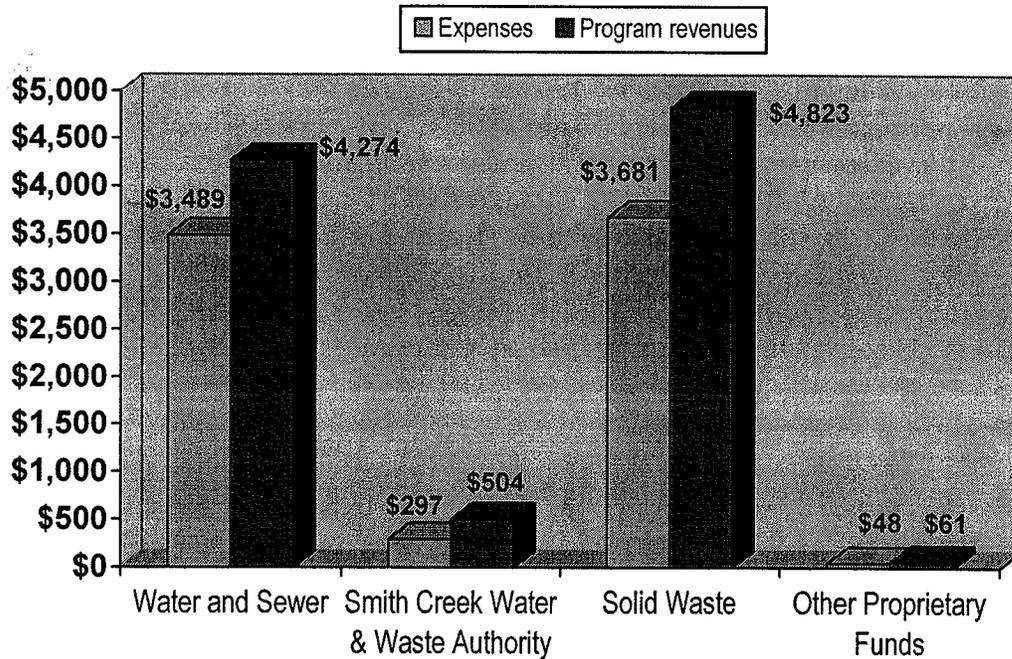
Expenses and Program Revenues - Governmental Activities



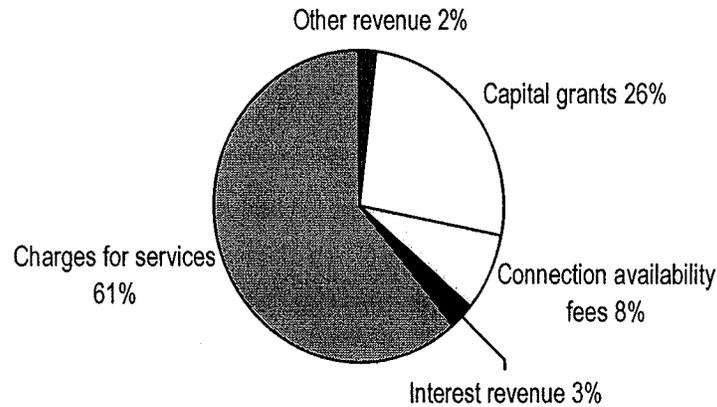
Revenues by Source - Governmental Activities



Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



Component Unit – School Board. The School Board’s net assets increased by \$24,601 this fiscal year. Key elements of this increase are as follows:

- Operating grants and contributions increased \$8,648 over the prior fiscal year. The State provided over \$8,106 of this increase through State sales tax receipts, basic school aid, and other state school funding.
- Grants and contributions not restricted to specific programs increased \$20,568 over the prior year. Of this increase, the County provided \$20,304 to the School Capital Projects Fund for a new elementary school and middle school renovations in progress.
- Expenses of the School Board increased by \$10,198 over the prior fiscal year. Increases in expenses occurred in each major category and closely paralleled inflation and the needs of the educational system. The two largest categories were Instruction which increased \$7,920 and Operation and Maintenance Services which increased \$1,154.

Financial Analysis of the Government’s Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$35,394, an increase of \$4,026 in comparison with the prior year.

Approximately 82 percent of this total amount (\$28,933) constitutes *unreserved, undesignated fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved or designated* to indicate that it is not available for new spending because it has already been committed 1) for an advance to other funds (\$697), 2) for the new E-911 communications system (\$3,695), 3) for designated capital projects (\$1,643), or 4) for a variety of other restricted purposes (\$426).

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved, undesignated fund balance of the General Fund was \$17,077, while total fund balance reached \$19,530. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 15 percent of total General Fund expenditures, while total fund balance represents 17 percent of that same amount.

The fund balance of the County's General Fund decreased by \$1,177 during the current fiscal year. This is significantly less than the original budget expecting an \$8,954 decrease and the final budget showing an \$11,364 decrease. The key factors influencing this result are as follows:

- Revenue increased \$5,805 from the prior fiscal year. The largest component of this increase was general property taxes which increased \$5,606 over the prior fiscal year. The main revenue sources of this increase were real property taxes up by \$4,004 and personal property taxes up by \$1,429. The increase in the real estate taxes is due to commercial and industrial construction, as well as the residential real estate market continuing to show strength. The increase in the personal property taxes is due to the Board approving the ordinance to implement the changes in the state personal property tax relief. This action was a result of the cap being placed on the reimbursement by the General Assembly. Thus the County needed to reduce the percentage tax relief to neutralize the County personal property tax revenue under the program.
- Expenditures increased \$24,845 over the prior fiscal year. While most of the expenditure categories increased, the key components affecting this increase were:
 1. Education increased \$20,568 over the prior fiscal year. This is primarily due to a transfer of funds to the School Capital Projects Fund of \$24,626 this fiscal year compared to \$4,323 last fiscal year.
 2. Debt service principal increased \$1,907 over the prior fiscal year as a result of the County retiring \$10,000 in interim financing for School Capital Projects this fiscal year compared to the County retiring \$8,500 in interim financing for School Capital Projects last fiscal year.
 3. Public safety increased \$1,827 over the prior fiscal year. The reasons for this increase were: the fire department which rose \$831 primarily due to the need to fund additional personnel and the County operated correction and detention institution which rose \$622 also primarily due to the need to fund additional personnel.

4. Community development decreased \$1,416 over the prior fiscal year due to a one-time \$1,500 grant received in the prior fiscal year from the Governor's Opportunity Fund which was provided to the new Wal-Mart Distribution Center.

The Special Revenue E-911 Fund has a total fund balance of \$3,695, all of which is reserved for E-911 activities. Revenue decreased \$256 due to the State eliminating the 911 fee effective January 1, 2007 and authorizing a new Virginia Communications Tax structure which is remitted to the General Fund. Expenditures increased \$794 this fiscal year as a result of higher operation and maintenance costs of \$572 and more infrastructure purchases of \$222 for the new system.

The General Capital Projects Fund has a total fund balance of \$11,855, of which the entire amount is unreserved and undesignated. The County had capital outlays of \$3,026 during the current fiscal year which were funded by 1) a transfer of \$8,925 from the General Fund and 2) revenues of \$356.

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

Net assets of these funds increased \$2,208 this fiscal year to \$28,454. The largest portion of these net assets, \$27,158, continues to reflect the County's investment in capital assets. The unrestricted net assets of the proprietary funds increased from \$1,258 last fiscal year to \$1,296 this fiscal year.

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

General Fund Budgetary Highlights

During the year there was a \$38,109 increase in appropriations between the original and final amended budget. The following are the largest components of the increase:

- \$314 supplemental appropriation to transfer funds to the School Capital Projects Fund to construct the Teacher Supply Depot building.
- \$10,000 supplemental appropriation to transfer funds to the School Capital Projects Fund for interim financing of construction projects at the J. Frank Hillyard Middle and Wilbur Pence Middle Schools.
- \$402 supplemental appropriation to transfer funds to the Special Revenue E-911 Fund for the radio system project.
- \$10,000 supplemental appropriation for the retirement of interim financing for construction projects at J. Frank Hillyard Middle and Wilbur Pence Middle Schools.
- \$3,522 supplemental appropriation to transfer to the School Capital Projects Fund the amount of permanent financing received in excess of the interim financing, and the bond premium.

- \$589 supplemental appropriation to transfer funds to the Harrisonburg-Rockingham Social Services District for the local match required by the Comprehensive Services Act for County children.
- \$11,105 supplemental appropriation to transfer to the School Capital Projects Fund the amount of permanent financing received for the new Cub Run Elementary School.

The increase in appropriations was possible due to a number of factors including: receiving permanent financing for the J. Frank Hillyard and Wilbur Pence Middle Schools' renovations and expansion; receiving permanent financing for the construction of the new Cub Run Elementary School; the receipt of additional anticipated revenues; the reduction of other expenditures; and the use of the unreserved, undesignated fund balance in the General Fund.

There were also significant differences between the final amended budget for the General Fund and actual amounts (presented using the basis of budgeting). Actual revenues over expenditures were \$10,172 compared to the final budget.

Actual total revenues were \$4,314 over the final budgeted amounts and the key factors for this were:

1. General property taxes were \$2,876 over the final budget amount. Personal property taxes accounted for \$1,589 of this increase and was the result of changes in the state personal property tax relief. Real estate taxes accounted for \$486 of this increase and was due to commercial and industrial construction, as well as the residential real estate market continuing to show strength.
2. Other local taxes were \$885 over the final budget amount. Sales tax revenue accounted for \$428 of this increase due to a vibrant local economy. Recordation taxes accounted for \$289 of this increase which was primarily due to strong real estate sales.
3. Use of money and property was \$689 over the final budget amount. This was due primarily to higher rates of return on the County's investments than budgeted.

Actual total expenditures were \$5,858 under the final budgeted amounts and the key factors were:

1. The appropriation to the Rockingham County School Board for general operations was less than the final budget by \$3,434. These funds were left unspent at year-end by the School Board in recognition of the need to be conservative given the substantial school capital projects.
2. Community development expenditures were \$746 less than the final budget due to economic development funds not being spent by year-end.
3. All other expenditure categories were less than the final budget amounts to varying degrees, but primarily due to containment of costs.

Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of June 30, 2007, amounts to \$71,437 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, and machinery and equipment. The total increase in the County's investment in capital assets for the current fiscal year was 14 percent (a 10 percent increase for governmental activities and a 17 percent increase for business-type activities).

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

Governmental Activities

- Construction In Progress
 - The E-911 communications system upgrade continued; construction in progress for this project as of the close of this fiscal year was \$6,382, an increase of \$1,886 during this current fiscal year.
- Buildings
 - Construction was completed on the Teacher Supply Depot building totaling \$337.
- Improvements Other Than Buildings
 - Construction was completed on the infrastructure improvements for the County's new Center for Research & Technology Park totaling \$5,359.

Business-Type Activities

- Land
 - Purchased land for expansion of solid waste site totaling \$695.
- Construction In Progress
 - Construction in progress began on the Penn Laird sewer line and totaled \$187.
 - Construction continued on the solid waste site expansion phase 3 project; construction in progress as of the close of the fiscal year was \$5,117; an increase of \$4,557 during this current fiscal year.
- Machinery and Equipment
 - Purchased a compactor and earthmoving system for solid waste fund totaling \$889.

County of Rockingham, Virginia
Summary Statement of Capital Assets
June 30, 2007 and 2006

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Non-Depreciable Assets:						
Land	\$ 3,199	\$ 3,199	\$ 1,616	\$ 888	\$ 4,815	\$ 4,087
Construction in progress	6,562	8,228	5,649	723	12,211	8,951
Depreciable Capital Assets:						
Buildings	24,853	24,579	85	85	24,938	24,664
Improvements	9,945	4,414	39,046	39,047	48,991	43,461
Machinery and equipment	7,468	6,602	4,723	3,750	12,191	10,352
Accumulated depreciation	(15,501)	(13,943)	(16,208)	(14,725)	(31,709)	(28,668)
Total	\$ 36,526	\$ 33,079	\$ 34,911	\$ 29,768	\$ 71,437	\$ 62,847

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

- J. Frank Hillyard and Wilbur Pence Middle Schools' expansion and renovation continued in 2007 adding \$9,698 to Construction in Progress.
- Construction began on the new Cub Run Elementary School which added \$3,378 to Construction in Progress.
- Plains Elementary School renovation added \$1,271 to Construction in Progress.
- Elkton and Montevideo Middle Schools' expansion and renovation concluded in 2007 totaling \$14,324 in Improvements.

County of Rockingham, Virginia
Summary Statement of Capital Assets (Continued)
June 30, 2007 and 2006

	Component Units			
	School Board		Harrisonburg-Rockingham Social Services District	
	2007	2006	2007	2006
Non-Depreciable Assets:				
Land	\$ 3,014	\$ 2,972	\$ -	\$ -
Construction in progress	23,849	23,696	-	-
Depreciable Capital Assets:				
Buildings	101,257	101,256	-	-
Improvements	23,299	8,787	3	3
Machinery and equipment	23,216	22,079	491	446
Accumulated depreciation	(76,643)	(72,603)	(299)	(279)
Total	\$ 97,992	\$ 86,187	\$ 195	\$ 170

More detailed information about the County's capital assets is presented in Note 5 of the financial statements.

Long-term obligations. At the end of the current fiscal year, the County had total bonded debt outstanding of \$60,552. All bonded debt issued by the County is for educational purposes, primarily for the construction of school facilities.

County of Rockingham, Virginia
Summary Statement of Long-Term Obligations
June 30, 2007 and 2006

	Activities		Activities		Primary Government	
	2007	2006	2007	2006	2007	2006
General obligation bonds	\$ 59,865	\$ 39,218	\$ -	\$ -	\$ 59,865	\$ 39,218
Literary fund loans	687	917	-	-	687	917
Capital leases	10,648	11,488	-	-	10,648	11,488
Unamortized premium	1,560	776	201	23	1,761	799
Revenue bonds	-	-	10,652	4,756	10,652	4,756
Landfill obligation	-	-	4,817	4,350	4,817	4,350
Compensated absences	1,444	1,267	129	130	1,573	1,397
Total	\$ 74,204	\$ 53,666	\$ 15,799	\$ 9,259	\$ 90,003	\$ 62,925

- Issuance of debt (including premium) increased \$24,704 over the prior fiscal year. The key components were:
 1. The County obtained \$10,000 in interim financing in July 2006 for the J. Frank Hillyard and Wilbur Pence Middle School construction projects.
 2. The County issued general obligation bonds in November 2006 as long-term financing for the J. Frank Hillyard and Wilbur Pence Middle Schools' renovations and expansion. Proceeds of \$13,147 and a premium on issuance of debt of \$375 were received.
 3. The County issued general obligation bonds in May 2007 as long-term financing for the new Cub Run Elementary School. Proceeds of \$10,610 and a premium on issuance of debt of \$495 were received.
 4. During the last fiscal year, the County issued general obligation bonds in November 2005 as long-term financing for the Elkton Middle and Montevideo Middle Schools' renovations. Proceeds of \$9,404 and a premium on issuance of debt of \$519 were received.

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 2006 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 2007 fiscal year is as follows:

Estimated Population	Assessed Valuation of All Taxable Property	Net Bonded Debt	Ratio of Debt to Assessed Valuation	Net Bonded Debt per Capita
72,900	\$7,577,702,505	\$60,552,462	.0080	\$ 831

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

Economic factors and next year's budget and rates

- The unemployment rate at June 30, 2007 for the County was 2.7 percent, which is stable with the rate a year ago. This compares favorably to the Virginia statewide unemployment rate of 3.2 percent and the United States national average of 4.5 percent.
- The steady recovery of the economy and the actions of the Virginia General Assembly have resulted in more predictable levels of state funding levels, and have made the projection of revenues for fiscal year 2008 less difficult than previous years. The State's budget allocation, however, continue to shift responsibilities to localities. This shift is particularly evident in areas such as education, transportation, and social services. Revenue estimates continue to have been projected conservatively to be responsible to the County's citizens in funding planned levels of service for next year.
- Federal revenues are primarily from grant sources, and with the federal fiscal year not beginning until October 1, it is difficult to know which grants will be approved. However, it is important to point out that those expenditures that are dependent on federal or state grants will not be incurred until the grant is approved and the County has assurances that it will receive those funds.

All of these factors were considered in preparing the County's budget for the 2008 fiscal year.

As mentioned earlier in the Financial Highlights, the unreserved, undesignated fund balance in the General Fund at fiscal year-end was \$17,077. The County has appropriated \$1,692 of this amount for spending in the 2008 fiscal year budget. This use of available fund balance is to offset one-time capital project expenditures and lessen the need to raise taxes. The Board was pleased to announce there were no new taxes or fee increases included in the General Fund revenues for the 2008 fiscal year budget.

Revenues in the Water and Sewer Fund were budgeted to increase as a result of increasing rates for usage and connections effective September 1, 2007. The County is making these rate changes due to additional costs and the need to build reserves to comply with the Chesapeake Bay standards.

Revenues in the Solid Waste Fund were also budgeted to increase because of increasing rates from \$41 per ton to \$48 per ton effective September 1, 2007. The County is making these rate changes due to facing significant charges related to closing the existing phases of the current cell area and constructing a new area (phase III). In addition, the County must address the increased cost of disposal related to increasing regulation requirements and higher fuel costs.

Requests for Information

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

BASIC FINANCIAL STATEMENTS



COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF NET ASSETS

June 30, 2007

	Primary Government			Component Units	
	Governmental	Business-type	Totals	School	Harrisonburg- Rockingham
	Activities	Activities		Board	Social Services District
ASSETS					
Cash, cash equivalents and temporary cash investments	\$ 30,948,367	\$ 6,048,119	\$ 36,996,486	\$ 11,680,684	\$ 1,698,399
Receivables, net:					
Property taxes	2,919,125	-	2,919,125	-	-
Utility taxes	139,372	-	139,372	-	-
Trade and other accounts	337,324	1,419,068	1,756,392	411,659	148,750
Note receivable	-	43,370	43,370	-	-
Accrued interest	244,226	41,838	286,064	64,654	12,596
Due from other governments	2,725,820	213,001	2,938,821	2,531,050	2,793,788
Internal balances	697,000	(697,000)	-	-	-
Prepaid items	36,827	-	36,827	-	-
Inventory	50,821	59,985	110,806	297,166	-
Restricted cash	2,416,038	3,100,347	5,516,385	9,683,671	-
Financing costs, net of accumulated amortization	-	97,106	97,106	-	-
Capital assets, net of accumulated depreciation:					
Land	3,198,581	1,616,395	4,814,976	3,013,783	-
Buildings	24,853,234	84,613	24,937,847	101,256,476	-
Improvements other than buildings	9,944,733	39,046,563	48,991,296	23,299,417	3,156
Machinery and equipment	7,468,461	4,722,442	12,190,903	23,216,344	490,890
Construction in progress	6,561,726	5,649,023	12,210,749	23,849,093	-
Less: accumulated depreciation	(15,500,948)	(16,208,372)	(31,709,320)	(76,642,655)	(299,473)
Total assets	77,040,707	45,236,498	122,277,205	122,661,342	4,848,106
LIABILITIES					
Accounts payable	900,716	835,528	1,736,244	2,219,369	2,649,154
Retainage payable	-	-	-	460,133	-
Accrued payroll	767,390	85,927	853,317	10,631,064	156,253
Accrued liabilities	103,045	-	103,045	-	-
Accrued interest	1,375,724	62,444	1,438,168	-	-
Unearned revenue	563,757	-	563,757	-	167,624
Due to other governments	-	-	-	489,586	-
Noncurrent liabilities:					
Due within one year	5,639,570	486,670	6,126,240	1,934,709	162,280
Due in more than one year	68,564,811	15,312,097	83,876,908	1,264,050	113,174
Total liabilities	77,915,013	16,782,666	94,697,679	16,998,911	3,248,485
NET ASSETS					
Invested in capital assets, net of related debt	28,293,610	27,157,689	55,451,299	97,992,458	194,573
Restricted:					
Nonexpendable trust	11,143	-	11,143	-	-
Expendable:					
Park maintenance	9,919	-	9,919	-	-
E-911	3,695,348	-	3,695,348	-	-
Law enforcement	7,069	-	7,069	-	-
Debt service	284,297	-	284,297	-	-
Unrestricted (deficit)	(33,175,692)	1,296,143	(31,879,549)	7,669,973	1,405,048
Total net assets	\$ (874,306)	\$ 28,453,832	\$ 27,579,526	\$ 105,662,431	\$ 1,599,621

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF ACTIVITIES
Year Ended June 30, 2007

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets									
	Program Revenues					Component Units				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Totals	School Board	Harrisonburg-Rockingham Social Services District	
Primary Government:										
Governmental activities:										
General government administration	\$ 4,911,660	\$ 2,877	\$ 472,051	\$ -	\$ (4,436,732)	\$ -	\$ (4,436,732)	\$ -	\$ -	\$ -
Judicial administration	3,537,795	1,157,469	2,032,672	57,501	(290,153)	-	(290,153)	-	-	-
Public safety	18,690,616	4,124,597	7,382,949	163,721	(7,019,349)	-	(7,019,349)	-	-	-
Public works	2,510,342	826,007	117,009	-	(1,567,326)	-	(1,567,326)	-	-	-
Health and social services	4,811,248	26,086	121,558	-	(4,663,604)	-	(4,663,604)	-	-	-
Education	60,500,234	-	-	-	(60,500,234)	-	(60,500,234)	-	-	-
Parks, recreation and cultural	2,201,115	326,290	-	-	(1,874,825)	-	(1,874,825)	-	-	-
Community development	2,491,258	3,011	206,836	-	(2,281,411)	-	(2,281,411)	-	-	-
Interest	3,077,757	-	-	-	(3,077,757)	-	(3,077,757)	-	-	-
Total governmental activities	102,732,025	6,466,337	10,333,075	221,222	(85,711,391)	-	(85,711,391)	-	-	-
Business-type activities:										
Water and sewer	3,833,638	4,285,196	-	244,227	-	695,785	695,785	-	-	-
Solid waste	3,680,963	2,377,044	19,906	2,270,953	-	986,940	986,940	-	-	-
Total business-type activities	7,514,601	6,662,240	19,906	2,515,180	-	1,682,725	1,682,725	-	-	-
Total primary government	\$ 110,246,626	\$ 13,128,577	\$ 10,352,981	\$ 2,736,402	(85,711,391)	1,682,725	(84,028,666)	-	-	-
Component Units:										
Rockingham County School Board:										
Education:										
Instruction	\$ 90,637,877	\$ 2,680,469	\$ 68,527,544	\$ 2,623,344	-	-	-	(16,806,520)	-	-
Administration, attendance and health	3,830,297	-	-	-	-	-	-	(3,830,297)	-	-
Pupil transportation services	6,959,384	-	-	-	-	-	-	(6,959,384)	-	-
Operation and maintenance services	9,285,011	-	-	-	-	-	-	(9,285,011)	-	-
School food services	4,466,752	2,309,977	2,209,916	-	-	-	-	53,141	-	-
Total school board	115,179,321	4,990,446	70,737,460	2,623,344	-	-	(36,828,071)	-	-	-

COUNTY OF ROCKINGHAM, VIRGINIA

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2007

	General	Special Revenue E-911	General Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash, cash equivalents and temporary cash investments	\$ 16,962,313	\$ 1,998,337	\$ 11,943,752	\$ 37,884	\$ 30,942,286
Receivables, net:					
Property taxes	2,919,125	-	-	-	2,919,125
Utility taxes	139,372	-	-	-	139,372
Trade and other accounts	333,645	-	-	-	333,645
Accrued interest	173,930	17,798	51,023	1,475	244,226
Due from other governments	2,694,428	31,392	-	-	2,725,820
Prepaid items	36,827	-	-	-	36,827
Inventory	38,246	-	-	-	38,246
Advance to other funds	697,000	-	-	-	697,000
Restricted cash	-	2,110,818	-	305,220	2,416,038
Total assets	\$ 23,994,886	\$ 4,158,345	\$ 11,994,775	\$ 344,579	\$ 40,492,585
LIABILITIES					
Accounts payable	\$ 352,065	\$ 462,997	\$ 55,077	\$ 30,577	\$ 900,716
Accrued payroll	767,390	-	-	-	767,390
Accrued liabilities	-	-	85,000	-	85,000
Deferred revenue	3,345,665	-	-	-	3,345,665
Total liabilities	4,465,120	462,997	140,077	30,577	5,098,771
FUND BALANCES					
Reserved for:					
Advance to other funds	697,000	-	-	-	697,000
Inventory	38,246	-	-	-	38,246
Prepaid items	36,827	-	-	-	36,827
Nonexpendable trust principal	-	-	-	11,143	11,143
Park maintenance	-	-	-	9,919	9,919
E-911	-	3,695,348	-	-	3,695,348
Law enforcement	-	-	-	7,069	7,069
Debt service	-	-	-	284,297	284,297
Unreserved:					
Designated:					
Capital projects	1,642,702	-	-	-	1,642,702
Encumbrances	38,244	-	-	-	38,244
Undesignated:					
General fund	17,076,747	-	-	-	17,076,747
Capital projects funds	-	-	11,854,698	1,574	11,856,272
Total fund balances	19,529,766	3,695,348	11,854,698	314,002	35,393,814
Total liabilities and fund balances	\$ 23,994,886	\$ 4,158,345	\$ 11,994,775	\$ 344,579	\$ 40,492,585

COUNTY OF ROCKINGHAM, VIRGINIA

RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS

June 30, 2007

	Governmental Funds
Total fund balances - total governmental funds	\$ 35,393,814
<p>Amounts reported for governmental activities in the Statement of Net Assets are different because:</p>	
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.</p>	
Governmental capital assets	\$ 52,026,735
Less accumulated depreciation	(15,500,948)
Net capital assets	<u>36,525,787</u>
<p>Unearned revenue represents amounts that were not available to fund current expenditures and therefore is not reported as revenue in the governmental funds.</p>	
	2,781,908
<p>Internal service funds are used by management to charge the costs of goods provided to other departments or funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Assets.</p>	
	22,335
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.</p>	
General obligation bonds, including unamortized premiums	(61,425,569)
Literary loans	(686,886)
Capital leases	(10,648,215)
Compensated absences	(1,443,711)
Arbitrage payable	(18,045)
Interest payable	(1,375,724)
	<u>(75,598,150)</u>
Net assets of governmental activities	<u><u>\$ (874,306)</u></u>

See Notes to Financial Statements.

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 Year Ended June 30, 2007

	General	Special Revenue E-911	General Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:					
General property taxes	\$ 53,700,795	\$ -	\$ -	\$ -	\$ 53,700,795
Other local taxes	9,520,402	526,430	-	-	10,046,832
Permits, privilege fees and regulatory licenses	957,006	-	-	-	957,006
Fines and forfeitures	160,145	-	-	47,138	207,283
Use of money and property	1,499,475	202,604	142,568	31,968	1,876,615
Charges for services	2,662,046	-	-	-	2,662,046
Miscellaneous	221,207	-	20,016	-	241,223
Recovered costs	2,638,923	-	76,746	-	2,715,669
Intergovernmental	16,367,875	495,142	117,009	-	16,980,026
Total revenues	87,727,874	1,224,176	356,339	79,106	89,387,495
Expenditures:					
Current:					
General government administration	4,429,174	-	-	-	4,429,174
Judicial administration	3,249,146	-	-	-	3,249,146
Public safety	17,024,047	3,140,599	-	139,515	20,304,161
Public works	2,480,757	-	-	-	2,480,757
Health and social services	4,517,523	-	-	-	4,517,523
Education	60,500,234	-	-	-	60,500,234
Parks, recreation and cultural	2,061,923	-	-	-	2,061,923
Community development	2,355,778	-	-	-	2,355,778
Capital outlay	-	-	3,026,051	-	3,026,051
Debt service:					
Principal	13,802,229	377,085	-	-	14,179,314
Interest and fiscal charges	2,561,826	247,953	-	13,099	2,822,878
Total expenditures	112,982,637	3,765,637	3,026,051	152,614	119,926,939
Revenues under expenditures	(25,254,763)	(2,541,461)	(2,669,712)	(73,508)	(30,539,444)
Other financing sources (uses):					
Issuance of debt	33,757,200	-	-	-	33,757,200
Premium on issuance of debt	869,284	-	-	-	869,284
Transfers in	15,176	1,577,355	8,925,385	-	10,517,916
Transfers out	(10,563,740)	-	-	(15,176)	(10,578,916)
Total other financing sources (uses), net	24,077,920	1,577,355	8,925,385	(15,176)	34,565,484
Net change in fund balances	(1,176,843)	(964,106)	6,255,673	(88,684)	4,026,040
Fund balance, beginning	20,706,609	4,659,454	5,599,025	402,686	31,367,774
Fund balance, ending	\$ 19,529,766	\$ 3,695,348	\$ 11,854,698	\$ 314,002	\$ 35,393,814

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, 2007

	Governmental Funds	
Net change in fund balances - total governmental funds	\$	4,026,040
Reconciliation of amounts reported for governmental activities in the Statement of Activities:		
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Expenditure for capital assets	\$	5,178,774
Less depreciation expense		<u>(1,662,257)</u>
Excess of capital outlays over depreciation		3,516,517
<p>The net effect of miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to decrease net assets</p>		
Loss on disposal of assets		(69,323)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Change in deferred revenue		(412,661)
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.</p>		
Debt issued or incurred:		
General obligation debt	(33,757,200)	
Premium on general obligation debt	(869,284)	
Principal repayments:		
General obligation debt	<u>14,179,314</u>	
		(20,447,170)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
Accrued interest	(321,959)	
Compensated absences	(176,758)	
Arbitrage	(18,045)	
Amortization of premium	<u>85,125</u>	
		(431,637)
<p>Internal service funds are used by management to charge the costs of certain activities, such as central purchasing, to individual funds. The net income of the internal service fund is reported with governmental activities.</p>		
Total revenues	41,273	
Total expenses	<u>(41,230)</u>	
		<u>43</u>
Change in net assets of governmental activities	\$	<u>(13,818,191)</u>

See Notes to Financial Statements.

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - GENERAL FUND
 Year Ended June 30, 2007

	General Fund			Variance with Final Budget Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
General property taxes	\$ 50,825,000	\$ 50,825,000	\$ 53,700,795	\$ 2,875,795
Other local taxes	8,635,900	8,635,900	9,520,402	884,502
Permits, privilege fees and regulatory licenses	1,083,300	1,130,465	957,006	(173,459)
Fines and forfeitures	186,000	186,000	160,145	(25,855)
Use of money and property	810,203	810,203	1,499,475	689,272
Charges for services	2,772,305	2,928,805	2,662,046	(266,759)
Miscellaneous	58,000	75,484	221,207	145,723
Recovered costs	2,495,402	2,811,903	2,638,923	(172,980)
Intergovernmental	15,475,037	16,009,969	16,367,875	357,906
Total revenues	82,341,147	83,413,729	87,727,874	4,314,145
Expenditures:				
Current:				
General government administration	4,529,800	4,702,364	4,429,174	(273,190)
Judicial administration	3,040,637	3,691,741	3,249,146	(442,595)
Public safety	16,590,383	17,505,392	17,024,047	(481,345)
Public works	2,293,761	2,555,385	2,480,757	(74,628)
Health and social services	3,935,292	4,541,619	4,517,523	(24,096)
Education	39,308,230	63,934,714	60,500,234	(3,434,480)
Parks, recreation and cultural	2,011,725	2,077,625	2,061,923	(15,702)
Community development	3,105,766	3,101,710	2,355,778	(745,932)
Debt service:				
Principal	3,802,229	13,802,229	13,802,229	-
Interest and fiscal charges	2,928,036	2,928,036	2,561,826	(366,210)
Total expenditures	81,545,859	118,840,815	112,982,637	(5,858,178)
Revenues over (under) expenditures	795,288	(35,427,086)	(25,254,763)	10,172,323
Other financing sources (uses):				
Issuance of debt	-	33,757,200	33,757,200	-
Premium on issuance of debt	-	869,284	869,284	-
Transfers in	-	-	15,176	15,176
Transfers out	(9,749,787)	(10,563,740)	(10,563,740)	-
Total other financing sources (uses), net	(9,749,787)	24,062,744	24,077,920	15,176
Net change in fund balance	(8,954,499)	(11,364,342)	(1,176,843)	10,187,499
Fund balance, beginning	8,954,499	11,364,342	20,706,609	9,342,267
Fund balance, ending	\$ -	\$ -	\$ 19,529,766	\$ 19,529,766

See Notes to Financial Statements.

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - E-911 FUND

Year Ended June 30, 2007

	E-911 Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Other local taxes	\$ 558,143	\$ 558,143	\$ 526,430	\$ (31,713)
Use of money	-	-	202,604	202,604
Intergovernmental	67,183	314,553	495,142	180,589
Total revenues	625,326	872,696	1,224,176	351,480
Expenditures:				
Current:				
Public safety	1,175,996	6,802,878	3,140,599	(3,662,279)
Debt service:				
Principal	377,085	377,085	377,085	-
Interest and fiscal charges	248,032	248,032	247,953	(79)
Total expenditures	1,801,113	7,427,995	3,765,637	(3,662,358)
Revenues under expenditures	(1,175,787)	(6,555,299)	(2,541,461)	4,013,838
Other financing sources:				
Transfers in	1,175,787	1,577,355	1,577,355	-
Net change in fund balance	-	(4,977,944)	(964,106)	4,013,838
Fund balance, beginning	-	4,977,944	4,659,454	(318,490)
Fund balance, ending	\$ -	\$ -	\$ 3,695,348	\$ 3,695,348

See Notes to Financial Statements.

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 June 30, 2007

	Business-Type Activities - Enterprise Funds				Totals	Governmental Activity - Internal Service Fund
	Water and Sewer	Smith Creek Water & Waste Authority	Solid Waste	Other Proprietary Funds		
ASSETS						
Current Assets:						
Cash, cash equivalents and temporary cash investments	\$ 3,203,461	\$ 561,341	\$ 2,099,422	\$ 183,895	\$ 6,048,119	\$ 6,081
Trade and other accounts receivable	380,989	66,289	953,604	18,186	1,419,068	3,679
Due from other governments	-	213,001	-	-	213,001	-
Note receivable	43,370	-	-	-	43,370	-
Accrued interest	32,373	3,819	4,140	1,506	41,838	-
Inventory	59,985	-	-	-	59,985	12,575
Restricted cash	3,100,347	-	-	-	3,100,347	-
Total current assets	6,820,525	844,450	3,057,166	203,587	10,925,728	22,335
Noncurrent Assets:						
Financing costs, net of accumulated amortization	50,361	7,983	31,955	6,807	97,106	-
Capital assets:						
Land	279,502	-	1,295,662	41,231	1,616,395	-
Buildings	12,995	-	62,718	8,900	84,613	-
Improvements other than buildings	22,867,396	6,592,841	9,140,820	445,506	39,046,563	-
Machinery and equipment	852,212	267,335	3,597,425	5,470	4,722,442	-
Construction in progress	206,402	-	5,162,819	279,802	5,649,023	-
Less accumulated depreciation	(7,392,293)	(444,109)	(8,315,843)	(56,127)	(16,208,372)	-
Total capital assets (net of accumulated depreciation)	16,826,214	6,416,067	10,943,601	724,782	34,910,664	-
Total noncurrent assets	16,876,575	6,424,050	10,975,556	731,589	35,007,770	-
Total assets	23,697,100	7,268,500	14,032,722	935,176	45,933,498	22,335
LIABILITIES						
Current Liabilities:						
Accounts payable and deposits	181,004	168,256	396,971	89,297	835,528	-
Compensated absences	34,010	-	42,400	-	76,410	-
Accrued payroll	42,062	-	43,865	-	85,927	-
Accrued interest	26,672	19,687	11,575	4,510	62,444	-
Advance from other funds	580,000	-	-	117,000	697,000	-
Revenue bonds	130,000	104,578	110,000	6,400	350,978	-
Landfill obligation	-	-	59,282	-	59,282	-
Total current liabilities	993,748	292,521	664,093	217,207	2,167,569	-
Noncurrent Liabilities:						
Compensated absences	25,804	-	26,243	-	52,047	-
Revenue bonds	4,363,763	2,962,204	3,017,686	158,691	10,502,344	-
Landfill obligation	-	-	4,757,706	-	4,757,706	-
Total noncurrent liabilities	4,389,567	2,962,204	7,801,635	158,691	15,312,097	-
Total liabilities	5,383,315	3,254,725	8,465,728	375,898	17,479,666	-
NET ASSETS						
Invested in capital assets, net of related debt	15,432,798	3,349,285	7,815,915	559,691	27,157,689	-
Unrestricted (deficit)	2,880,987	664,490	(2,248,921)	(413)	1,296,143	22,335
Total net assets	\$ 18,313,785	\$ 4,013,775	\$ 5,566,994	\$ 559,278	\$ 28,453,832	\$ 22,335

See Notes to Financial Statements.

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 Year Ended June 30, 2007

	Business-type Activities - Enterprise Funds				Totals	Governmental Activity - Internal Service Fund
	Water and Sewer	Smith Creek Water & Waste	Solid Waste	Other Proprietary Funds		
Operating revenues:						
Charges for services	\$ 3,296,325	\$ 169,445	\$ 2,377,044	\$ 47,126	\$ 5,889,940	\$ 41,273
Connection fees	42,738	1,800	-	-	44,538	-
Other revenue	91,919	745	105,607	160	198,431	-
Total operating revenues	3,430,982	171,990	2,482,651	47,286	6,132,909	41,273
Operating expenses:						
Personal services	853,658	-	927,437	-	1,781,095	-
Fringe benefits	329,545	-	366,359	-	695,904	-
Contractual services	101,009	22,543	636,828	16,544	776,924	-
Regional Sewer Authority assessment for debt service	53,353	-	-	-	53,353	-
Electrical services	313,148	-	28,737	3,782	345,667	-
Water and sewer services	976	-	1,132	-	2,108	-
Repairs and maintenance	138,399	-	253,972	380	392,751	-
Internal services	65,819	-	12,470	-	78,289	-
Vehicle parts and supplies	15,413	-	186,678	-	202,091	-
Other charges	910,254	14,546	123,487	10,204	1,058,491	41,230
Depreciation and amortization	603,546	152,533	1,063,378	9,556	1,829,013	-
Total operating expenses	3,385,120	189,622	3,600,478	40,466	7,215,686	41,230
Operating income (loss)	45,862	(17,632)	(1,117,827)	6,820	(1,082,777)	43
Nonoperating revenues (expenses):						
Operating grants	-	-	19,906	-	19,906	-
Capital grants	-	244,227	2,270,953	-	2,515,180	-
Connection availability fees	669,562	58,200	-	-	727,762	-
Interest revenue	171,933	30,185	49,608	13,768	265,494	-
Interest expense	(104,124)	(107,731)	(10,628)	(7,975)	(230,458)	-
Gain (loss) on disposal of equipment	1,400	-	(69,857)	-	(68,457)	-
Total nonoperating revenues, net	738,771	224,881	2,259,982	5,793	3,229,427	-
Income before transfers	784,633	207,249	1,142,155	12,613	2,146,650	43
Transfers in	-	-	-	61,000	61,000	-
Change in net assets	784,633	207,249	1,142,155	73,613	2,207,650	43
Total net assets, beginning	17,529,152	3,806,526	4,424,839	485,665	26,246,182	22,292
Total net assets, ending	\$ 18,313,785	\$ 4,013,775	\$ 5,566,994	\$ 559,278	\$ 28,453,832	\$ 22,335

See Notes to Financial Statements.

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2007**

	Business-type Activities - Enterprise Funds					Governmental Activity - Internal Service Fund
	Water and Sewer	Smith Creek Water & Waste Authority	Solid Waste	Other Proprietary Funds	Totals	
Cash Flows From Operating Activities:						
Receipts from customers	\$ 3,261,785	\$ 254,439	\$ 1,673,140	\$ 46,187	\$ 5,235,551	\$ 40,892
Payments to suppliers for goods and services	(587,964)	(18,476)	(444,365)	(24,865)	(1,075,670)	(38,174)
Payments to employees for services	(1,180,061)	-	(1,298,497)	-	(2,478,558)	-
Internal activity - payments to other funds	(65,819)	-	(12,470)	-	(78,289)	-
Other receipts (payments), net	(818,335)	(13,801)	(17,880)	3,359	(846,657)	-
Net cash provided by (used in) operating activities	609,606	222,162	(100,072)	24,681	756,377	2,718
Cash Flows From Noncapital and Related Financing Activities:						
Operating grants	-	-	19,906	-	19,906	-
Cash Flows From Capital and Related Financing Activities:						
Capital grants	-	31,226	2,270,953	(7,170)	2,295,009	-
Proceeds from issuance of debt	3,130,667	-	3,127,686	-	6,258,353	-
Financing costs	(36,277)	-	(32,243)	-	(68,520)	-
Payment of advance from other funds	(60,000)	-	-	(6,500)	(66,500)	-
Connection availability fees	669,562	58,200	-	-	727,762	-
Principal paid on bonds	(80,000)	(97,996)	-	(6,197)	(184,193)	-
Interest paid on outstanding debt	(93,155)	(148,461)	(10,628)	(8,201)	(260,445)	-
Transfer from other funds for capital purposes	-	-	-	61,000	61,000	-
Acquisition and construction of capital assets	(295,113)	(84,126)	(6,118,740)	(136,654)	(6,634,633)	-
Net cash provided by (used in) capital and related financing activities	3,235,684	(241,157)	(762,972)	(103,722)	2,127,833	-
Cash Flows From Investing Activities:						
Receipts from collection of loan	43,370	-	-	-	43,370	-
Interest received on investment securities	154,041	29,751	74,289	12,857	270,938	-
Net cash provided by investing activities	197,411	29,751	74,289	12,857	314,308	-
Net increase (decrease) in cash and cash equivalents	4,042,701	10,756	(768,849)	(66,184)	3,218,424	2,718
Cash and Cash Equivalents:						
Beginning	2,261,107	550,585	2,868,271	250,079	5,930,042	3,363
Ending	\$ 6,303,808	\$ 561,341	\$ 2,099,422	\$ 183,895	\$ 9,148,466	\$ 6,081

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2007**

	Business-type Activities - Enterprise Funds					Governmental Activity - Internal Service Fund
	Water and Sewer	Smith Creek Water & Waste Authority	Solid Waste	Other Proprietary Funds	Totals	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ 45,862	\$ (17,632)	\$ (1,117,827)	\$ 6,820	\$ (1,082,777)	\$ 43
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	603,546	152,533	1,063,378	9,556	1,829,013	-
Gain on disposal of equipment	1,400	-	-	-	1,400	-
Change in assets and liabilities:						
(Increase) decrease in:						
Accounts receivable	(78,678)	83,194	(703,904)	(939)	(700,327)	(381)
Inventory	(25,595)	-	-	-	(25,595)	3,056
Increase (decrease) in:						
Accounts payable	55,491	4,067	191,461	9,244	260,263	-
Accrued liabilities	7,580	-	(374)	-	7,206	-
Landfill obligation	-	-	467,194	-	467,194	-
Net cash provided by (used in) operating activities	\$ 609,606	\$ 222,162	\$ (100,072)	\$ 24,681	\$ 756,377	\$ 2,718
Schedule of Noncash Capital and Related Financing Activities:						
Capital assets acquired through incurrence of accounts payable	\$ 2,666	\$ 160,101	\$ 165,498	\$ 76,816	\$ 405,081	\$ -

See Notes to Financial Statements.

COUNTY OF ROCKINGHAM, VIRGINIA

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS**

June 30, 2007

	Agency Funds
<hr/>	
ASSETS	
Cash, cash equivalents and temporary cash investments	\$ 1,868,793
Accounts receivable	<u>80,445</u>
Total assets	<u>1,949,238</u>
LIABILITIES	
Accounts payable	<u>1,949,238</u>
Total liabilities	<u><u>\$ 1,949,238</u></u>

See Notes to Financial Statements.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies

The financial statements of the County of Rockingham, Virginia (County), conform with accounting principles generally accepted in the United States of America as applied to government units promulgated by the Governmental Accounting Standards Board (GASB). The more significant of the government's accounting policies are described below.

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 accounting principles generally accepted in the United States of America, these financial statements present the County (primary government) and its component units, entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the County's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. Each blended and discretely presented component unit has a June 30 year end.

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

Discretely Presented Component Units:

School Board

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

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

School Textbook Fund accounts for textbook inventory.

School Cafeteria Fund accounts for the centralized School cafeteria operations.

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

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

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

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

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

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

Massanutten Technical Center
325 Pleasant Valley Road
Harrisonburg, Virginia 22801

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

Harrisonburg-Rockingham Social Services District

The Harrisonburg-Rockingham Social Services District (District) is a regional district created by the governing bodies of the County of Rockingham and City of Harrisonburg to provide social services for the residents of the County of Rockingham and the City of Harrisonburg. The participating entities appoint one member each to the governing board. The District is a legally separate organization. Its financial statements are presented as a discrete presentation of the County's financial statements because of the District's fiscal dependency on the County and the County has the ability to impose its will on the District. The District is presented as a governmental fund type consisting of one special revenue fund as follows:

Social Services 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 primary government by the Board of Supervisors, and by the City of Harrisonburg.

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 with this Comprehensive Annual Financial Report.

B. Government-Wide and Fund Financial Statements

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

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

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.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

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

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

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

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items.

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

Operating expenses include cost of services, administrative expenses and depreciation 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.

E-911 Fund. This fund is used to account for funds designated for the E-911 emergency telephone system.

The County reports the following major enterprise funds:

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

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

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

Additionally, the County reports the following fund types:

Internal Service 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.

Agency Funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds consist of the following: Special Welfare, Employee Benefits, Rockingham County Industrial Development Authority, Bond Escrow, Disability Services Board, Massanutten Technical Center and Upper Valley Regional Park Authority.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

D. Budgetary Data

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

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

The County Administrator is authorized to transfer budgeted amounts within the primary government functions. The discretely presented component units, the School Board and the District, are authorized to transfer budgeted amounts within their major categories. The County may amend its budget to increase the aggregate amount to be appropriated during the current fiscal year as shown in the currently adopted budget. A supplemental appropriation which exceeds one percent of the total revenue shown in the currently adopted budget or the sum of \$500,000, whichever is less, must be accomplished by publishing a notice of a meeting and a public hearing in a newspaper having general circulation in that locality seven days prior to the meeting date. The notice shall state the County's intent to amend the amounts to be appropriated and include a brief synopsis of the proposed action.

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

E. Assets, Liabilities and Equity

1. Deposits and Investments

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

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

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

2. Property Taxes

Property taxes are levied as of January 1 with real estate values determined every four years and personal property values assessed annually. The last general real property reassessment was effective January 1, 2006. Property taxes attach as an enforceable lien on property as of January 1. Real estate taxes are due and collectible twice a year, on June 5 and December 5 in the same year as levied. Personal property taxes are due and collectible annually on December 5 in the same year as levied. That portion of the taxes receivable which is not collected within 45 days after June 30 is shown as deferred revenue. A penalty of 10% of the tax is assessed after the applicable payment date. Interest is charged to all unpaid accounts beginning July 1 and January 1, as applicable, at an annual rate of 10%.

3. Prepaid Items

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

4. Inventory

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

E. Assets, Liabilities and Equity (Continued)

5. Restricted Cash

In accordance with the capital lease for the Joint Judicial Complex, half of the highest annual lease payment is required to be restricted to provide additional security for the bondholders. This amount is classified as restricted cash on the Statement of Net Assets because its use is limited by applicable bond covenants. The Albert K. Long Trust Fund's cash balance is restricted in accordance with the trust agreement. The E-911, School Capital Projects, and Water and Sewer Funds have restricted a portion of their cash balances in accordance with their debt agreements.

6. Capital Assets

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

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

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

7. Compensated Absences

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

Compensated absences are accrued when incurred in proprietary funds and reported as a fund liability. In prior years, the General Fund was responsible for paying the liability for compensated absences for general government employees.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

E. Assets, Liabilities and Equity (Continued)

7. Compensated Absences (Continued)

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

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

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

8. Long-Term Obligations

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

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

9. Net Asset Deficit

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

E. Assets, Liabilities and Equity (Continued)

9. Net Asset Deficit (Continued)

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

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

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

10. Fund Equity

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

F. Use of Estimates

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments

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

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

Investment Policy:

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

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

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

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Credit Risk:

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

As of June 30, 2007, 1% was invested in “A-1+” Agency Notes, 72% was invested in “AAA” U. S. Agency Securities, and 27% was invested in “AAAm” rated Money Market Funds. All credit ratings presented in this paragraph are Standard and Poor’s ratings.

Concentration of Credit Risk:

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government’s investment in a single issuer. If certain investments in any one issuer represent 5% of total investments, there must be a disclosure for the amount and issuer. At June 30, 2007 the portion of the County’s portfolio, excluding the LGIP, U. S. Government guaranteed obligations and money market mutual funds, that exceed 5% of the total portfolio are as follows:

Federal National Mortgage Association	26.88%
Federal Home Loan Mortgage Corporation	31.15%
Federal Home Loan Bank	13.11%

Interest Rate Risk:

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

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

Overnight	100% maximum
2 – 29 days	70% maximum
30 days – 1 year	70% maximum
1 – 2 years	30% maximum

	Fair Value	Investment Maturities (in years)	
		Less Than 1 Year	1 – 2 Years
U. S. Agencies	\$ 40,662,394	\$ 39,413,251	\$ 1,249,143

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 3. Receivables

Receivables at June 30, 2007 for the County's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Primary Government

	General Fund	Water and Sewer Fund	Smith Creek Water & Waste Authority	Solid Waste Fund	Nonmajor Proprietary Funds	Totals
Property taxes	\$ 3,859,125	\$ -	\$ -	\$ -	\$ -	\$ 3,859,125
Utility taxes	139,372	-	-	-	-	139,372
Trade and other accounts	333,645	387,889	279,590	964,204	18,286	1,983,614
Gross receivables	4,332,142	387,889	279,590	964,204	18,286	5,982,111
Less allowance for uncollectible accounts	(940,000)	(6,900)	(300)	(10,600)	(100)	(987,900)
Net receivables	\$ 3,392,142	\$ 380,989	\$ 279,290	\$ 953,604	\$ 18,186	\$ 4,994,211

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

	Unavailable	Unearned
Delinquent property taxes receivable (General Fund)	\$ 2,645,138	\$ -
Advance collection of 2007-2008 taxes (General Fund)	-	536,264
Personal Property Tax Relief Act – state reimbursement (General Fund)	-	27,493
Intergovernmental (General Fund)	136,770	-
	\$ 2,781,908	\$ 563,757

The County determines its allowance for uncollectible delinquent property tax accounts using historical collection data and specific account analysis. The allowance amounted to \$940,000 as of June 30, 2007 and is based on the following:

.42% of taxes levied during fiscal years ended June 30, 2004, 2005 and 2006	\$630,000
Real estate taxes 4-20 years delinquent	\$310,000

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 4. Due From Other Governments

Amounts due from other governments include the following:

Primary Government:	
Governmental Funds:	
General Fund:	
Commonwealth of Virginia:	
Local sales taxes	\$ 824,073
Communications tax	276,878
Categorical aid:	
Shared costs:	
Commonwealth attorney	63,140
Sheriff	478,413
Clerk of circuit court	44,376
Other	34,822
Other categorical aid:	
Methamphetamine grant	8,699
Soil conservation	54,775
Other	12,724
Federal government:	
Boarding and care of prisoners	97,880
Categorical aid:	
Project safe neighborhoods	30,000
State criminal alien assistance	91,218
Ground safety transportation	15,422
Other	3,451
County of Augusta	21,538
City of Harrisonburg	376,773
Other governments	260,246
Total General Fund	<u>2,694,428</u>
Special Revenue Fund:	
E-911 Communications:	
Commonwealth of Virginia:	
Compensation Board salary	10,876
City of Harrisonburg	20,516
Total Special Revenue Fund	<u>31,392</u>
Total Governmental Funds	<u>\$ 2,725,820</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 4. Due From Other Governments (Continued)

Primary Government:	
Enterprise Fund:	
Smith Creek Water & Waste Authority:	
Federal government	\$ 213,001
	<u>213,001</u>
Total Smith Creek Water & Waste Authority	<u>213,001</u>
Total Primary Government	<u>\$ 2,938,821</u>
Component Unit - School Board:	
School Operating Fund:	
Commonwealth of Virginia:	
State sales tax receipts	\$ 1,891,928
Other	299
	<u>1,892,227</u>
Federal government:	
Education grants	562,419
	<u>562,419</u>
Total School Operating Fund	<u>2,454,646</u>
School Cafeteria Fund:	
Federal government:	
Meal reimbursement	42,805
	<u>42,805</u>
Total School Cafeteria Fund	<u>42,805</u>
Massanutten Technical Center:	
Federal government:	
Education grants	33,599
	<u>33,599</u>
Total Massanutten Technical Center	<u>33,599</u>
Total Component Unit - School Board	<u>\$ 2,531,050</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 4. Due From Other Governments (Continued)

Component Unit - Harrisonburg-Rockingham Social Services District:

Commonwealth of Virginia:

Comprehensive Services Act	\$ 1,837,453
Public assistance and administration	215,442
Other state funds	3,808

Federal government:

Public assistance and administration	355,526
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City of Harrisonburg:

Comprehensive Services Act	<u>381,559</u>
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**Total Component Unit - Harrisonburg-Rockingham
Social Services District**

\$ 2,793,788

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2007 is as follows:

Primary Government:

	Beginning Balance	Increases	(Deletions)/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 3,198,581	\$ -	\$ -	\$ 3,198,581
Construction in progress	8,228,644	2,065,587	(3,732,505)	6,561,726
Total capital assets, not being depreciated	<u>11,427,225</u>	<u>2,065,587</u>	<u>(3,732,505)</u>	<u>9,760,307</u>
Capital assets, being depreciated:				
Buildings	24,578,898	336,942	(62,606)	24,853,234
Improvements other than buildings	4,413,663	1,853,493	3,677,577	9,944,733
Machinery and equipment	6,601,817	922,752	(56,108)	7,468,461
Total capital assets being depreciated	<u>35,594,378</u>	<u>3,113,187</u>	<u>3,558,863</u>	<u>42,266,428</u>
Less accumulated depreciation for:				
Buildings	(8,199,645)	(816,042)	12,521	(9,003,166)
Improvements other than buildings	(539,632)	(279,990)	-	(819,622)
Machinery and equipment	(5,203,733)	(566,225)	91,798	(5,678,160)
Total accumulated depreciation	<u>(13,943,010)</u>	<u>(1,662,257)</u>	<u>104,319</u>	<u>(15,500,948)</u>
Total capital assets being depreciated, net	<u>21,651,368</u>	<u>1,450,930</u>	<u>3,663,182</u>	<u>26,765,480</u>
Governmental activities capital assets, net	<u>\$ 33,078,593</u>	<u>\$ 3,516,517</u>	<u>\$ (69,323)</u>	<u>\$ 36,525,787</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets (Continued)

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

Governmental activities:

General government administration	\$ 389,440
Judicial administration	359,577
Public safety	625,273
Public works	17,096
Health and social services	43,730
Parks, recreation and cultural	84,349
Community development	142,792

Total depreciation expense - governmental activities \$ 1,662,257

	Beginning Balance	Increases	(Deletions)/ Reclassifications	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 888,104	\$ 728,291	\$ -	\$ 1,616,395
Construction in progress	722,989	4,926,034	-	5,649,023
Total capital assets, not being depreciated	<u>1,611,093</u>	<u>5,654,325</u>	<u>-</u>	<u>7,265,418</u>
Capital assets, being depreciated:				
Buildings	84,613	-	-	84,613
Improvements other than buildings	39,046,563	-	-	39,046,563
Machinery and equipment	3,750,579	1,385,389	(413,526)	4,722,442
Total capital assets being depreciated	<u>42,881,755</u>	<u>1,385,389</u>	<u>(413,526)</u>	<u>43,853,618</u>
Less accumulated depreciation for:				
Buildings	(56,170)	(2,299)	-	(58,469)
Improvements other than buildings	(12,056,212)	(1,484,804)	-	(13,541,016)
Machinery and equipment	(2,612,804)	(339,752)	343,669	(2,608,887)
Total accumulated depreciation	<u>(14,725,186)</u>	<u>(1,826,855)</u>	<u>343,669</u>	<u>(16,208,372)</u>
Total capital assets being depreciated, net	<u>28,156,569</u>	<u>(441,466)</u>	<u>(69,857)</u>	<u>27,645,246</u>
Business-type activities capital assets, net	<u>\$ 29,767,662</u>	<u>\$ 5,212,859</u>	<u>\$ (69,857)</u>	<u>\$ 34,910,664</u>

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

Business-type activities:

Water and Sewer	\$ 602,565
Solid Waste	1,063,090
Smith Creek Water & Waste Authority	152,008
Lilly Subdivision Sanitary District	3,072
Countryside Sanitary District	6,120

Total depreciation expense - business-type activities \$ 1,826,855

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets (Continued)

Component Unit - School Board:

	Beginning Balance	Increases	(Deletions)/ Reclassifications	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,972,138	\$ 41,645	\$ -	\$ 3,013,783
Construction in progress	23,695,477	14,477,911	(14,324,295)	23,849,093
Total capital assets, not being depreciated	26,667,615	14,519,556	(14,324,295)	26,862,876
Capital assets, being depreciated:				
Buildings	101,256,476	-	-	101,256,476
Improvements other than buildings	8,787,044	188,078	14,324,295	23,299,417
Machinery and equipment	22,079,448	1,226,163	(89,267)	23,216,344
Total capital assets being depreciated	132,122,968	1,414,241	14,235,028	147,772,237
Less accumulated depreciation for:				
Buildings	(47,145,115)	(2,983,949)	-	(50,129,064)
Improvements other than buildings	(7,949,573)	(405,913)	-	(8,355,486)
Machinery and equipment	(17,508,620)	(733,811)	84,326	(18,158,105)
Total accumulated depreciation	(72,603,308)	(4,123,673)	84,326	(76,642,655)
Total capital assets being depreciated, net	59,519,660	(2,709,432)	14,319,354	71,129,582
School capital assets, net	\$ 86,187,275	\$ 11,810,124	\$ (4,941)	\$ 97,992,458

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

Instruction	\$ 3,492,547
Administration, attendance and health	40,116
Pupil transportation services	337,303
Operation and maintenance services	253,707
	<u>\$ 4,123,673</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets (Continued)

Component Unit - Harrisonburg-Rockingham Social Services District:

	Beginning Balance	Increases	(Deletions)/ Reclassifications	Ending Balance
Capital assets being depreciated:				
Improvements other than buildings	\$ 3,156	\$ -	\$ -	\$ 3,156
Equipment	445,724	81,992	(36,826)	490,890
Total capital assets being depreciated	448,880	81,992	(36,826)	494,046
Less accumulated depreciation for:				
Improvements other than buildings	(684)	(105)	-	(789)
Equipment	(278,143)	(57,367)	36,826	(298,684)
Total accumulated depreciation	(278,827)	(57,472)	36,826	(299,473)
Harrisonburg-Rockingham Social Services District capital assets, net	\$ 170,053	\$ 24,520	\$ -	\$ 194,573

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

Administration - Welfare	\$ 57,472
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Note 6. Long-Term Obligations

The following is a summary of long-term liability activity of the primary government for the year ended June 30, 2007:

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds and notes payable:					
General obligation bonds	\$ 39,217,840	\$ 23,757,200	\$ (3,109,464)	\$ 59,865,576	\$ 3,690,816
Literary fund loans	917,386	-	(230,500)	686,886	193,000
Lease revenue note payable	-	10,000,000	(10,000,000)	-	-
Capital leases	11,487,565	-	(839,350)	10,648,215	876,379
Unamortized premium	775,834	869,284	(85,125)	1,559,993	-
	52,398,625	34,626,484	(14,264,439)	72,760,670	4,760,195
Compensated absences	1,266,953	1,047,477	(870,719)	1,443,711	879,375
Governmental activities long-term liabilities	\$ 53,665,578	\$ 35,673,961	\$ (15,135,158)	\$ 74,204,381	\$ 5,639,570

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Obligations (Continued)

Annual requirements to amortize long-term debt are as follows:

Year Ending June 30,	General Obligation Bonds		Literary Fund Loans		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 3,690,816	\$ 2,951,183	\$ 193,000	\$ 20,847	\$ 876,379	\$ 455,299
2009	3,809,609	2,798,770	178,027	14,862	916,072	415,205
2010	3,830,232	2,590,549	173,500	9,476	959,332	373,033
2011	3,837,067	2,381,670	73,500	4,271	1,003,497	328,820
2012	3,749,926	2,176,398	68,859	2,066	1,050,623	282,511
2013-2017	17,821,385	7,986,452	-	-	4,079,861	727,046
2018-2022	12,468,423	3,971,771	-	-	1,762,452	101,033
2023-2027	9,848,118	1,287,927	-	-	-	-
2028	810,000	20,655	-	-	-	-
	<u>\$ 59,865,576</u>	<u>\$ 26,165,375</u>	<u>\$ 686,886</u>	<u>\$ 51,522</u>	<u>\$ 10,648,215</u>	<u>\$ 2,682,947</u>

General Obligation Bonds:

\$1,840,000 1990 series, issued August 1990, due in annual maturities of \$110,000 to \$120,000 through July 2010, plus interest at 7.1%	\$ 460,000
\$1,033,884 1992A series, issued November 1992, due in annual maturities of \$55,002 to \$63,848 through July 2012, plus interest at 6.10% to 6.35%	355,145
\$5,200,000 1992B series, issued December 1992, due in annual maturities of \$160,000 to \$240,000 through December 2012, plus interest at 5.85%	1,240,000
\$3,500,000 1993 series, issued November 1993, due in annual maturities of \$20,000 to \$140,000 through December 2013, plus interest at 4.85% to 5.0%	510,000
\$10,700,000 1994 series, issued December 1994, due in annual maturities of \$220,000 through December 2007, plus interest at 8.1%	220,000
\$3,800,000 1994A series, issued May 1994, due in annual maturities of \$195,000 through July 2013, plus interest at 6.1% to 6.3%	1,365,000
\$11,200,000 1996A series, issued May 1996, due in annual maturities of \$560,000 through July 2016, plus interest at 5.3% to 6.1%	5,600,000
\$7,471,945 1996B series, issued November 1996, due in annual maturities of \$375,732 to \$445,122 through July 2016, plus interest at 5.1% to 6.1%	4,077,445

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Obligations (Continued)

General Obligation Bonds: (Continued)

\$8,421,223 1999A series, issued November 1999, due in annual maturities of \$392,600 to \$517,103 through July 2019, plus interest at 5.35% to 6.1%	\$ 5,789,303
\$4,190,343 2000 series, issued November 2000, due in annual maturities of \$194,430 to \$247,440 through July 2020, plus interest at 5.1% to 5.85%	3,078,149
\$5,077,993 2003 series, issued November 2003, due in annual maturities of \$229,438 to \$297,277 through July 2023, plus interest at 4.6% to 5.35%	4,409,680
\$9,404,190 2005 series, issued November 2005, due in annual maturities of \$417,892 to \$545,699 through July 2025, plus interest at 4.6% to 5.1%	9,003,654
\$13,147,200 2006 series, issued November 2006, due in annual maturities of \$560,722 to \$744,134 through July 15, 2026, plus interest at 4.2% to 5.1%	13,147,200
\$10,610,000 2007 series, issued May 2007, due in annual maturities of \$315,000 to \$810,000 through July 15, 2027, plus interest at 4.1% to 5.1%	<u>10,610,000</u>
Total General Obligation Bonds	<u>\$ 59,865,576</u>

State Literary Fund Loans: (interest rate on all loans at 3% except as noted below)

\$136,274, issued October 1987, due in annual installments of \$7,000 through October 2007, plus interest at 4%	\$ 7,000
\$242,027 issued January 1989, due in annual installments of \$12,500 through January 2008, with final payment of \$4,527 in January 2009, plus interest at 4%	17,027
\$2,000,000, issued July 1989, due in annual installments of \$100,000 through July 2009	300,000
\$1,465,359, issued October 1991, due in annual installments of \$73,500 through October 2010, with final payment of \$68,859 on October 2011	<u>362,859</u>
Total State Literary Fund Loans	<u>\$ 686,886</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Obligations (Continued)

Capital Leases:

Joint Judicial Complex:

Payments to the City of Harrisonburg Redevelopment and Housing Authority in annual installments ranging from \$402,500 to \$540,000 through June 2014, plus interest payable semi-annually ranging from 4.5%-5.0% \$ 3,282,500

Human Services Building:

Payments to the City of Harrisonburg Redevelopment and Housing Authority in semi-annual installments ranging from \$82,616 to \$133,994 through February 2016, plus interest at 6.08% 957,660

Emergency Communications Center:

\$7,150,000 lease purchase contract due in annual installments ranging from \$391,264 to \$609,297, through December 2019, plus interest payable semi-annually at 3.76% 6,408,055

Total Capital Leases \$ 10,648,215

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

The capital leases with the City of Harrisonburg Redevelopment and Housing Authority are a result of Public Facility Lease Revenue Bonds issued under a Trust Agreement among the County of Rockingham, Virginia, the City of Harrisonburg, Virginia, and SunTrust Bank and Wachovia Securities, as Trustees. The bonds associated with the first capital lease were issued to refund bonds used to finance the acquisition and construction of a Joint Judicial Complex which the Housing Authority leases to the County and the City under a lease agreement. The second capital lease bonds were issued to finance the acquisition, construction and equipping of a human services building. The bonds associated with the Emergency Communications Center lease were issued to finance the acquisition and construction of emergency use equipment and radio towers throughout the County.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Obligations (Continued)

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

	Governmental Activities		
	Joint Judicial Complex	Human Services Building	Emergency Communications Center
Capital assets:			
Land	\$ 1,254,155	\$ 162,300	\$ -
Construction in progress	-	-	5,894,775
Buildings	9,419,396	1,311,904	-
Improvements other than buildings	-	8,518	-
Machinery and equipment	156,767	84,132	-
Less: accumulated depreciation	(4,190,560)	(595,547)	-
	<u>\$ 6,639,758</u>	<u>\$ 971,307</u>	<u>\$ 5,894,775</u>

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Business-type activities:					
Revenue bonds	\$ 4,756,066	\$ 6,080,000	\$ (184,193)	\$ 10,651,873	\$ 350,978
Landfill obligation	4,349,794	467,194	-	4,816,988	59,282
Compensated absences	130,016	149,970	(151,529)	128,457	76,410
Unamortized premium	23,096	178,353	-	201,449	-
Business-type activities long-term liabilities	<u>\$ 9,258,972</u>	<u>\$ 6,875,517</u>	<u>\$ (335,722)</u>	<u>\$ 15,798,767</u>	<u>\$ 486,670</u>

Annual requirements to amortize long-term debt are as follows:

Year Ending June 30,	Revenue Bonds	
	Principal	Interest
2008	\$ 350,978	\$ 418,875
2009	574,522	429,442
2010	598,182	405,688
2011	606,959	381,153
2012	645,859	355,214
2013-2017	3,447,388	1,335,792
2018-2022	2,040,799	741,336
2023-2027	1,511,406	331,255
2028-2032	181,910	162,851
2033-2037	223,500	121,261
2038-2042	274,597	70,163
2043-2046	195,773	12,815
	<u>\$ 10,651,873</u>	<u>\$ 4,765,845</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Obligations (Continued)

Water and Sewer Fund:

Infrastructure Revenue Bonds (Virginia Pooled Financing Program):
\$1,580,000 issued June 2004, due in annual installments of \$60,000
to \$100,000 through October 2023, plus interest payable semi-annually
ranging from 3.4%-5.1% \$ 1,340,000

Infrastructure Revenue Bonds (Virginia Pooled Financing Program):
\$3,065,000 issued June 2007, due in annual installments of \$45,000
\$230,000 through October 2026, plus interest payable semi-annually
ranging from 4.1%-4.86% 3,065,000

Solid Waste

Infrastructure Revenue Bonds (Virginia Pooled Financing Program):
\$3,015,000 issued June 2007, due in annual installments of \$110,000
to \$385,000 through October 2016, plus interest payable semi-annually
ranging from 4.1%-4.8% 3,015,000

Smith Creek Water & Waste Authority

Virginia Revolving Loan Fund:
\$2,078,500 issued November 2001, due in semi-annual
installments of \$89,899 to \$136,396 through September 2022,
including interest at 3.0% 1,744,517

Taxable Waste Water System Revenue Bond, Series 2005:
\$1,333,000 issued in September 2005, interest only first year,
then due in monthly installments of \$5,746 through September 2045,
including interest at 4.125% 1,322,265

Countryside Sanitary District

Virginia Revolving Loan Fund:
\$171,288 issued June 2006, due in semi-annual
installments of \$5,857 through April 2026,
including interest at 3.25% 165,091
\$ 10,651,873

Information relative to the County's landfill obligation is contained in Note 11.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Obligations (Continued)

The following is a summary of long-term debt transactions of the Component Unit - School Board, for the year ended June 30, 2007:

Component Unit - School Board:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Post-retirement benefits	\$ 36,280	\$ -	\$ -	\$ 36,280	-
Compensated absences	2,793,838	3,145,011	(2,776,370)	3,162,479	1,934,709
	<u>\$ 2,830,118</u>	<u>\$ 3,145,011</u>	<u>\$ (2,776,370)</u>	<u>\$ 3,198,759</u>	<u>\$ 1,934,709</u>

In addition to providing pension benefits, the Component Unit - School Board provides partial payment of health insurance premiums for school employees who retire before they reach age 65 provided they have been employed by the School for ten consecutive years. This benefit continues until the employee reaches age 65. The School Board pays \$10 per month per individual. For the year ended June 30, 2007, there were 85 participants and the School Board recognized an expenditure of \$9,940.

The following is a summary of long-term transactions of the Component Unit - Harrisonburg-Rockingham Social Services District, for the year ended June 30, 2007:

Component Unit - Harrisonburg-Rockingham Social Services District:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated absences	\$ 267,950	\$ 236,920	\$ (229,416)	\$ 275,454	\$ 162,280

Note 7. Government Services Provided by Authorities

The County of Rockingham, the City of Harrisonburg and the Towns of Bridgewater, Dayton, and Mt. Crawford 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 1992 Sewer Revenue Bonds, Series A, in the original amount of \$20,555,000 to upgrade and expand its treatment plant and refinance existing debt. In March 1998, the Authority issued \$16,520,000 Sewer System Revenue Refunding Bonds, Series 1998. Proceeds from the sale of the 1998 Bonds are escrowed to refund \$15,250,000 principal amount of the 1992 Term Bonds. In 2003, the Authority issued \$1,452,800 Sewer System Revenue Refunding Bonds, Series 2003, of which \$800,000 was for capital improvements with the remainder used to retire existing bonds.

The 1998 bond issue consists of Serial Bonds and Term Bonds. The Serial Bonds currently outstanding of \$5,200,000 are to be retired in annual principal installments increasing from \$720,000 in 2008 to \$900,000 in 2013. The Serial Bonds bear interest at annual rates ranging from 4.4% currently to 4.875% at maturity in 2013. The Term Bonds bear interest at 5.0% and are to be retired in principal installments of \$5,230,000 in 2018 and \$5,205,000 in 2022.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. Government Services Provided by Authorities (Continued)

The 2003 bond issue consists of serial bonds of \$140,993 which are to be retired in monthly principal installments increasing from \$13,841 to \$14,073. The bonds bear interest at 2.22% and mature in 2008.

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 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 debt service expenditures for the ensuing year will approximate \$466,000 and \$50,000, 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.

Additional information relative to the Authority is contained in Note 16.

Note 8. Defined Benefit Pension Plan

A. Plan Description

Name of Plan: Virginia Retirement System (VRS)

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

Administering Entity: Virginia Retirement System (System)

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

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

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/pdf/2006annurept.pdf> or obtained by writing to the System at P. O. Box 2500, Richmond, Virginia, 23218-2500.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 8. Defined Benefit Pension Plan (Continued)

B. Funding Policy

Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5% of their annual reported salary to the VRS. This 5% member contribution has been assumed by the County, the District, and the School Board. In addition, the County, the District, and the School Board are required to contribute the remaining amounts necessary to fund their participation in the VRS using the actuarial basis specified by the *Code of Virginia* and approved by the VRS Board of Trustees. For the fiscal year ended June 30, 2007, the contribution rate for the County and the District was 12.64% and for the School Board's non-professional employees was 10.71% of annual covered payroll.

For the years ended June 30, 2007, 2006, and 2005, total employer and employee contributions made to the VRS statewide teacher cost-sharing pool for professional employees by the School Board were \$7,732,501, \$5,858,024, and \$5,310,525, respectively, and were equal to 100% of the required contribution for professional employees for each year.

C. Annual Pension Cost (APC)

For fiscal year 2007, the County, the District, and the School Board's non-professional employees' annual pension costs of \$3,151,897 were equal to the required and actual contributions. The required contributions were determined as part of the June 30, 2005 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return, (b) projected salary increases ranging from 3.75% to 6.2% per year, and (c) 2.5% per year cost-of-living adjustment. Both (a) and (b) included an inflation component of 2.5%. The actuarial value of the assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County, the District, and the School Board's non-professional employees unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis within a period of 21 years.

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

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2007	\$ 2,432,502	100%	\$ -
June 30, 2006	2,196,623	100%	-
June 30, 2005	2,041,981	100%	-

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 8. Defined Benefit Pension Plan (Continued)

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

Fiscal Year Ended	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
June 30, 2007	\$ 719,395	100%	\$ -
June 30, 2006	569,587	100%	-
June 30, 2005	541,663	100%	-

Note 9. Advances To/From Other Funds

Interfund balances as of June 30, 2007 are as follows:

<u>Payable Fund</u>	<u>Receivable Fund</u>
Primary Government:	General Fund:
Water and Sewer	\$ 580,000
Lilly Subdivision Sanitary District	117,000
Total primary government	<u>\$ 697,000</u>

The advance from the General Fund to the Water and Sewer Fund is an interest bearing loan to aid in the construction of a water filtration plant and is to be repaid through 2014 with principal payments ranging from \$65,000 to \$95,000 annually plus interest at 5.5%. The advance from the General Fund to the Lilly Subdivision Sanitary District is to be repaid through 2024 with annual principal payments of \$6,500 plus interest at 3.25%.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Interfund Transfers

A summary of interfund transfer activity is presented as follows:

	Transfer From Fund		Total Transferred In
	General Fund	Joint Judicial Complex	
Transfer To Fund:			
Primary government:			
Governmental activities:			
General Fund	\$ -	\$ 15,176	\$ 15,176
General Capital Projects Fund	8,925,385	-	8,925,385
E-911 Fund	1,577,355	-	1,577,355
Penn Laird Sewer Authority Fund	61,000	-	61,000
Total Transferred Out	\$ 10,563,740	\$ 15,176	\$ 10,578,916

The transfer from the Joint Judicial Complex to the General Fund was for the reduction of principal and interest paid on the Joint Judicial Complex debt.

The transfer from the General Fund to the General Capital Projects Fund was for capital project expenditures.

The transfer from the General Fund to the E-911 Fund was to transfer funds for the E-911 upgrade.

The transfer from the General Fund to the Penn Laird Sewer Authority Fund was to provide funding for new sewer line construction.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Landfill Closure and Postclosure Care Cost

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

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the Solid Waste Fund reports a portion of these closure and postclosure care costs as an operating expense in each period based on the landfill capacity used as of each balance sheet date. This liability has been calculated for only the County's share of the capital cost, which amounts to approximately 70% at June 30, 2007. The \$4,816,988 reported as landfill closure and postclosure care liability at June 30, 2007, represents the cumulative amount reported to date based on the use of 100% of the landfill's old cell, and the use of 91% of the landfill's new cell. The Solid Waste Fund will report the County's estimated liability of closure and postclosure care of \$279,000 for the new cell as the remaining estimated capacity is filled. These amounts are based on the cost to perform all closure and postclosure care in 2007. The County closed the landfill's old cell in 2001 and expects to begin closing the new cell in 2008. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The City of Harrisonburg is responsible for the remaining 30% of the landfill closure and postclosure care liability as of June 30, 2007 estimated at \$2,032,000.

Note 12. Major Customers

The Water and Sewer Fund has one major customer. For the year ended June 30, 2007, water and sewer revenue from this customer was approximately \$1.76 million. Accounts receivable from this customer was approximately \$167,000 at June 30, 2007.

The Solid Waste Fund has two major customers. Revenues from these customers for the year ended June 30, 2007 were approximately \$1.4 million. There are accounts receivable from these customers of approximately \$165,000 at June 30, 2007.

The Smith Creek Water & Waste Authority has one major customer. For the year ended June 30, 2007, revenue from this customer was approximately \$98,000. Accounts receivable from this customer were approximately \$10,000 at June 30, 2007.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 13. 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; injuries to employees and others; and natural disasters. To reduce insurance costs and the need for self-insurance, the County has joined together with other municipalities in the Commonwealth of Virginia in several public entity risk pools that operate as common risk management and insurance programs for member municipalities. The County is not self-insured.

The County has coverage with the Virginia Association of Counties Group Self Insurance Association (Association) for workers' compensation. 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.

Note 14. Pending GASB Statements

At June 30, 2007, the Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the County. The statements which might impact the County are as follows:

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and required supplemental information. Statement No. 45 will be effective for periods beginning after December 15, 2007.

GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, establishes criteria that governments will use to ascertain whether the proceeds received collateralized by future collections of receivables or revenues should be reported as revenues or as a liability. This Statement also includes a provision that stipulates that governments should not revalue assets that are transferred between financial reporting entity components. Statement No. 48 will be effective for periods beginning after December 15, 2006.

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, identifies circumstances requiring a liability to be reported for pollution remediation. Statement No. 49 will be effective for periods beginning after December 15, 2007.

GASB Statement No. 50, *Pension Disclosures, an amendment of GASB Statements No. 25 and No. 27*, more closely aligns financial reporting requirements for pensions with those for OPEB and enhances note disclosures or information presented as required supplementary information. Statement No. 50 will be effective for periods beginning after June 15, 2007.

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, establishes accounting and financial reporting requirements for intangible assets, particularly in the areas of recognition, initial measurement, and amortization to reduce inconsistencies of reporting among state and local governments. Statement No. 51 will be effective for periods beginning after June 15, 2009.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 15. Summary Disclosure of Significant Commitments and Contingencies

In August 2007, the Rockingham County Board of Supervisors authorized participation in the Virginia Public School Authority issuance and sale of General Obligation School Bonds, Series 2007, in a principal amount of \$6,364,713, due in annual maturities ranging from \$269,735 to \$371,160 through July 2027, plus interest.

In August 2007, the Rockingham County Board of Supervisors authorized the issuance of \$382,800 taxable sewer system revenue bonds and also received approval for a \$460,000 grant from the United States Department of Agriculture to acquire, construct and equip sewer system facilities and improvements for the use and benefit of the Penn Laird Sewer Authority. The bonds are payable over 40 years with an interest rate of 4.25%.

The County converted to a self-insured health insurance plan for the plan year beginning October 1, 2007, and to retain a specific stop loss level at \$100,000 while limiting the aggregate expected claims corridor to 15 percent.

In August 2007, the County purchased real estate totaling \$2,475,000 for future school construction.

In October 2007, the County entered into the following related transactions:

- Convey a deed of trust for the benefit of SunTrust Leasing Corporation (SunTrust) to secure the payment of \$17.5 million obligations to be issued to SunTrust by the Industrial Development Authority of Rockingham County with respect to certain property (described below);
- Make an assignment of rents and leases for the benefit of SunTrust with respect to the property; and
- Lease to SRI International (SRI) the following described property:

Up to 40,000 square feet of office space and laboratory space in the Rockingham Center for Research and Technology to be constructed at 140 Research Drive, Harrisonburg, Rockingham County, Virginia, 22802, such real estate parcel consisting of approximately 25 acres.

The lease price for the property starts at \$28.20 per square foot for the first year of the lease to SRI, with increases as specified in that certain Lease with Option to Purchase as executed between the County and SRI.

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 on past experience, no provision has been made in the accompanying financial statements for the refund of grant monies.

**REQUIRED SUPPLEMENTARY
INFORMATION**



COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued (Asset) Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Accrued (Asset) Liability as a Percentage of Covered Payroll
A. Primary Government and Harrisonburg-Rockingham Social Services District, a component unit - employees:						
June 30, 2004	\$ 35,874,312	\$ 38,629,007	\$ 2,754,695	92.87%	\$ 15,322,985	17.98%
June 30, 2005	38,149,903	44,774,077	6,624,174	85.21%	16,610,874	39.88%
June 30, 2006	41,793,896	47,610,989	5,817,093	87.78%	18,007,185	32.30%
B. Component Unit - School Board non-professional employees:						
June 30, 2004	\$ 16,047,452	\$ 16,027,360	\$ (20,092)	100.13%	\$ 5,661,105	(0.35%)
June 30, 2005	16,566,313	18,273,228	1,706,915	90.66%	6,052,483	28.20%
June 30, 2006	17,700,619	19,268,311	1,567,692	91.86%	6,235,148	25.14%



SUPPLEMENTARY INFORMATION



NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Fund

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

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

Capital Projects Fund

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

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

Permanent Fund

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2007

	Special Revenue Asset Forfeiture Fund	Capital Projects Joint Judicial Complex	Permanent Fund Albert K. Long Trust	Total Nonmajor Governmental Funds
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 37,366	\$ 518	\$ -	\$ 37,884
Accrued interest	280	1,056	139	1,475
Restricted cash	-	284,297	20,923	305,220
Total assets	\$ 37,646	\$ 285,871	\$ 21,062	\$ 344,579
LIABILITIES				
Accounts payable	\$ 30,577	\$ -	\$ -	\$ 30,577
Total liabilities	30,577	-	-	30,577
FUND BALANCES				
Reserved for:				
Nonexpendable trust principal	-	-	11,143	11,143
Expendable:				
Park maintenance	-	-	9,919	9,919
Law enforcement	7,069	-	-	7,069
Debt service	-	284,297	-	284,297
Unreserved:				
Designated for subsequent years' expenditures	-	1,574	-	1,574
Total fund balances	7,069	285,871	21,062	314,002
Total liabilities and fund balances	\$ 37,646	\$ 285,871	\$ 21,062	\$ 344,579

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2007

	Special Revenue Asset Forfeiture Fund	Capital Projects Joint Judicial Complex	Permanent Fund Albert K. Long Trust	Total Nonmajor Governmental Funds
Revenues:				
Fines and forfeitures	\$ 47,138	\$ -	\$ -	\$ 47,138
Use of money and property	2,542	28,347	1,079	31,968
Total revenues	49,680	28,347	1,079	79,106
Expenditures:				
Current:				
Public safety	139,515	-	-	139,515
Debt service:				
Interest and fiscal charges	-	13,099	-	13,099
Total expenditures	139,515	13,099	-	152,614
Revenues over (under) expenditures	(89,835)	15,248	1,079	(73,508)
Other financing uses:				
Transfers out	-	(15,176)	-	(15,176)
Net change in fund balances	(89,835)	72	1,079	(88,684)
Fund balance, beginning	96,904	285,799	19,983	402,686
Fund balance, ending	\$ 7,069	\$ 285,871	\$ 21,062	\$ 314,002



NONMAJOR PROPRIETARY FUNDS

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

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF NET ASSETS
NONMAJOR PROPRIETARY FUNDS

June 30, 2007

	Lilly Subdivision Sanitary District	Countryside Sanitary District	Penn Laird Sewer Authority	Total Nonmajor Proprietary Funds
ASSETS				
Current assets:				
Cash, cash equivalents and temporary cash investments	\$ 15,110	\$ 52,180	\$ 116,605	\$ 183,895
Trade and other accounts receivable	4,767	13,419	-	18,186
Accrued interest	135	342	1,029	1,506
Total current assets	20,012	65,941	117,634	203,587
Noncurrent assets:				
Financing costs, net of accumulated amortization	-	6,807	-	6,807
Capital assets:				
Land	20,600	-	20,631	41,231
Buildings	8,900	-	-	8,900
Improvements other than buildings	139,484	306,022	-	445,506
Machinery and equipment	5,470	-	-	5,470
Construction in progress	14,660	-	265,142	279,802
Less accumulated depreciation	(46,946)	(9,181)	-	(56,127)
Total capital assets (net of accumulated depreciation)	142,168	296,841	285,773	724,782
Total noncurrent assets	142,168	303,648	285,773	731,589
Total assets	162,180	369,589	403,407	935,176
LIABILITIES				
Current liabilities:				
Accounts payable	4,931	1,455	82,911	89,297
Accrued interest	3,169	1,341	-	4,510
Advance from other funds	117,000	-	-	117,000
Revenue bonds	-	6,400	-	6,400
Total current liabilities	125,100	9,196	82,911	217,207
Noncurrent liabilities:				
Revenue bonds	-	158,691	-	158,691
Total noncurrent liabilities	-	158,691	-	158,691
Total liabilities	125,100	167,887	82,911	375,898
NET ASSETS				
Invested in capital assets, net of related debt	142,168	131,750	285,773	559,691
Unrestricted (deficit)	(105,088)	69,952	34,723	(413)
Total net assets	\$ 37,080	\$ 201,702	\$ 320,496	\$ 559,278

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 NONMAJOR PROPRIETARY FUNDS
 Year Ended June 30, 2007

	Lilly Subdivision Sanitary District	Countryside Sanitary District	Penn Laird Sewer Authority	Total Nonmajor Proprietary Funds
Operating revenues:				
Charges for services	\$ 31,441	\$ 15,685	\$ -	\$ 47,126
Other revenue	160	-	-	160
Total operating revenues	31,601	15,685	-	47,286
Operating expenses:				
Contractual services	14,837	1,538	169	16,544
Electrical services	3,782	-	-	3,782
Repairs and maintenance	380	-	-	380
Other charges	4,815	4,551	838	10,204
Depreciation and amortization	3,072	6,484	-	9,556
Total operating expenses	26,886	12,573	1,007	40,466
Operating income (loss)	4,715	3,112	(1,007)	6,820
Nonoperating revenues (expenses):				
Interest revenue	1,007	3,091	9,670	13,768
Interest expense	(3,838)	(4,137)	-	(7,975)
Total nonoperating revenues (expenses), net	(2,831)	(1,046)	9,670	5,793
Income before transfers	1,884	2,066	8,663	12,613
Transfers in	-	-	61,000	61,000
Change in net assets	1,884	2,066	69,663	73,613
Total net assets, beginning	35,196	199,636	250,833	485,665
Total net assets, ending	\$ 37,080	\$ 201,702	\$ 320,496	\$ 559,278

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
Year Ended June 30, 2007

	Lilly Subdivision Sanitary District	Countryside Sanitary District	Penn Laird Sewer Authority	Total Nonmajor Proprietary Funds
Cash Flows From Operating Activities:				
Receipts from customers	\$ 30,491	\$ 15,696	\$ -	\$ 46,187
Payments to suppliers for goods and services	(18,508)	(6,357)	-	(24,865)
Other receipts (payments), net	(4,655)	-	8,014	3,359
Net cash provided by operating activities	7,328	9,339	8,014	24,681
Cash Flows From Capital and Related Financing Activities:				
Financing costs	-	(7,170)	-	(7,170)
Payment of advance from other funds	(6,500)	-	-	(6,500)
Principal paid on outstanding debt	-	(6,197)	-	(6,197)
Interest paid on outstanding debt	(4,013)	(4,188)	-	(8,201)
Transfer from other funds for capital purposes	-	-	61,000	61,000
Acquisition and construction of capital assets	(11,728)	-	(124,926)	(136,654)
Net cash used in capital and related financing activities	(22,241)	(17,555)	(63,926)	(103,722)
Cash Flows From Investing Activities:				
Interest received on investment securities	1,048	2,749	9,060	12,857
Net decrease in cash and cash equivalents	(13,865)	(5,467)	(46,852)	(66,184)
Cash and Cash Equivalents:				
Beginning	28,975	57,647	163,457	250,079
Ending	\$ 15,110	\$ 52,180	\$ 116,605	\$ 183,895
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating income (loss)	\$ 4,715	\$ 3,112	\$ (1,007)	\$ 6,820
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	3,072	6,484	-	9,556
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(950)	11	-	(939)
Increase (decrease) in accounts payable	491	(268)	9,021	9,244
Net cash provided by operating activities	\$ 7,328	\$ 9,339	\$ 8,014	\$ 24,681
Schedule of Noncash Capital and Related Financing Activities:				
Capital assets acquired through incurrence of accounts payable	\$ 2,932	\$ -	\$ 73,884	\$ 76,816

FIDUCIARY FUNDS

Special Welfare – This fund is used to account for assets held by the County for individuals under custody of the 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.

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

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

Disability Services Board – This fund is used to account for assets held by the County for the Disability Services Board.

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

Upper Valley Regional Park Authority – This fund is used to account for assets held by the County for the Upper Valley Regional Park Authority.

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

June 30, 2007

	Agency Funds							Totals
	Special Welfare	Benefits	Rockingham County Industrial Development Authority	Bond Escrow	Disability Services Board	Massanutten Technical Center	Upper Valley Regional Park Authority	
ASSETS								
Cash, cash equivalents and temporary cash investments	\$ 79,691	\$ 327,553	\$ 34,167	\$ 512,972	\$ 10,684	\$ 825,543	\$ 78,183	\$ 1,868,793
Accounts receivable	-	33,500	226	3,400	73	43,246	-	80,445
Total assets	\$ 79,691	\$ 361,053	\$ 34,393	\$ 516,372	\$ 10,757	\$ 868,789	\$ 78,183	\$ 1,949,238
LIABILITIES								
Accounts payable	\$ 79,691	\$ 361,053	\$ 34,393	\$ 516,372	\$ 10,757	\$ 868,789	\$ 78,183	\$ 1,949,238
Total liabilities	\$ 79,691	\$ 361,053	\$ 34,393	\$ 516,372	\$ 10,757	\$ 868,789	\$ 78,183	\$ 1,949,238

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 Year Ended June 30, 2007

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
<u>SPECIAL WELFARE</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 49,601	\$ 132,384	\$ 102,294	\$ 79,691
LIABILITIES				
Accounts payable	\$ 49,601	\$ 132,384	\$ 102,294	\$ 79,691
<u>EMPLOYEE BENEFITS</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 233,982	\$ 293,145	\$ 199,574	\$ 327,553
Accounts receivable	25,251	33,500	25,251	33,500
Total assets	\$ 259,233	\$ 326,645	\$ 224,825	\$ 361,053
LIABILITIES				
Accounts payable	\$ 259,233	\$ 326,645	\$ 224,825	\$ 361,053
<u>ROCKINGHAM COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 33,571	\$ 10,721	\$ 10,125	\$ 34,167
Accounts receivable	208	226	208	226
Total assets	\$ 33,779	\$ 10,947	\$ 10,333	\$ 34,393
LIABILITIES				
Accounts payable	\$ 33,779	\$ 10,947	\$ 10,333	\$ 34,393

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
Year Ended June 30, 2007**

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
<u>BOND ESCROW</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 867,403	\$ 197,905	\$ 552,336	\$ 512,972
Accounts receivable	5,414	3,400	5,414	3,400
Total assets	\$ 872,817	\$ 201,305	\$ 557,750	\$ 516,372
LIABILITIES				
Accounts payable	\$ 872,817	\$ 201,305	\$ 557,750	\$ 516,372

DISABILITY SERVICES BOARD

ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 10,487	\$ 14,623	\$ 14,426	\$ 10,684
Accounts receivable	692	73	692	73
Total assets	\$ 11,179	\$ 14,696	\$ 15,118	\$ 10,757
LIABILITIES				
Accounts payable	\$ 11,179	\$ 14,696	\$ 15,118	\$ 10,757

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
Year Ended June 30, 2007**

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
<u>MASSANUTTEN TECHNICAL CENTER</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 485,375	\$ 4,568,212	\$ 4,228,044	\$ 825,543
Accounts receivable	55,035	43,246	55,035	43,246
Total assets	\$ 540,410	\$ 4,611,458	\$ 4,283,079	\$ 868,789
LIABILITIES				
Accounts payable	\$ 540,410	\$ 4,611,458	\$ 4,283,079	\$ 868,789
<u>UPPER VALLEY REGIONAL PARK AUTHORITY</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 82,956	\$ 667,268	\$ 672,041	\$ 78,183
LIABILITIES				
Accounts payable	\$ 82,956	\$ 667,268	\$ 672,041	\$ 78,183
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 1,763,375	\$ 5,884,258	\$ 5,778,840	\$ 1,868,793
Accounts receivable	86,600	80,445	86,600	80,445
Total assets	\$ 1,849,975	\$ 5,964,703	\$ 5,865,440	\$ 1,949,238
LIABILITIES				
Accounts payable	\$ 1,849,975	\$ 5,964,703	\$ 5,865,440	\$ 1,949,238



DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD

School Operating Fund – This fund accounts for the operations of the School Board. Financing is provided by specific allocations from state and federal governments, and by appropriations from the primary government by the Board of Supervisors.

School Cafeteria Fund – This fund accounts for the operations of the centralized school cafeteria operations.

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

School Textbook Fund – This fund accounts for the operations of the centralized school textbook operation.

Massanutten Technical Center – Operating Fund – This fund accounts for the general operations of the Massanutten Technical Center.

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
June 30, 2007

	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash, cash equivalents and temporary cash investments	\$ 8,034,411	\$ 1,190,967	\$ 1,187,845	\$ 1,267,461	\$ 11,680,684
Trade and other accounts receivable	402,718	4,930	-	4,011	411,659
Accrued interest	-	7,452	51,392	5,810	64,654
Due from other governments	2,454,646	42,805	-	33,599	2,531,050
Inventory	99,041	40,554	-	157,571	297,166
Restricted cash	-	-	9,683,671	-	9,683,671
Total assets	\$ 10,990,816	\$ 1,286,708	\$ 10,922,908	\$ 1,468,452	\$ 24,668,884
LIABILITIES					
Accounts payable	\$ 838,838	\$ 29,636	\$ 1,105,986	\$ 244,909	\$ 2,219,369
Retainage payable	-	-	460,133	-	460,133
Accrued payroll	10,151,978	319,582	1,974	157,530	10,631,064
Due to other governments	-	-	-	489,586	489,586
Total liabilities	10,990,816	349,218	1,568,093	892,025	13,800,152
FUND BALANCES					
Reserved for:					
Inventory	99,041	40,554	-	157,571	297,166
Capital outlay	-	-	9,683,671	-	9,683,671
Unreserved:					
Designated for subsequent years' expenditures	-	896,936	-	418,856	1,315,792
Undesignated (deficit)	(99,041)	-	(328,856)	-	(427,897)
Total fund balances	-	937,490	9,354,815	576,427	10,868,732
Total liabilities and fund balances	\$ 10,990,816	\$ 1,286,708	\$ 10,922,908	\$ 1,468,452	\$ 24,668,884

Total Fund balances \$ 10,868,732

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

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

Governmental capital assets	\$ 174,635,113
Less accumulated depreciation	<u>(76,642,655)</u>
Net Capital Assets	97,992,458

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.

Post-retirement benefits	(36,280)
Compensated absences	<u>(3,162,479)</u>
	<u>(3,198,759)</u>

Net assets of governmental activities \$ 105,662,431

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD

Year Ended June 30, 2007

	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Use of money and property	\$ 24,484	\$ 46,990	\$ 157,229	\$ 39,565	\$ 268,268
Charges for services	1,903,086	2,309,977	-	777,383	4,990,446
Miscellaneous	131,395	-	391,581	8,502	531,478
Appropriation from General Fund	35,873,750	-	24,626,484	-	60,500,234
Intergovernmental	64,160,793	2,209,916	2,623,344	4,496,213	73,490,266
Total revenues	102,093,508	4,566,883	27,798,638	5,321,663	139,780,692
Expenditures:					
Current:					
Education	101,703,508	4,448,574	-	5,620,813	111,772,895
Capital outlay	-	-	14,842,968	-	14,842,968
Total expenditures	101,703,508	4,448,574	14,842,968	5,620,813	126,615,863
Revenues over (under) expenditures	390,000	118,309	12,955,670	(299,150)	13,164,829
Other financing sources (uses):					
Transfers in	-	-	-	390,000	390,000
Transfers out	(390,000)	-	-	-	(390,000)
Net change in fund balances	-	118,309	12,955,670	90,850	13,164,829
Fund balances (deficit), beginning	-	819,181	(3,600,855)	485,577	(2,296,097)
Fund balances, ending	\$ -	\$ 937,490	\$ 9,354,815	\$ 576,427	\$ 10,868,732

Net change in fund balances \$ 13,164,829

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 expense. This is the amount by which capital outlays were more than depreciation in the current period.

Expenditure for capital assets	\$ 15,933,797
Less depreciation expense	(4,123,673)
Excess of capital outlay over depreciation	11,810,124

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to decrease net assets. (4,941)

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	(368,641)
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Change in net assets of governmental activities **\$ 24,601,371**

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING BALANCE SHEET

NONMAJOR FUNDS OF THE DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD

June 30, 2007

	School Textbook Fund	Massanutten Technical Center - Operating	Total Nonmajor Governmental Funds
ASSETS			
Cash, cash equivalents and temporary cash investments	\$ 441,918	\$ 825,543	\$ 1,267,461
Trade and other accounts receivable	174	3,837	4,011
Accrued interest	-	5,810	5,810
Due from other governments	-	33,599	33,599
Inventory	157,571	-	157,571
Total assets	\$ 599,663	\$ 868,789	\$ 1,468,452
LIABILITIES			
Accounts payable	\$ 17,494	\$ 227,415	\$ 244,909
Accrued payroll	5,742	151,788	157,530
Due to other government	-	489,586	489,586
Total liabilities	23,236	868,789	892,025
FUND BALANCES			
Reserved for:			
Inventory	157,571	-	157,571
Unreserved:			
Designated for subsequent years' expenditures	418,856	-	418,856
Total fund balances	576,427	-	576,427
Total liabilities and fund balances	\$ 599,663	\$ 868,789	\$ 1,468,452

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

NONMAJOR FUNDS OF THE DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
Year Ended June 30, 2007

	School Textbook Fund	Massanutten Technical Center - Operating	Total Nonmajor Governmental Funds
Revenues:			
Use of money and property	\$ -	\$ 39,565	\$ 39,565
Charges for services	-	777,383	777,383
Miscellaneous	-	8,502	8,502
Intergovernmental	765,240	3,730,973	4,496,213
Total revenues	765,240	4,556,423	5,321,663
Expenditures:			
Current:			
Education	1,064,390	4,556,423	5,620,813
Total expenditures	1,064,390	4,556,423	5,620,813
Revenues under expenditures	(299,150)	-	(299,150)
Other financing sources:			
Transfers in	390,000	-	390,000
Net change in fund balances	90,850	-	90,850
Fund balance, beginning	485,577	-	485,577
Fund balance, ending	\$ 576,427	\$ -	\$ 576,427



FIDUCIARY FUNDS

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS - SCHOOL BOARD
FIDUCIARY FUNDS**

June 30, 2007

	Agency Funds		
	School Activity Fund	Massanutten Technical Center Activity Fund	Totals
ASSETS			
Cash, cash equivalents and temporary cash investments	\$ 926,868	\$ 119,378	\$ 1,046,246
Accounts receivable	25,149	-	25,149
Total assets	\$ 952,017	\$ 119,378	\$ 1,071,395
LIABILITIES			
Accounts payable	\$ 952,017	\$ 119,378	\$ 1,071,395
Total liabilities	\$ 952,017	\$ 119,378	\$ 1,071,395

COUNTY OF ROCKINGHAM, VIRGINIA

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - SCHOOL BOARD
ALL AGENCY FUNDS**

Year Ended June 30, 2007

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
<u>SCHOOL ACTIVITY FUND</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 862,423	\$ 3,878,419	\$ 3,813,974	\$ 926,868
Accounts receivable	14,221	25,149	14,221	25,149
Total assets	\$ 876,644	\$ 3,903,568	\$ 3,828,195	\$ 952,017
LIABILITIES				
Accounts payable	\$ 876,644	\$ 3,903,568	\$ 3,828,195	\$ 952,017
<u>MASSANUTTEN TECHNICAL CENTER ACTIVITY FUND</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 126,912	\$ 175,304	\$ 182,838	\$ 119,378
Accounts receivable	319	-	319	-
Total assets	\$ 127,231	\$ 175,304	\$ 183,157	\$ 119,378
LIABILITIES				
Accounts payable	\$ 127,231	\$ 175,304	\$ 183,157	\$ 119,378
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 989,335	\$ 4,053,723	\$ 3,996,812	\$ 1,046,246
Accounts receivable	14,540	25,149	14,540	25,149
Total assets	\$ 1,003,875	\$ 4,078,872	\$ 4,011,352	\$ 1,071,395
LIABILITIES				
Accounts payable	\$ 1,003,875	\$ 4,078,872	\$ 4,011,352	\$ 1,071,395



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

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.

COUNTY OF ROCKINGHAM, VIRGINIA

BALANCE SHEET

DISCRETELY PRESENTED COMPONENT UNIT - HARRISONBURG-ROCKINGHAM

SOCIAL SERVICES DISTRICT

June 30, 2007

ASSETS	
Cash, cash equivalents and temporary cash investments	\$ 1,698,399
Trade and other accounts receivable	148,750
Accrued interest	12,596
Due from other governments	<u>2,793,788</u>
Total assets	<u>\$ 4,653,533</u>
LIABILITIES	
Accounts payable	\$ 2,649,154
Accrued payroll	156,253
Deferred revenue	<u>167,624</u>
Total liabilities	<u>2,973,031</u>
FUND BALANCE	
Unreserved, undesignated	<u>1,680,502</u>
Total liabilities and fund balance	<u>\$ 4,653,533</u>
Fund balance	\$ 1,680,502

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

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

Governmental capital assets	\$ 494,046	
Less accumulated depreciation	<u>(299,473)</u>	
Net capital assets		194,573

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		<u>(275,454)</u>
Net assets of governmental activities		<u>\$ 1,599,621</u>

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 DISCRETELY PRESENTED COMPONENT UNIT - HARRISONBURG-ROCKINGHAM
 SOCIAL SERVICES DISTRICT
 Year Ended June 30, 2007

Revenues:	
Use of money and property	\$ 82,948
Miscellaneous	2,750,835
Appropriation from General Fund	3,149,493
Intergovernmental	<u>13,149,808</u>
Total revenues	<u>19,133,084</u>
Expenditures:	
Current:	
Health and social services	<u>19,003,775</u>
Total expenditures	<u>19,003,775</u>
Net change in fund balance	129,309
Fund balance, beginning	<u>1,551,193</u>
Fund balance, ending	<u>\$ 1,680,502</u>
Net change in fund balance	\$ 129,309
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 expense. This is the amount by which capital outlays exceeded depreciation in the current period.	
Expenditure for capital assets	\$ 81,992
Less depreciation expense	<u>(57,472)</u>
Excess of capital outlays over depreciation	24,520
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	<u>(7,504)</u>
Change in net assets of governmental activities	<u>\$ 146,325</u>



SUPPLEMENTAL SCHEDULES



GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2007

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	\$ 35,015,000	\$ 35,015,000	\$ 35,501,200	\$ 486,200
Real and personal public service corporation property taxes	1,015,000	1,015,000	1,157,311	142,311
Personal property taxes	7,620,000	7,620,000	9,209,297	1,589,297
Machinery and tools taxes	6,000,000	6,000,000	6,358,747	358,747
Merchants' capital taxes	700,000	700,000	803,769	103,769
Penalties and interest	475,000	475,000	670,471	195,471
Total general property taxes	50,825,000	50,825,000	53,700,795	2,875,795
Other local taxes:				
Local sales and use taxes	4,100,000	4,100,000	4,528,481	428,481
Consumer utility taxes	1,215,900	1,215,900	1,286,561	70,661
Utility gross receipts taxes	1,076,000	320,000	322,451	2,451
Communications sales and use taxes	-	756,000	783,941	27,941
Bank stock taxes	14,000	14,000	12,958	(1,042)
Motor vehicle licenses	1,200,000	1,200,000	1,194,912	(5,088)
Taxes on recordation and wills	940,000	940,000	1,229,289	289,289
Hotel and motel room taxes	90,000	90,000	161,809	71,809
Total other local taxes	8,635,900	8,635,900	9,520,402	884,502
Permits, privilege fees and regulatory licenses:				
Animal licenses	17,000	17,000	16,747	(253)
Permits and other licenses	1,066,300	1,113,465	940,259	(173,206)
Total permits, privilege fees and regulatory licenses	1,083,300	1,130,465	957,006	(173,459)
Fines and forfeitures	186,000	186,000	160,145	(25,855)
Use of money and property:				
Revenue from use of money	600,000	600,000	1,282,292	682,292
Revenue from use of property	210,203	210,203	217,183	6,980
Total use of money and property	810,203	810,203	1,499,475	689,272

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2007**

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	\$ 666,500	\$ 666,500	\$ 663,961	\$ (2,539)
Commonwealth attorney's fees	153,600	153,600	152,917	(683)
Law enforcement and traffic control	119,395	193,395	195,493	2,098
Correction and detention	1,118,550	1,118,550	752,324	(366,226)
Parks and recreation	295,000	312,500	325,211	12,711
Gypsy moth suppression fees	6,000	6,000	-	(6,000)
Computer services	4,000	4,000	2,877	(1,123)
Health	25,000	25,000	26,086	1,086
Garage fees	377,000	442,000	540,166	98,166
Planning and community development	7,260	7,260	3,011	(4,249)
Total charges for services	2,772,305	2,928,805	2,662,046	(266,759)
Miscellaneous	58,000	75,484	221,207	145,723
Recovered costs:				
City of Harrisonburg:				
Judicial administration	310,140	349,476	327,977	(21,499)
Public safety	1,686,879	1,900,831	1,783,898	(116,933)
Public works	269,459	303,636	284,957	(18,679)
Other entities:				
Public safety	228,924	257,960	241,207	(16,753)
Public works	-	-	884	884
Total recovered costs	2,495,402	2,811,903	2,638,923	(172,980)
Total revenue from local sources	66,866,110	67,403,760	71,359,999	3,956,239
Intergovernmental:				
Revenue from the Commonwealth:				
Non-categorical aid:				
ABC profits	30,000	30,000	30,914	914
Wine taxes	32,000	32,000	32,404	404
Mobile home titling taxes	100,000	100,000	123,096	23,096
Rental vehicle taxes	3,600	3,600	3,210	(390)
Personal property tax relief	5,860,000	5,860,000	5,873,487	13,487
Recordation taxes	252,000	252,000	238,564	(13,436)
Total non-categorical aid	6,277,600	6,277,600	6,301,675	24,075

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2007**

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	\$ 630,000	\$ 701,349	\$ 723,098	\$ 21,749
Sheriff	5,610,000	5,633,452	5,767,285	133,833
Commissioner of the revenue	210,000	210,000	217,396	7,396
Treasurer	185,000	185,000	194,824	9,824
Medical examiner	750	750	60	(690)
Registrar/Electoral Board	45,000	45,000	59,831	14,831
Clerk of circuit court	463,000	592,000	590,889	(1,111)
Jail operations	549,000	549,000	651,155	102,155
Total shared costs	7,692,750	7,916,551	8,204,538	287,987
Other categorical aid:				
Emergency medical services	57,000	57,000	59,661	2,661
Community corrections grant	332,454	352,473	348,316	(4,157)
Soil conservation	216,047	214,122	206,836	(7,286)
Fire program	120,000	130,844	130,844	-
Hazardous materials program	6,000	6,000	6,000	-
Victim witness grant	-	13,962	13,510	(452)
Resource officers grant	30,000	30,000	26,118	(3,882)
Methamphetamine grant	32,330	32,330	32,619	289
Domestic violence victim grant	-	-	36,923	36,923
Other	-	-	3	3
Total other categorical aid	793,831	836,731	860,830	24,099
Total categorical aid	8,486,581	8,753,282	9,065,368	312,086
Total revenue from the Commonwealth	14,764,181	15,030,882	15,367,043	336,161

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2007**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Intergovernmental:				
Revenue from the federal government:				
Non-categorical aid:				
Payment for federal lands	\$ 195,000	\$ 195,000	\$ 200,800	\$ 5,800
Categorical aid:				
Victim witness grant	67,771	55,850	54,040	(1,810)
FEMA funding	10,844	10,844	10,844	-
Highway safety	40,000	40,000	38,562	(1,438)
Welfare	-	-	121,558	121,558
Domestic violence coordinator grant	30,522	30,522	20,096	(10,426)
COPS	-	-	13,287	13,287
Weed and seed	55,591	102,969	147,250	44,281
Gang task force	88,011	88,011	60,214	(27,797)
State criminal alien assistance	50,000	50,000	91,218	41,218
Criminal justice record improvement	143,117	258,242	55,172	(203,070)
Other	30,000	147,649	187,791	40,142
Total categorical aid	515,856	784,087	800,032	15,945
Total revenue from the federal government	710,856	979,087	1,000,832	21,745
Total intergovernmental	15,475,037	16,009,969	16,367,875	357,906
Total General Fund	\$ 82,341,147	\$ 83,413,729	\$ 87,727,874	\$ 4,314,145
Special Revenue Funds:				
E-911 Fund:				
Revenue from local sources:				
Other local taxes:				
Emergency telephone service taxes	\$ 558,143	\$ 558,143	\$ 526,430	\$ (31,713)
Revenue from use of money	-	-	202,604	202,604
Total revenue from local sources	558,143	558,143	729,034	170,891
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Shared costs:				
Emergency communications center	67,183	67,183	76,306	9,123
Revenue from the federal government:				
Categorical aid:				
COPS technology	-	247,370	247,370	-
Homeland security	-	-	171,466	171,466
Total revenue from the federal government	-	247,370	418,836	171,466
Total intergovernmental	67,183	314,553	495,142	180,589
Total E-911 Fund	625,326	872,696	1,224,176	351,480

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2007**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
Special Revenue Funds:				
Asset Forfeiture Fund:				
Revenue from local sources:				
Fines and forfeitures:				
Seized funds - judicial administration	\$ 40,000	\$ 18,000	\$ 12,614	\$ (5,386)
Seized funds - public safety	41,800	41,800	34,524	(7,276)
Total fines and forfeitures	81,800	59,800	47,138	(12,662)
Revenue from use of money	-	-	2,542	2,542
Total revenue from local sources	81,800	59,800	49,680	(10,120)
Total Asset Forfeiture Fund	81,800	59,800	49,680	(10,120)
Total Special Revenue Funds	\$ 707,126	\$ 932,496	\$ 1,273,856	\$ 341,360
Capital Projects Funds:				
General Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money	\$ -	\$ -	\$ 142,568	\$ 142,568
Miscellaneous	-	-	20,016	20,016
Recovered costs from other governments	-	-	76,746	76,746
Total revenue from local sources	-	-	239,330	239,330
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Flood mitigation	-	-	28,647	28,647
Revenue from the federal government:				
Categorical aid:				
Flood mitigation	-	-	88,362	88,362
Total intergovernmental	-	-	117,009	117,009
Total General Capital Projects Fund	-	-	356,339	356,339
Joint Judicial Complex Fund:				
Revenue from local sources:				
Revenue from use of money	-	-	28,347	28,347
Total Joint Judicial Complex Fund	-	-	28,347	28,347
Total Capital Projects Funds	\$ -	\$ -	\$ 384,686	\$ 384,686
Permanent Fund:				
Albert K. Long Trust:				
Revenue from local sources:				
Revenue from use of money	\$ -	\$ -	\$ 1,079	\$ 1,079
Total Permanent Fund	\$ -	\$ -	\$ 1,079	\$ 1,079
Grand Total Revenues - Primary Government	\$ 83,048,273	\$ 84,346,225	\$ 89,387,495	\$ 5,041,270

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2007**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Component Units:				
Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of property	\$ 24,000	\$ 24,000	\$ 24,484	\$ 484
Charges for services	1,410,000	1,780,000	1,903,086	123,086
Miscellaneous	47,500	75,746	131,395	55,649
Appropriation from General Fund	39,308,230	39,308,230	35,873,750	(3,434,480)
Total revenue from local sources	40,789,730	41,187,976	37,932,715	(3,255,261)
Intergovernmental:				
Revenue from the Commonwealth:				
Non-categorical aid:				
Rolling stock tax	52,000	52,000	46,613	(5,387)
Categorical aid:				
State sales tax receipts	12,754,594	12,754,594	11,826,468	(928,126)
Basic school aid	30,994,809	31,171,809	31,947,413	775,604
Other state school funds	14,538,972	14,926,402	14,959,642	33,240
Total categorical aid	58,288,375	58,852,805	58,733,523	(119,282)
Total revenue from the Commonwealth	58,340,375	58,904,805	58,780,136	(124,669)
Revenue from the federal government:				
Categorical aid:				
National forest receipts	80,000	80,000	82,849	2,849
Title I	1,360,000	1,411,000	1,350,307	(60,693)
Title VIB	2,600,000	2,680,000	2,698,359	18,359
Other school funds	797,733	1,334,208	1,249,142	(85,066)
Total revenue from the federal government	4,837,733	5,505,208	5,380,657	(124,551)
Total intergovernmental	63,178,108	64,410,013	64,160,793	(249,220)
Total School Operating Fund	103,967,838	105,597,989	102,093,508	(3,504,481)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2007**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Component Units:				
Component Unit - School Board:				
School Textbook Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Financial assistance/textbook rental	\$ 770,919	\$ 770,919	\$ 765,240	\$ (5,679)
Total School Textbook Fund	770,919	770,919	765,240	(5,679)
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money	20,000	20,000	46,990	26,990
Charges for services	2,338,550	2,338,550	2,309,977	(28,573)
Total revenue from local sources	2,358,550	2,358,550	2,356,967	(1,583)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	68,000	68,000	83,574	15,574
Revenue from the federal government:				
Categorical aid:				
School food program grant	1,736,823	2,039,149	2,126,342	87,193
Total intergovernmental	1,804,823	2,107,149	2,209,916	102,767
Total School Cafeteria Fund	4,163,373	4,465,699	4,566,883	101,184
School Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money	-	-	157,229	157,229
Miscellaneous	-	391,581	391,581	-
Appropriation from General Fund	12,268,501	36,894,985	24,626,484	(12,268,501)
Total revenue from local sources	12,268,501	37,286,566	25,175,294	(12,111,272)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Lottery	877,609	877,609	884,476	6,867
Other state revenues	253,890	1,738,504	1,738,868	364
Total intergovernmental	1,131,499	2,616,113	2,623,344	7,231
Total School Capital Projects Fund	13,400,000	39,902,679	27,798,638	(12,104,041)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2007**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Component Units:				
Component Unit - School Board:				
Massanutten Technical Center - Operating Fund:				
Revenue from local sources:				
Revenue from use of money	\$ -	\$ -	\$ 39,565	\$ 39,565
Charges for services	591,050	628,550	777,383	148,833
Miscellaneous	6,000	6,000	8,502	2,502
House project	20,000	20,000	-	(20,000)
Total revenue from local sources	617,050	654,550	825,450	170,900
Intergovernmental:				
Revenue from the Commonwealth	311,625	406,785	418,029	11,244
Revenue from the federal government	197,589	177,089	143,582	(33,507)
Local governments:				
Appropriation from Rockingham County	2,752,749	2,752,749	2,385,559	(367,190)
Appropriation from the City of Harrisonburg	906,200	906,200	783,803	(122,397)
Total local governments	3,658,949	3,658,949	3,169,362	(489,587)
Total intergovernmental	4,168,163	4,242,823	3,730,973	(511,850)
Total Massanutten Technical Center - Operating Fund	4,785,213	4,897,373	4,556,423	(340,950)
Total Revenues - Component Unit - School Board	\$ 127,087,343	\$ 155,634,659	\$ 139,780,692	\$ (15,853,967)
Component Unit - Harrisonburg-Rockingham				
Social Services District:				
Revenue from local sources:				
Revenue from use of money	\$ -	\$ -	\$ 82,948	\$ 82,948
Miscellaneous:				
City of Harrisonburg share	2,111,767	2,493,326	2,493,326	-
Other	200,669	200,669	257,509	56,840
Total miscellaneous	2,312,436	2,693,995	2,750,835	56,840
Appropriation from the General Fund	2,560,166	3,149,493	3,149,493	-
Total revenue from local sources	4,872,602	5,843,488	5,983,276	139,788

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2007**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Component Units:				
Component Unit - Harrisonburg-Rockingham				
Social Services District: (Continued)				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Social services administration:				
Public assistance and administration	\$ 3,298,602	\$ 3,398,615	\$ 2,886,219	\$ (512,396)
Comprehensive Services Act	4,111,525	5,853,306	5,096,538	(756,768)
Total revenue from the Commonwealth	7,410,127	9,251,921	7,982,757	(1,269,164)
Revenue from the federal government:				
Categorical aid:				
Social services administration:				
Welfare	6,296,851	6,386,863	5,167,051	(1,219,812)
Total intergovernmental	13,706,978	15,638,784	13,149,808	(2,488,976)
Total Revenues - Component Unit - Harrisonburg-Rockingham Social Services District	\$ 18,579,580	\$ 21,482,272	\$ 19,133,084	\$ (2,349,188)
Grand Total Revenues - Component Units	\$ 145,666,923	\$ 177,116,931	\$ 158,913,776	\$ (18,203,155)

GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
 Year Ended June 30, 2007

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	\$ 178,553	\$ 178,553	\$ 149,961	\$ (28,592)
General and financial:				
Executive administration	406,121	432,866	400,037	(32,829)
Legal services	412,145	412,145	407,744	(4,401)
Independent auditor	98,000	108,000	91,750	(16,250)
Commissioner of the revenue	656,387	656,387	628,669	(27,718)
Reassessment and equalization	166,619	196,619	171,302	(25,317)
Treasurer	526,659	534,159	484,710	(49,449)
Fiscal services	620,219	620,219	610,412	(9,807)
Human resources	197,313	197,313	192,406	(4,907)
Information systems	958,253	964,080	921,597	(42,483)
Land use assessment	41,384	41,384	40,646	(738)
Central switchboard	79,018	79,018	69,314	(9,704)
Total general and financial	4,162,118	4,242,190	4,018,587	(223,603)
Board of elections:				
Electoral board and officials	71,776	162,417	144,220	(18,197)
Registrar	117,353	119,204	116,406	(2,798)
Total board of elections	189,129	281,621	260,626	(20,995)
Total general government administration	4,529,800	4,702,364	4,429,174	(273,190)
Judicial administration:				
Courts:				
Circuit court	190,565	190,565	181,221	(9,344)
General district court	21,266	21,266	24,957	3,691
Juvenile and domestic relations court	24,567	25,526	22,832	(2,694)
Clerk of the circuit court	772,591	901,591	886,233	(15,358)
Department of court services	828,301	1,142,988	772,137	(370,851)
Total courts	1,837,290	2,281,936	1,887,380	(394,556)
Commonwealth attorney	1,203,347	1,409,805	1,361,766	(48,039)
Total judicial administration	3,040,637	3,691,741	3,249,146	(442,595)

GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 2007

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 5,113,906	\$ 5,328,468	\$ 5,080,935	\$ (247,533)
Fire and rescue services:				
Fire department	3,540,274	3,659,327	3,637,852	(21,475)
Volunteer fire companies	524,319	524,319	479,708	(44,611)
Ambulance and rescue squads	495,068	497,818	464,287	(33,531)
Fire extinction service	13,544	13,544	11,251	(2,293)
Total fire and rescue services	4,573,205	4,695,008	4,593,098	(101,910)
Correction and detention:				
County operated institutions	5,875,732	6,393,906	6,325,835	(68,071)
Building inspections	760,192	760,192	713,852	(46,340)
Other protection:				
Animal control	228,614	284,084	267,116	(16,968)
Emergency services	38,734	43,734	43,211	(523)
Total other protection	267,348	327,818	310,327	(17,491)
Total public safety	16,590,383	17,505,392	17,024,047	(481,345)
Public works:				
General administration	94,438	94,438	99,392	4,954
Road viewers	320	320	-	(320)
Garage operations	559,187	624,187	627,365	3,178
Maintenance:				
General properties	328,667	374,136	350,104	(24,032)
Courthouse	196,583	210,783	209,367	(1,416)
County office building	182,255	144,807	115,359	(29,448)
Extension/central garage building	56,132	74,856	76,230	1,374
Human Services/Health department building	134,020	134,020	130,237	(3,783)
TV translator system	55,950	77,629	72,941	(4,688)
County administration complex	227,681	268,681	261,197	(7,484)
District courts	271,232	364,232	364,339	107
Sheriff department	187,296	187,296	174,226	(13,070)
Total public works	2,293,761	2,555,385	2,480,757	(74,628)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 2007**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Over (Under)
Primary Government:				
General Fund:				
Health and social services:				
Health:				
Supplement to local health department	\$ 591,592	\$ 591,592	\$ 559,119	\$ (32,473)
Mental health and mental retardation:				
Community Services Board	324,519	324,519	324,519	-
Social services:				
Property tax relief for elderly/handicapped	165,000	182,000	190,205	8,205
Appropriation to the Harrisonburg-Rockingham Social Services District				
	2,560,166	3,149,493	3,149,493	-
Institutional care				
	294,015	294,015	294,187	172
Total health and social services	3,935,292	4,541,619	4,517,523	(24,096)
Education:				
Appropriation to the Rockingham County School Board				
	39,308,230	63,934,714	60,500,234	(3,434,480)
Total education	39,308,230	63,934,714	60,500,234	(3,434,480)
Parks, recreation and cultural:				
Parks and recreation:				
Administration	119,069	119,069	117,139	(1,930)
Maintenance	346,724	402,624	402,202	(422)
Athletic events/programs	825,932	835,932	822,582	(13,350)
Total parks and recreation	1,291,725	1,357,625	1,341,923	(15,702)
Cultural:				
Regional library	720,000	720,000	720,000	-
Total parks, recreation and cultural	2,011,725	2,077,625	2,061,923	(15,702)
Community development:				
Planning and community development	620,554	620,554	627,702	7,148
Geographic information systems	179,238	179,238	175,727	(3,511)
Economic development	779,487	794,487	543,941	(250,546)
Soil and water conservation district	216,047	248,047	242,862	(5,185)
Cooperative extension program	208,761	208,761	187,120	(21,641)
Gypsy moth program	12,000	12,000	2,214	(9,786)
Environmental management	158,535	233,200	212,068	(21,132)
Contributions, grants, and other	931,144	805,423	364,144	(441,279)
Total community development	3,105,766	3,101,710	2,355,778	(745,932)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 2007**

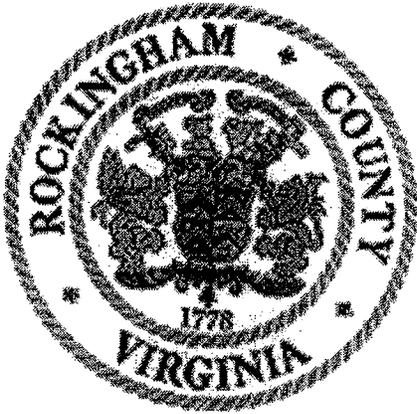
Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Debt service:				
Principal - County	\$ 462,264	\$ 462,264	\$ 462,264	\$ -
Principal - School Board	3,339,965	13,339,965	13,339,965	-
Total principal	3,802,229	13,802,229	13,802,229	-
Interest and fiscal charges - County	249,352	249,352	248,351	(1,001)
Interest and fiscal charges - School Board	2,678,684	2,678,684	2,313,475	(365,209)
Total interest and fiscal charges	2,928,036	2,928,036	2,561,826	(366,210)
Total debt service	6,730,265	16,730,265	16,364,055	(366,210)
Total General Fund	\$ 81,545,859	\$ 118,840,815	\$ 112,982,637	\$ (5,858,178)
Special Revenue Funds:				
E-911 Fund:				
Public safety:				
E-911 communication system	\$ 1,175,996	\$ 6,802,878	\$ 3,140,599	\$ (3,662,279)
Debt service:				
Principal	377,085	377,085	377,085	-
Interest and fiscal charges	248,032	248,032	247,953	(79)
Total debt service	625,117	625,117	625,038	(79)
Total E-911 Fund	1,801,113	7,427,995	3,765,637	(3,662,358)
Asset Forfeiture Fund:				
Public safety:				
Law enforcement	81,800	141,000	139,515	(1,485)
Total Asset Forfeiture Fund	81,800	141,000	139,515	(1,485)
Total Special Revenue Funds	\$ 1,882,913	\$ 7,568,995	\$ 3,905,152	\$ (3,663,843)
Capital Projects Funds:				
General Capital Projects Fund:				
Capital projects	\$ 8,574,000	\$ 9,055,385	\$ 3,026,051	\$ (6,029,334)
Total General Capital Projects Fund	8,574,000	9,055,385	3,026,051	(6,029,334)
Joint Judicial Complex Fund:				
Debt service:				
Interest and fiscal charges	-	-	13,099	13,099
Total Joint Judicial Complex Fund	-	-	13,099	13,099
Total Capital Projects Funds	\$ 8,574,000	\$ 9,055,385	\$ 3,039,150	\$ (6,016,235)
Grand Total Expenditures - Primary Government	\$ 92,002,772	\$ 135,465,195	\$ 119,926,939	\$ (15,538,256)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 2007**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Component Units:				
Component Unit - School Board:				
School Operating Fund:				
Education:				
Instruction	\$ 83,456,125	\$ 84,702,061	\$ 81,192,846	\$ (3,509,215)
Administration, attendance and health	3,857,941	3,833,636	3,862,413	28,777
Pupil transportation services	7,291,292	7,467,812	7,393,217	(74,595)
Operation and maintenance services	9,362,480	9,594,480	9,255,032	(339,448)
Total School Operating Fund	103,967,838	105,597,989	101,703,508	(3,894,481)
School Textbook Fund:				
Education:				
Purchase of textbooks	1,160,000	1,160,000	1,064,390	(95,610)
Total School Textbook Fund	1,160,000	1,160,000	1,064,390	(95,610)
School Cafeteria Fund:				
Education:				
School food services	4,163,373	4,465,699	4,448,574	(17,125)
Total School Cafeteria Fund	4,163,373	4,465,699	4,448,574	(17,125)
School Capital Projects Fund:				
Capital projects	13,400,000	39,902,679	14,842,968	(25,059,711)
Total School Capital Projects Fund	13,400,000	39,902,679	14,842,968	(25,059,711)
Massanutten Technical Center - Operating Fund:				
Secondary	3,320,550	3,320,550	3,104,941	(215,609)
Continuing education	836,069	836,069	843,678	7,609
Dayton Learning Center	628,594	740,754	607,804	(132,950)
Total Massanutten Technical Center - Operating Fund	4,785,213	4,897,373	4,556,423	(340,950)
Total Expenditures - Component Unit - School Board	\$ 127,476,424	\$ 156,023,740	\$ 126,615,863	\$ (29,407,877)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 2007**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Component Units:				
Component Unit - Harrisonburg-Rockingham				
Social Services District:				
Social services:				
Public assistance	\$ 6,194,994	\$ 6,385,019	\$ 5,024,090	\$ (1,360,929)
Comprehensive Services Act	6,477,531	8,933,804	8,599,794	(334,010)
Administration:				
Welfare	5,588,935	5,588,935	5,158,707	(430,228)
Food stamp	292,786	292,786	206,329	(86,457)
Fuel assistance	25,334	25,334	14,855	(10,479)
Total Expenditures - Component Unit - Harrisonburg-Rockingham Social Services District				
	<u>\$ 18,579,580</u>	<u>\$ 21,225,878</u>	<u>\$ 19,003,775</u>	<u>\$ (2,222,103)</u>
Grand Total Expenditures - Component Units				
	<u>\$ 146,056,004</u>	<u>\$ 177,249,618</u>	<u>\$ 145,619,638</u>	<u>\$ (31,629,980)</u>



STATISTICAL SECTION

COUNTY OF ROCKINGHAM, VIRGINIA

STATISTICAL SECTION CONTENTS

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

Contents	Pages
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.	111 - 123
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.	124 - 128
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.	129 - 131
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.	132 - 133
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.	134 - 139

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



STATISTICAL SECTION

Comments Relative to Statistical Section

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

Table 2

NET ASSETS BY COMPONENT

Last Six Fiscal Years (1)

(accrual basis of accounting)

(Unaudited)

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Primary government:						
Governmental activities:						
Invested in capital assets, net of related debt	\$ 12,155,566	\$ 12,203,256	\$ 14,393,817	\$ 13,858,239	\$ 21,591,028	\$ 28,293,610
Restricted	621,406	641,075	435,684	4,223,450	5,060,638	4,007,776
Unrestricted (deficit)	(14,611,426)	(8,361,369)	(13,000,411)	(9,391,928)	(13,707,781)	(33,175,692)
Total governmental activities net assets (deficit)	\$ (1,834,454)	\$ 4,482,962	\$ 1,829,090	\$ 8,689,761	\$ 12,943,885	\$ (874,306)
Business-type activities:						
Invested in capital assets, net of related debt	\$ 19,241,957	\$ 19,694,606	\$ 19,043,067	\$ 22,919,503	\$ 24,988,500	\$ 27,157,689
Restricted	-	-	2,018,084	192,676	-	-
Unrestricted (deficit)	204,121	176,586	(478,118)	(16,595)	1,257,682	1,296,143
Total business-type activities net assets	\$ 19,446,078	\$ 19,871,192	\$ 20,583,033	\$ 23,095,584	\$ 26,246,182	\$ 28,453,832
Primary government:						
Invested in capital assets, net of related debt	\$ 31,397,523	\$ 31,897,862	\$ 33,436,884	\$ 36,777,742	\$ 46,579,528	\$ 55,451,299
Restricted	621,406	641,075	2,453,768	4,416,126	5,060,638	4,007,776
Unrestricted (deficit)	(14,407,305)	(8,184,783)	(13,478,529)	(9,408,523)	(12,450,099)	(31,879,549)
Total primary government net assets	\$ 17,611,624	\$ 24,354,154	\$ 22,412,123	\$ 31,785,345	\$ 39,190,067	\$ 27,579,526
Component units: (2)						
Component unit - school board:						
Invested in capital assets, net of related debt	\$ 73,226,795	\$ 70,748,895	\$ 71,481,509	\$ 78,091,201	\$ 86,187,275	\$ 97,992,458
Restricted	-	-	7,124,235	22,976	-	-
Unrestricted (deficit)	6,038	1,248,182	1,339,750	(614,223)	(5,126,115)	7,669,973
Total component unit - school board net assets	\$ 73,232,833	\$ 71,997,077	\$ 79,945,494	\$ 77,499,954	\$ 81,061,160	\$ 105,662,431

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

Invested in capital assets, net of related debt	\$ 90,578	\$ 91,562	\$ 84,871	\$ 109,194	\$ 170,053	\$ 194,573
Unrestricted	712,964	1,149,654	1,480,989	1,295,333	1,283,243	1,405,048
Total component unit - HRSSD net assets	\$ 803,542	\$ 1,241,216	\$ 1,565,860	\$ 1,404,527	\$ 1,453,296	\$ 1,599,621
Component units:						
Invested in capital assets, net of related debt	\$ 73,317,373	\$ 70,840,457	\$ 71,566,380	\$ 78,200,395	\$ 86,357,328	\$ 98,187,031
Restricted	-	-	7,124,235	22,976	-	-
Unrestricted (deficit)	719,002	2,397,836	2,820,739	681,110	(3,842,872)	9,075,021
Total component units net assets	\$ 74,036,375	\$ 73,238,293	\$ 81,511,354	\$ 78,904,481	\$ 82,514,456	\$ 107,262,052
Total reporting entity: (3)						
Invested in capital assets, net of related debt	\$ 65,326,891	\$ 67,660,056	\$ 68,375,203	\$ 81,292,187	\$ 92,025,796	\$ 82,437,654
Restricted	621,406	641,075	9,578,003	4,439,102	5,060,638	4,007,776
Unrestricted (deficit)	25,699,702	29,291,316	25,970,271	24,958,537	24,618,089	48,396,148
Total reporting entity net assets	\$ 91,647,999	\$ 97,592,447	\$ 103,923,477	\$ 110,689,826	\$ 121,704,523	\$ 134,841,578

Notes:

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

COUNTY OF ROCKINGHAM, VIRGINIA

Table 3

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

Page 1

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Primary government:						
Expenses:						
Governmental activities:						
General government administration	\$ 3,902,963	\$ 3,939,890	\$ 3,950,687	\$ 4,331,629	\$ 4,564,294	\$ 4,911,660
Judicial administration	2,431,187	2,506,361	2,595,053	2,690,201	3,109,327	3,537,795
Public safety	12,662,544	13,010,712	13,949,886	15,625,806	16,728,591	18,690,616
Public works	1,792,802	1,782,907	1,760,352	1,878,903	2,187,373	2,510,342
Health and social services	2,514,942	2,693,816	3,008,207	3,327,684	4,402,543	4,811,248
Education	31,225,243	33,798,748	42,671,090	33,315,177	39,932,203	60,500,234
Parks, recreation and cultural	1,422,312	1,111,503	1,632,593	2,174,207	2,083,985	2,201,115
Community development	1,342,947	1,400,302	2,221,753	2,618,587	3,830,069	2,491,258
Interest	2,779,634	2,382,799	2,380,870	2,449,883	2,572,000	3,077,757
Total governmental activities	60,074,574	62,627,038	74,170,491	68,412,077	79,410,385	102,732,025
Business-type activities:						
Water and sewer	2,059,717	2,232,039	2,573,701	2,862,348	3,330,466	3,833,638
Solid waste	2,762,090	3,112,398	3,569,076	2,509,976	3,541,130	3,680,963
Total business-type activities	4,821,807	5,344,437	6,142,777	5,372,324	6,871,596	7,514,601
Total primary government expenses	64,896,381	67,971,475	80,313,268	73,784,401	86,281,981	110,246,626
Program revenue:						
Governmental activities:						
Charges for services:						
General government administration	4,574	5,415	4,945	6,145	4,764	2,877
Judicial administration	778,468	975,080	1,346,906	1,206,212	1,213,214	1,157,469
Public safety	2,756,358	2,876,282	3,123,080	3,440,187	3,974,894	4,124,597
Public works	394,893	420,554	539,784	590,386	757,503	826,007
Health and social services	16,057	25,927	32,856	2,429	52,834	26,086
Parks, recreation and cultural	267,256	284,397	279,036	276,009	300,701	326,290
Community development	11,451	21,112	4,232	7,150	7,615	3,011
Operating grants and contributions:						
General government administration	433,351	395,922	387,113	440,535	446,138	472,051
Judicial administration	1,550,408	1,514,726	1,858,291	1,627,479	1,819,324	2,032,672
Public safety	5,855,190	6,014,815	6,095,750	6,483,737	6,556,093	7,382,949
Public works	16,460	-	-	-	-	117,009
Health and social services	125,669	98,394	82,283	99,123	116,012	121,558
Community development	3,170	139,860	118,445	129,303	1,638,937	206,836
Capital grants and contributions:						
General government administration	-	-	-	-	99,075	-
Judicial administration	-	-	-	-	67,119	57,501
Public safety	18,691	12,787	259,573	778,954	372,230	163,721
Total governmental activities	12,231,996	12,785,271	14,132,294	15,087,649	17,426,453	17,020,634

COUNTY OF ROCKINGHAM, VIRGINIA

Table 3

CHANGES IN NET ASSETS

Page 2

Last Six Fiscal Years (1)

(accrual basis of accounting)

(Unaudited)

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Primary government:						
Program revenue:						
Business-type activities:						
Charges for services:						
Water and sewer	\$ 1,966,550	\$ 2,351,194	\$ 2,809,116	\$ 4,163,147	\$ 4,772,135	\$ 4,285,196
Solid waste	2,678,472	2,587,332	2,805,457	2,388,453	2,329,945	2,377,044
Operating grants and contributions:						
Water and sewer	-	-	-	22,701	10,000	-
Solid waste	18,234	18,822	17,124	16,825	24,025	19,906
Capital grants and contributions:						
Water and sewer	-	-	-	-	1,861,994	244,227
Solid waste	-	-	-	-	261,494	2,270,953
Total business-type activities	4,663,256	4,957,348	5,631,697	6,591,126	9,259,593	9,197,326
Total primary government revenues	16,895,252	17,742,619	19,763,991	21,678,775	26,686,046	26,217,960
Net (expense) revenue:						
Governmental activities	(47,842,578)	(49,841,767)	(60,038,197)	(53,324,428)	(61,983,932)	(85,711,391)
Business-type activities	(158,551)	(387,089)	(511,080)	1,218,802	2,387,997	1,682,725
Total primary government, net expense	(48,001,129)	(50,228,856)	(60,549,277)	(52,105,626)	(59,595,935)	(84,028,666)
Governmental activities:						
Taxes:						
General property taxes	37,905,366	41,452,338	43,256,851	44,310,735	48,387,991	53,409,714
Local sales and use	3,405,473	3,479,862	3,709,024	4,173,990	4,358,695	4,528,481
Consumer utility and communications sales and use	1,509,605	1,562,062	1,570,123	1,552,430	1,554,418	2,070,502
Motor vehicles licenses	1,086,260	1,102,769	1,135,372	1,158,694	1,182,848	1,194,912
Other	1,233,296	1,455,244	1,460,257	2,014,632	2,868,462	2,252,937
Intergovernmental, non-categorical aid	5,949,658	6,294,699	6,316,216	6,027,401	6,605,919	6,502,475
Use of money and property	976,559	756,135	573,390	988,875	1,490,446	1,875,536
Miscellaneous	272,789	156,333	173,659	116,108	184,897	119,643
Gain on sale of capital assets	-	-	-	592,234	-	-
Transfers	(23,152)	(100,259)	(810,567)	(750,000)	(395,620)	(61,000)
Total governmental activities	52,315,854	56,159,183	57,384,325	60,185,099	66,238,056	71,893,200
Business-type activities:						
Use of money and property	294,179	106,833	79,486	124,469	213,845	265,494
Miscellaneous	211,400	605,111	332,868	278,209	153,136	198,431
Transfers	23,152	100,259	810,567	750,000	395,620	61,000
Total business-type activities	528,731	812,203	1,222,921	1,152,678	762,601	524,925
Total primary government	52,844,585	56,971,386	58,607,246	61,337,777	67,000,657	72,418,125
Changes in net assets:						
Governmental activities	4,473,276	6,317,416	(2,653,872)	6,860,671	4,254,124	(13,818,191)
Business-type activities	370,180	425,114	711,841	2,371,480	3,150,598	2,207,650
Total primary government	\$ 4,843,456	\$ 6,742,530	\$ (1,942,031)	\$ 9,232,151	\$ 7,404,722	\$ (11,610,541)

COUNTY OF ROCKINGHAM, VIRGINIA

Table 3

CHANGES IN NET ASSETS

Page 3

Last Six Fiscal Years (1)

(accrual basis of accounting)

(Unaudited)

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Component units: (3)						
Component unit - school board:						
Expenses:						
Instruction	\$ 69,656,968	\$ 73,743,072	\$ 76,718,694	\$ 82,963,375	\$ 82,718,284	\$ 90,637,877
Administration, attendance and health	2,596,316	2,779,792	2,701,575	3,207,704	3,577,646	3,830,297
Pupil transportation	4,376,845	4,686,549	5,260,280	5,790,881	6,327,098	6,959,384
Operation and maintenance services	6,175,379	7,075,922	6,773,293	7,445,756	8,131,472	9,285,011
School food services	3,650,577	3,570,536	3,831,693	3,989,993	4,226,604	4,466,752
Total expenses	86,456,085	91,855,871	95,285,535	103,397,709	104,981,104	115,179,321
Program revenues:						
Charges for services	3,706,917	4,217,990	3,909,179	4,277,812	4,574,290	4,990,446
Operating grants and contributions	46,715,522	48,030,050	51,934,037	58,007,681	62,089,635	70,737,460
Capital grants and contributions	1,158,218	1,033,219	1,034,559	1,079,671	2,200,194	2,623,344
Total program revenues	51,580,657	53,281,259	56,877,775	63,365,164	68,864,119	78,351,250
Net expense	(34,875,428)	(38,574,612)	(38,407,760)	(40,032,545)	(36,116,985)	(36,828,071)
General revenues and other changes in net assets:						
Grants and contributions not restricted to specific programs	31,225,243	33,798,748	42,671,090	33,315,177	39,932,203	60,500,234
Intergovernmental, non-categorical aid	128,825	128,943	127,102	130,361	132,008	129,462
Use of money and property	76,753	59,034	63,665	127,926	94,518	268,268
Miscellaneous	3,248,430	3,352,131	3,494,320	4,013,541	403,245	531,478
Total general revenues and other changes in net assets	34,679,251	37,338,856	46,356,177	37,587,005	40,561,974	61,429,442
Total component unit - school board change in net assets	\$ (196,177)	\$ (1,235,756)	\$ 7,948,417	\$ (2,445,540)	\$ 4,444,989	\$ 24,601,371
Component unit - HRSSD:						
Expenses:						
Public assistance	\$ 2,431,115	\$ 2,835,959	\$ 3,650,031	\$ 4,124,818	\$ 4,928,848	\$ 5,024,090
Comprehensive services act	3,891,140	5,274,645	5,438,545	6,362,925	7,500,224	8,599,794
Welfare	3,260,283	3,388,831	3,614,985	4,042,064	4,765,237	5,141,691
Food stamp	227,781	226,125	217,461	237,799	251,499	206,329
Fuel assistance	23,240	19,406	24,529	17,430	20,892	14,855
Total expenses	9,833,559	11,744,966	12,945,551	14,785,036	17,466,700	18,986,759
Program revenues:						
Operating grants and contributions	7,174,747	8,839,166	9,550,620	10,449,895	12,409,206	13,149,808
Total program revenues	7,174,747	8,839,166	9,550,620	10,449,895	12,409,206	13,149,808
Net expense	(2,658,812)	(2,905,800)	(3,394,931)	(4,335,141)	(5,057,494)	(5,836,951)

COUNTY OF ROCKINGHAM, VIRGINIA

Table 3
Page 4

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

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
General revenues and other changes in net assets:						
Grants and contributions not restricted to specific programs	\$ 2,549,438	\$ 3,169,437	\$ 3,542,594	\$ 3,928,685	\$ 4,802,418	\$ 5,642,819
Use of money and property	31,987	8,558	17,396	36,235	61,494	82,948
Miscellaneous	149,412	165,479	159,585	208,888	242,351	257,509
Total general revenues and other changes in net assets	2,730,837	3,343,474	3,719,575	4,173,808	5,106,263	5,983,276
Total component unit - HRSSD change in net assets	\$ 72,025	\$ 437,674	\$ 324,644	\$ (161,333)	\$ 48,769	\$ 146,325
Total component units change in net assets	\$ (124,152)	\$ (798,082)	\$ 8,273,061	\$ (2,606,873)	\$ 4,493,758	\$ 24,747,696
Total reporting entity change in net assets	\$ 4,719,304	\$ 5,944,448	\$ 6,331,030	\$ 6,625,278	\$ 11,898,480	\$ 13,137,155

Notes:

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

COUNTY OF ROCKINGHAM, VIRGINIA

Table 4

PROGRAM REVENUES BY FUNCTION/PROGRAM

Last Six Fiscal Years (1)

(accrual basis of accounting)

(Unaudited)

Function/Program	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Primary government:						
Governmental activities:						
General government administration	\$ 437,925	\$ 401,337	\$ 392,058	\$ 446,680	\$ 549,977	\$ 474,928
Judicial administration	2,328,876	2,489,806	3,205,197	2,833,691	3,099,657	3,247,642
Public safety	8,630,239	8,903,884	9,478,403	10,702,878	10,903,217	11,671,267
Public works	411,353	420,554	539,784	590,386	757,503	943,016
Health and social services	141,726	124,321	115,139	101,552	168,846	147,644
Parks, recreation and cultural	267,256	284,397	279,036	276,009	300,701	326,290
Community development	14,621	160,972	122,677	136,453	1,646,552	209,847
Total governmental activities	12,231,996	12,785,271	14,132,294	15,087,649	17,426,453	17,020,634
Business-type activities:						
Water and sewer	1,966,550	2,351,194	2,809,116	4,185,848	6,644,129	4,529,423
Solid waste	2,696,706	2,606,154	2,822,581	2,405,278	2,615,464	4,667,903
Total business-type activities	4,663,256	4,957,348	5,631,697	6,591,126	9,259,593	9,197,326
Total primary government	\$ 16,895,252	\$ 17,742,619	\$ 19,763,991	\$ 21,678,775	\$ 26,686,046	\$ 26,217,960
Component units:						
Component unit - school board:						
Instruction	\$ 47,938,281	\$ 49,627,624	\$ 53,037,748	\$ 59,294,355	\$ 64,604,063	\$ 73,831,357
School food services	3,642,376	3,653,635	3,840,027	4,070,809	4,260,056	4,519,893
Total component unit - school board	51,580,657	53,281,259	56,877,775	63,365,164	68,864,119	78,351,250
Component unit - HRSSD:						
Public assistance	1,480,148	1,708,367	2,025,719	2,305,594	2,803,610	2,886,219
Comprehensive services	2,405,728	3,433,703	3,365,709	3,639,558	4,558,941	5,096,538
Welfare	3,288,871	3,697,096	4,159,192	4,504,743	5,046,655	5,167,051
Total component unit - HRSSD	7,174,747	8,839,166	9,550,620	10,449,895	12,409,206	13,149,808
Total component units	\$ 58,755,404	\$ 62,120,425	\$ 66,428,395	\$ 73,815,059	\$ 81,273,325	\$ 91,501,058
Total reporting entity	\$ 75,650,656	\$ 79,863,044	\$ 86,192,386	\$ 95,493,834	\$ 107,959,371	\$ 117,719,018

Note:

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

COUNTY OF ROCKINGHAM, VIRGINIA
FUND BALANCES, GOVERNMENTAL FUNDS

Table 5

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Fund:										
Reserved	\$ 1,106,060	\$ 972,549	\$ 3,964,405	\$ 3,497,888	\$ 2,896,089	\$ 2,205,041	\$ 1,585,765	\$ 1,081,608	\$ 839,896	\$ 772,073
Unreserved	15,615,921	18,580,269	16,793,735	19,641,357	20,306,938	22,827,035	25,574,115	26,573,025	19,866,713	18,757,693
Total General Fund	\$ 16,721,981	\$ 19,552,818	\$ 20,758,140	\$ 23,139,245	\$ 23,203,027	\$ 25,032,076	\$ 27,159,880	\$ 27,654,633	\$ 20,706,609	\$ 19,529,766
All Other Governmental Funds:										
Reserved	\$ 1,006,768	\$ 1,676,466	\$ -	\$ -	\$ 681,336	\$ 641,075	\$ 435,684	\$ 4,223,450	\$ 5,060,638	\$ 4,007,776
Unreserved, reported in:										
Capital projects funds	-	-	1,382,788	308,558	32,517	169,820	4,193,201	4,451,532	5,600,527	11,856,272
Special revenue funds	154,574	120,121	235,818	401,471	-	-	-	-	-	-
Total all other governmental funds	\$ 1,161,342	\$ 1,796,587	\$ 1,618,606	\$ 710,029	\$ 713,853	\$ 810,895	\$ 4,628,885	\$ 8,674,982	\$ 10,661,165	\$ 15,864,048

COUNTY OF ROCKINGHAM, VIRGINIA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years (1)

(modified accrual basis of accounting)

(Unaudited)

	Fiscal			
	1998	1999	2000	2001
Revenues:				
General property taxes	\$ 33,389,208	\$ 35,921,902	\$ 36,602,625	\$ 36,802,773
Other local taxes	5,777,552	6,366,226	6,823,283	7,388,875
Permits, privilege fees and licenses	358,328	585,878	432,093	529,528
Fines and forfeitures	170,214	197,379	245,756	179,883
Use of money and property	1,440,593	1,484,963	1,531,052	1,965,753
Charges for services	1,441,681	1,253,709	1,648,572	1,728,948
Miscellaneous	369,709	68,256	458,593	808,221
Recovered costs	916,479	845,762	1,198,966	1,416,419
Intergovernmental	6,822,612	7,451,149	10,271,732	12,411,291
Total revenues	50,686,376	54,175,224	59,212,672	63,231,691
Expenditures:				
General government administration	2,612,726	2,905,821	2,844,829	3,303,140
Judicial administration	1,385,291	1,571,550	1,743,050	1,995,772
Public safety	8,175,896	9,140,743	10,396,069	11,529,163
Public works	1,040,129	1,167,082	1,494,111	1,629,314
Health and social services	1,684,378	1,907,179	2,344,336	2,274,100
Education	28,965,908	30,496,226	32,244,724	35,666,854
Parks, recreation and cultural	1,036,950	1,163,826	1,140,002	1,276,111
Community development	799,750	1,191,790	1,451,244	1,345,459
Capital outlay	901,932	657,925	3,764,468	1,356,819
Debt service:				
Principal	5,070,946	3,958,548	4,132,760	4,497,894
Interest and fiscal charges	3,129,063	2,847,313	2,672,818	2,895,769
Total expenditures	54,802,969	57,008,003	64,228,411	67,770,395
Revenues over (under) expenditures	(4,116,593)	(2,832,779)	(5,015,739)	(4,538,704)
Other financing sources (uses):				
Transfers in	1,043,445	1,021,161	3,384,197	197,924
Transfers out	(1,156,191)	(1,009,518)	(3,384,036)	(1,197,924)
Issuance of debt	9,770,277	10,176,399	8,421,223	4,193,986
Payment to refunded bond escrow agent	(10,326,392)	-	(10,000,000)	-
Premium on issuance debt	-	-	-	-
Insurance recoveries	-	-	-	-
Proceeds from sale of property	-	104,799	-	-
Total other financing sources (uses), net	(668,861)	10,292,841	(1,578,616)	3,193,986
Net change in fund balance	\$ (4,785,454)	\$ 7,460,062	\$ (6,594,355)	\$ (1,344,718)

Table 6

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Year		2003		2004		2005		2006		2007	
2002		2003		2004		2005		2006		2007	
\$	37,629,080	\$	41,485,976	\$	43,549,045	\$	44,316,136	\$	48,094,569	\$	53,700,795
	7,234,718		7,599,937		7,874,776		8,899,746		9,964,423		10,046,832
	564,038		566,961		883,449		1,091,022		985,817		957,006
	198,166		280,512		272,038		341,372		345,805		207,283
	977,396		756,500		573,597		989,271		1,491,226		1,876,615
	1,998,313		2,334,588		2,521,638		2,736,286		2,846,255		2,662,046
	274,834		206,725		185,356		125,108		180,897		241,223
	1,485,705		1,439,817		1,913,080		2,138,396		2,194,187		2,715,669
	13,931,784		14,457,379		14,858,098		14,807,578		17,659,528		16,980,026
	64,294,034		69,128,395		72,631,077		75,444,915		83,762,707		89,387,495
	3,534,242		3,680,361		3,744,157		3,903,904		4,250,012		4,429,174
	2,224,122		2,374,371		2,399,019		2,401,199		2,927,878		3,249,146
	12,357,708		12,677,941		13,545,603		18,562,820		17,683,188		20,304,161
	1,695,038		1,778,941		1,741,907		1,856,947		2,181,679		2,480,757
	2,473,227		2,649,174		2,963,451		3,283,105		4,108,260		4,517,523
	38,730,770		33,798,748		42,671,090		33,315,177		39,932,203		60,500,234
	1,432,932		1,424,179		1,513,347		1,696,824		1,754,520		2,061,923
	1,330,798		1,338,739		2,164,328		2,543,545		3,771,777		2,355,778
	231,379		226,616		2,821,843		4,421,217		6,994,594		3,026,051
	5,424,690		4,693,313		3,930,375		3,363,146		12,260,303		14,179,314
	2,821,598		2,450,662		2,272,171		2,563,385		2,387,346		2,822,878
	72,256,504		67,093,045		79,767,291		77,911,269		98,251,760		119,926,939
	(7,962,470)		2,035,350		(7,136,214)		(2,466,354)		(14,489,053)		(30,539,444)
	226,744		451,675		6,857,283		3,939,188		10,283,452		10,517,916
	(249,896)		(560,934)		(7,667,850)		(4,689,188)		(10,679,072)		(10,578,916)
	768,250		-		13,577,993		7,150,000		9,404,190		33,757,200
	-		-		-		-		-		-
	-		-		314,582		-		518,642		869,284
	-		-		-		14,970		-		-
	25,705		-		-		592,234		-		-
	770,803		(109,259)		13,082,008		7,007,204		9,527,212		34,565,484
\$	(7,191,667)	\$	1,926,091	\$	5,945,794	\$	4,540,850	\$	(4,961,841)	\$	4,026,040

COUNTY OF ROCKINGHAM, VIRGINIA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years (1)

(modified accrual basis of accounting)

(Unaudited)

	Fiscal			
	1998	1999	2000	2001
Debt Service as a percentage of noncapital expenditures:				
Primary government:				
Total debt service	\$ 8,200,009	\$ 6,805,861	\$ 6,805,578	\$ 7,393,663
Total expenditures	\$ 54,802,969	\$ 57,008,003	\$ 64,228,411	\$ 67,770,395
Less: Capital outlay - primary government	1,011,053	799,796	3,444,165	1,484,705
Noncapital expenditures	\$ 53,791,916	\$ 56,208,207	\$ 60,784,246	\$ 66,285,690
Debt service as a percentage of noncapital expenditures	15.24%	12.11%	11.20%	11.15%
Component units - School Board and HRSSD: (2, 3)				
Expenditures:				
School board	\$ 69,182,389	\$ 69,400,604	\$ 84,421,116	\$ 84,796,618
HRSSD	6,273,113	7,406,234	7,911,039	8,622,529
Less: Capital outlay - school board	6,809,643	4,396,013	13,919,739	9,006,507
Less: Capital outlay - HRSSD	28,473	5,519	49,616	61,457
Noncapital expenditures	\$ 68,617,386	\$ 72,405,306	\$ 78,362,800	\$ 84,351,183
Total reporting entity:				
Total noncapital expenditures	\$ 92,483,915	\$ 96,957,554	\$ 105,684,395	\$ 113,617,596
Debt service as a percentage of noncapital expenditures	8.87%	7.02%	6.44%	6.51%

Table 6
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Year						
2002	2003	2004	2005	2006	2007	
\$ 8,246,288	\$ 7,143,975	\$ 6,202,546	\$ 5,926,531	\$ 6,147,649	\$ 7,002,192	
\$ 72,256,504	\$ 67,093,045	\$ 79,767,291	\$ 77,911,269	\$ 98,251,760	\$ 119,926,939	
520,406	820,817	2,922,826	7,365,247	8,292,345	5,178,774	
\$ 71,736,098	\$ 66,272,228	\$ 76,844,465	\$ 70,546,022	\$ 89,959,415	\$ 114,748,165	
11.50%	10.78%	8.07%	8.40%	6.83%	6.10%	
\$ 86,380,339	\$ 84,756,765	\$ 92,605,357	\$ 106,275,713	\$ 112,940,930	\$ 126,615,863	
9,803,498	11,776,529	12,924,157	14,794,697	17,507,539	19,003,775	
7,053,993	1,395,345	4,693,088	10,634,666	12,132,999	15,933,797	
31,486	32,252	26,764	62,982	108,097	81,992	
\$ 89,098,358	\$ 95,105,697	\$ 100,809,662	\$ 110,372,762	\$ 118,207,373	\$ 129,603,849	
\$ 117,722,659	\$ 123,802,115	\$ 130,560,527	\$ 143,047,977	\$ 163,224,530	\$ 199,409,756	
7.00%	5.77%	4.75%	4.14%	3.77%	3.51%	

COUNTY OF ROCKINGHAM, VIRGINIA

Table 6
Page 3

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years (1)

(modified accrual basis of accounting)

(Unaudited)

Notes:

- (1) For the years 1998 through 2001, the amount used for capital outlay was obtained from the increase to the General Fixed Asset Account Group, which is no longer used under the GASB 34 reporting model. For fiscal years 2002 through 2007, the amounts used for capital outlay were obtained from the Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities.
- (2) Expenditures of the School Board do not include those associated with the School Activity Funds or the Massanutten Technical Center Activity Funds.
- (3) In Virginia, the County issues debt to finance the construction of school facilities for the public schools because the public schools do not have borrowing or taxing authority. Therefore, the debt service payments related to school facilities are presented as debt service of the primary government. Debt service as a percentage of noncapital expenditures for the total reporting entity more appropriately reflects the unique Virginia school debt requirement.
- (4) Prior to implementation of GASB 34, the County's contribution to the public schools and social services district were reported as transfers out. Implementation of GASB 34 required that the contribution to component units be reported as expenditures. For comparability, the fiscal years 1997 through 2001 have been restated on this table to reflect the transfers as expenditures.
- (5) For the reporting entity totals, the total noncapital expenditures have been reduced by the amounts given by the primary government to the public schools, Massanutten Technical Center and the social services district so those expenditures are not included twice.
- (6) In fiscal year 2006, a short-term note of \$8,500,000 was paid in full with the issuance of new debt. The amount shown as debt service has been reduced by this amount.
- (7) In fiscal year 2007, a short-term note of \$10,000,000 was paid in full with the issuance of new debt. The amount shown as debt service has been reduced by this amount.

COUNTY OF ROCKINGHAM, VIRGINIA

TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

Table 7

Fiscal Year June 30,	Property	Local Sales and Use	Motor Vehicle	Consumer Utility and			Total
				Sales and Use	Recordation and Wills	Other	
1998	\$ 32,912,370	\$ 2,518,767	\$ 935,408	\$ 1,394,377	\$ 383,190	\$ 545,810	\$ 38,689,922
1999	35,396,646	2,952,037	981,889	1,439,482	388,327	604,491	41,762,872
2000	35,945,344	3,263,036	1,011,534	1,497,905	392,182	658,626	42,768,627
2001	36,232,694	3,549,252	1,044,124	1,528,635	422,660	844,204	43,621,569
2002	37,080,936	3,405,473	1,086,260	1,509,605	521,828	711,552	44,315,654
2003	40,899,975	3,479,862	1,102,769	1,562,062	573,736	881,508	48,499,912
2004	42,906,378	3,709,024	1,135,372	1,570,123	705,107	755,150	50,781,154
2005	43,718,481	4,173,990	1,158,694	1,552,430	1,099,537	1,089,069	52,792,201
2006	47,371,332	4,358,695	1,182,848	1,554,418	1,339,981	1,528,481	57,335,755
2007	53,030,324	4,528,481	1,194,912	2,070,502	1,229,289	1,023,648	63,077,156
Change 1998-2007	61.13%	79.79%	27.74%	48.49%	220.80%	87.55%	63.03%

Note:

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

COUNTY OF ROCKINGHAM, VIRGINIA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Calendar Years

(Unaudited)

Calendar Year	Residential Property	Commercial Property	Industrial Property	Farm Property	Nontaxable Property	Total Assessed Value	Total Taxable Assessed Value	Percent Growth	Total Direct Tax Rate	Actual Taxable Value	Value as a Percentage of Actual Value
1997	\$	N/A	\$	N/A	\$	\$2,758,925,310	\$2,556,173,100	N/A	0.68	\$ 2,556,090,986	100.00%
1998	N/A	N/A	N/A	N/A	362,358,900	3,099,765,400	2,891,935,450	13.14%	0.68	2,891,816,614	100.00%
1999	N/A	N/A	N/A	N/A	375,185,300	3,185,500,904	2,983,270,464	3.16%	0.68	2,983,182,729	100.00%
2000	N/A	N/A	N/A	N/A	139,583,223	3,298,471,470	3,093,609,910	3.70%	0.71	3,093,518,518	100.00%
2001	N/A	N/A	N/A	N/A	401,135,000	3,391,234,650	3,188,012,740	3.05%	0.71	3,187,903,303	100.00%
2002	N/A	N/A	N/A	N/A	144,077,065	3,957,473,750	3,630,296,110	13.87%	0.71	3,630,180,728	100.00%
2003	2,621,240,300	311,011,200	74,694,400	1,059,924,520	480,514,300	4,085,982,820	3,759,025,750	3.55%	0.71	3,758,922,211	100.00%
2004	2,704,721,500	339,385,200	75,199,000	980,876,800	494,591,600	4,188,863,900	3,864,864,330	2.82%	0.71	3,864,760,780	100.00%
2005	2,719,118,100	426,343,400	179,948,800	995,250,300	629,380,300	4,320,660,600	4,001,623,870	3.54%	0.71	4,001,525,015	100.00%
2006	4,175,920,000	561,138,500	199,329,900	1,563,332,100	808,595,000	6,499,720,800	5,777,597,000	44.38%	0.58	5,777,597,000	100.00%

Source:

Rockingham County land books

Notes:

(1) Rockingham County land books did not provide land classification break downs prior to 2003.

(2) Values are reassessed every four years. (2006, 2002 and 1998)

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
1998	\$ 0.66/0.68	\$ 2.80	\$ 0.68	\$ 2.55	\$ 0.87	\$ 0.44
1999	0.68/0.68	2.80	0.68	2.55	0.87	0.44
2000	0.68/0.71	2.80	0.68	2.55	0.87	0.44
2001	0.71/0.71	2.80	0.71	2.55	0.87	0.44
2002	0.71/0.71	2.80	0.71	2.55	0.87	0.44
2003	0.71/0.71	2.80	0.71	2.55	0.87	0.44
2004	0.71/0.71	2.80	0.71	2.55	0.87	0.44
2005	0.71/0.71	2.80	0.71	2.55	0.87	0.44
2006	0.71/0.58	2.80	0.71	2.55	0.87	0.44
2007	0.58	2.80	0.58	2.55	0.87	0.44

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
1998	\$ 0.05-0.17	\$ 0.02-0.75	\$ 0.17	\$ 0.30-0.75	\$ -	\$ -
1999	0.05-0.17	0.20-0.75	0.11-0.17	0.30-0.75	-	-
2000	0.05-0.17	0.20-0.75	0.07-0.17	0.30-0.75	-	-
2001	0.05-0.17	0.20-0.75	0.07-0.17	0.30-0.75	0.30	0.30
2002	0.05-0.16	0.20-0.75	0.07-0.16	0.30-0.75	0.30	0.30
2003	0.05-0.16	0.20-0.75	0.07-0.16	0.30-0.75	0.30	0.30
2004	0.05-0.16	0.20-0.75	0.07-0.16	0.30-0.75	0.30	0.30
2005	0.05-0.16	0.20-0.75	0.07-0.16	0.30-0.75	0.30	0.30
2006	0.05-0.16	0.20-0.75	0.07-0.16	0.30-0.75	0.30	0.30
2007	0.07-0.12	0.30-0.75	0.07-0.12	0.30-0.75	0.30-0.46	0.30-0.46

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 Seven Years Ago
(Unaudited)

Taxpayer	Fiscal Year					
	2007			2000		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Great Eastern Resort Management	\$ 292,073,090	1	3.85%	\$ 74,951,625	1	2.42%
Adolph Coors Company	101,129,165	2	1.33%	61,840,265	3	2.00%
Merck & Company, Inc.	79,556,645	3	1.05%	74,756,010	2	2.42%
Morningstar Foods	62,342,200	4	0.82%	-		-
Marshall's	56,177,940	5	0.74%	56,005,245	4	1.81%
Wal-Mart	50,799,435	6	0.67%	-		-
R.R. Donnelley & Sons Co.	38,407,890	7	0.51%	-		-
Cargill (formerly Rocco)	35,377,425	8	0.47%	24,478,820	5	0.79%
Sysco	30,083,000	9	0.40%	17,705,235	7	0.57%
Pilgrims Pride (formerly WLR Foods)	23,106,755	10	0.30%	17,735,918	6	0.57%
Total	\$ 769,053,545		10.14%	\$ 327,473,118		10.58%

Source:

Under the State Code of Virginia, the Rockingham County Commissioner of the Revenue is required to keep all assessment books for a term of six years. After six years have passed, the records may be destroyed. The information remaining from ten years ago does not leave accurate information for the fiscal year 1998. Fiscal year 2000 information is available and shown here instead of fiscal year 1998. Only the top seven taxpayers were available and shown here for fiscal year 2000.

COUNTY OF ROCKINGHAM, VIRGINIA

Table 11

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

Calendar Year	Taxes Levied for the Calendar Year	Collected Within the Calendar Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1997	\$ 19,529,242	\$ 18,804,240	96.29%	\$ 708,747	\$ 19,512,987	99.92%
1998	21,202,522	20,318,991	95.83%	859,642	21,178,633	99.89%
1999	22,277,733	21,392,701	96.03%	853,410	22,246,111	99.86%
2000	23,484,723	22,428,050	95.50%	1,014,167	23,442,217	99.82%
2001	25,485,227	24,297,305	95.34%	1,132,279	25,429,584	99.78%
2002	27,739,199	26,608,312	95.92%	1,052,067	27,660,379	99.72%
2003	28,516,719	27,410,447	96.12%	1,002,462	28,412,909	99.64%
2004	29,203,059	28,174,266	96.48%	862,218	29,036,484	99.43%
2005	32,319,333	31,059,882	96.10%	910,269	31,970,151	98.92%
2006	36,854,856	35,356,073	95.93%	-	35,356,073	95.93%

Source:

Rockingham County Treasurer

COUNTY OF ROCKINGHAM, VIRGINIA

Table 12

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

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income	Debt Per Capita
	General Obligation Bonds	Literary Fund Loans	Lease Revenue Note Payable	Capital Leases	Revenue Bonds	Landfill Obligation			
1998	\$ 39,500,135	\$ 3,017,877	\$ -	\$ 7,664,008	\$ 450,992	\$ 3,323,692	\$ 53,956,704	3.74%	\$ 816
1999	36,169,548	2,712,685	-	7,517,638	429,495	3,473,183	50,302,549	4.10%	756
2000	41,158,963	2,407,494	-	7,121,878	406,866	3,691,454	54,786,655	4.03%	809
2001	41,528,637	2,134,890	-	6,717,257	383,044	3,324,699	54,088,527	4.30%	787
2002	37,525,719	1,862,286	-	6,349,740	1,745,138	2,912,310	50,395,193	4.63%	726
2003	33,457,927	1,620,336	-	5,966,169	2,410,071	3,174,899	46,629,402	5.28%	669
2004	35,249,675	1,378,386	8,500,000	5,563,989	6,678,696	3,755,282	61,126,028	4.22%	854
2005	32,538,064	1,147,886	8,500,000	12,292,954	6,511,479	3,889,068	64,879,451	4.11%	922
2006	39,217,840	917,386	-	11,487,565	4,576,066	4,349,794	60,548,651	N/A	830
2007	59,865,576	686,886	-	10,648,215	10,651,873	4,816,988	86,669,538	N/A	1,189

General bonded debt outstanding:

Fiscal Year	General Obligation Bonds	Literary Fund Loans	Total	Percentage of		Debt Per Capita
				Actual Taxable Value of Property	Property	
1998	\$ 39,500,135	\$ 3,017,877	\$ 42,518,012	1.72%	\$ 643	
1999	36,169,548	2,712,685	38,882,233	1.52%	588	
2000	41,158,963	2,407,494	43,566,457	1.51%	655	
2001	41,528,637	2,134,890	43,663,527	1.46%	645	
2002	37,525,719	1,862,286	39,388,005	1.27%	573	
2003	33,457,927	1,620,336	35,078,263	1.10%	505	
2004	35,249,675	1,378,386	36,628,061	1.01%	526	
2005	32,538,064	1,147,886	33,685,950	0.90%	478	
2006	39,217,840	917,386	40,135,226	1.04%	550	
2007	59,865,576	686,886	60,552,462	N/A	830	

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, 2007
(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Town of Bridgewater, Virginia	\$ 2,539,505	4.92%	\$ 124,944
Town of Broadway, Virginia	-	N/A	-
Town of Dayton, Virginia	166,411	1.46%	2,430
Town of Elkton, Virginia	4,323,649	3.01%	130,142
Town of Grottoes, Virginia	753,789	2.12%	15,980
Town of Mt. Crawford, Virginia	-	N/A	-
Town of Timberville, Virginia	220,000	1.38%	3,036
Subtotal, overlapping debt			<u>276,532</u>
County Direct Debt			<u>71,200,677</u>
Total direct and overlapping debt			<u><u>\$ 71,477,209</u></u>

Note:

(1) The information needed for this table from the town of Mt. Crawford was not available.

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	
1998	\$ 1,530,804	\$ 981,691	\$ 549,113	\$ 20,422	\$ 80,134	\$ 100,556	5.46
1999	1,746,775	1,059,829	686,946	21,497	77,983	99,480	6.91
2000	1,836,538	1,178,799	657,739	22,629	75,470	98,099	6.70
2001	1,893,123	1,464,886	428,237	23,822	72,348	96,170	4.45
2002	2,038,336	1,461,306	577,030	25,076	69,163	94,239	6.12
2003	2,174,747	1,566,451	608,296	26,397	65,861	92,258	6.59
2004	2,804,100	1,816,675	987,425	331,571	67,119	398,690	2.48
2005	3,499,380	1,978,876	1,520,504	85,000	91,768	176,768	8.60
2006	4,781,488	2,379,487	2,402,001	75,000	101,597	176,597	13.60
2007	4,272,477	2,781,574	1,490,903	80,000	104,124	184,124	8.10

Smith Creek Water & Waste Authority Fund							
Fiscal Year	Utility Service Charges	Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2004	\$ 109,694	\$ 19,327	\$ 90,367	\$ 79,804	\$ 60,416	\$ 140,220	0.64
2005	745,161	28,735	716,426	82,217	103,237	185,454	3.86
2006	2,060,090	27,700	2,032,390	3,184,701	100,676	3,285,377	0.62
2007	504,602	37,089	467,513	97,996	107,731	205,727	2.27

Countryside Sanitary District Fund							
Fiscal Year	Utility Service Charges	Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2006	\$ 25,760	\$ 7,693	\$ 18,067	\$ -	\$ 1,392	\$ 1,392	12.98
2007	18,776	6,089	12,687	6,197	4,137	10,334	1.23

Solid Waste Fund							
Fiscal Year	Landfill Charges	Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2007	\$ 4,823,118	\$ 2,537,100	\$ 2,286,018	\$ -	\$ 10,628	\$ 10,628	215.09

Notes:

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

COUNTY OF ROCKINGHAM, VIRGINIA

Table 15

DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Years
(Unaudited)

Fiscal Year	(1) Population	Personal Income	(2) Per Capita Personal Income	(3) School Enrollment	(4) Unemployment Rate
1998	66,100	\$ 1,332,906,500	\$ 20,165	10,479	1.4%
1999	66,500	1,372,028,000	20,632	10,580	1.3%
2000	67,725	1,493,607,150	22,054	10,570	1.9%
2001	68,700	1,599,473,400	23,282	10,693	2.5%
2002	69,400	1,618,893,800	23,327	10,720	3.5%
2003	69,700	1,717,547,400	24,642	10,891	3.5%
2004	70,400	1,814,912,000	25,780	10,781	3.0%
2005	71,600	1,910,288,000	26,680	10,860	3.3%
2006	72,900	N/A	N/A	10,279	2.7%
2007	72,900	N/A	N/A	10,472	2.7%

Sources:

(1) Estimated by the Weldon Cooper Center on a calendar year basis, University of Virginia estimate for all years.

(2) Bureau of Economic Analysis (calendar year).

(3) County of Rockingham School Division as of September 30 each year.

(4) Virginia Employment Commission - Harrisonburg/Rockingham County Branch at fiscal year end.

N/A - Information unavailable at fiscal year end



COUNTY OF ROCKINGHAM, VIRGINIA

Table 16

PRINCIPAL EMPLOYERS
Current Year
(Unaudited)

Employer	Employees	Rank	Percentage of Total County Employment
Rockingham County School Board	1,000 and over	1	2.36%
Cargill Meat Solutions	1,000 and over	2	2.36%
Wal-Mart	500 to 999	3	1.18%
Pilgrim's Pride	500 to 999	4	1.18%
Merck & Company, Inc.	500 to 999	5	1.18%
Marshall's	500 to 999	6	1.18%
Great Eastern Resort Management	500 to 999	7	1.18%
Perdue Products	500 to 999	8	1.18%
Stellar Management Grouping	500 to 999	9	1.18%
County of Rockingham	500 to 999	10	1.18%

Source:

Virginia Employment Commission.

Note:

Information for 1998 is unavailable and not presented above.

COUNTY OF ROCKINGHAM, VIRGINIA

Table 17

FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years

(Unaudited)

Function/Program	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General government administration:										
Legislative	5	5	5	5	5	5	5	5	5	5
General and financial:										
Commissioner of the revenue	14	15	15	16	15	16	16	16	16	18.3
Treasurer	8	8	9	9	9	8	8	8	8	8.3
Executive administration and legal	5	4	4	4	4	4	6	6	6	7.5
Finance	11	11	12	13	13	11	10	10	10	9.7
Human resources	-	-	-	2	2	2	2	2	2	2
Information systems	9	9	10	13	14	12.5	12.5	10	11	11
Central switchboard	1	1	1	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Board of elections	2	2	2	2	2	2	2	2	2	2
Judicial administration:										
Courts:										
Clerk of the circuit court	10	12	13	13	13	13	13	13	13	15
Court services	6	7	10	10	11	12	12.5	13.5	13.5	11
Commonwealth attorney	10	9	10	10	10.5	13	14	14	21	24
Public safety:										
Sheriff	154	155	147	156	158	159	158	166	165	174
Fire and rescue	21	27	28	37	38.5	39.5	41	44	57	58.5
Building inspections	13	14	17	20	22	23	22	26	28	28.5
Other protection	2	2	2	2	2	2	2	2	2	2
Public works:										
General administration	4	4	3	3	3	4	4	5	4	0.8
Garage operations	2	2	2	2	2	2	2	2	2	2
Maintenance	13	13	13	15	15.5	15	16	18	19	18.4
Parks, recreation and cultural	7	7	7	9	9	8	8	9.5	9.5	9.6
Community development:										
Planning and community development										
Extension	1	1	1	1	1	1	1	1	1	1
Economic development	1	1	1	-	-	-	-	-	-	-
Soil and water conservation	1	1	1	1	1	1	1	1	1	6
Nutrient management	1	1	1	-	-	-	-	-	-	-

COUNTY OF ROCKINGHAM, VIRGINIA

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

(Unaudited)

Function/Program	Fiscal			
	1998	1999	2000	2001
Police:				
Calls for service	8,116	8,332	14,928	14,056
Adult arrest	3,778	4,501	4,993	4,775
Juvenile arrest	108	205	317	293
Traffic citations	3,048	3,737	4,097	3,291
Fire:				
Total fire runs	5,903	5,903	6,330	6,469
Total rescue runs	6,818	7,305	8,234	7,372
Public service:				
Garbage collected (ton)	N/A	N/A	N/A	N/A
Recycle collected (ton)	N/A	N/A	N/A	N/A
Parks and recreation:				
Recreation program attendance	10,300	11,430	12,890	13,465
Aquatics program attendance	48	42	30	30
Water and sewer:				
New water connections	142	123	88	202
New wastewater connections	125	165	273	63
Average daily water consumption (gallons)	17,105,700	20,897,083	21,268,148	20,079,250
Average daily sewage treatment (gallons)	20,172,100	18,958,820	20,129,967	23,366,307
Transportation:				
Total route miles	1,101	1,102	1,102	1,104
Education:				
Average daily membership	10,479	10,570	10,580	10,693
Kindergarteners	807	750	793	830
Grades 1-12	9,672	9,820	9,787	9,863

Table 18

Year	2002	2003	2004	2005	2006	2007
	14,750	15,654	17,807	20,505	13,670	19,686
	4,731	4,843	4,951	4,752	3,024	5,639
	369	302	322	294	130	267
	4,583	3,939	3,019	2,685	1,491	1,851
	6,256	6,453	7,016	7,420	10,164	10,116
	7,344	7,730	8,442	8,764	11,775	12,226
	52,187	120,069	67,519	39,416	30,964	35,635
	26,292	40,891	22,709	16,750	13,158	10,658
	13,615	13,787	14,838	15,040	15,720	16,350
	-	-	-	-	-	-
	169	544	260	318	309	85
	219	149	184	371	335	96
	25,259,064	26,516,367	32,469,325	36,650,733	48,994,375	51,917,933
	25,219,729	24,438,880	27,089,625	37,309,686	56,185,433	45,444,975
	1,105	1,105	1,098	1,109	1,114	1,126
	10,720	10,891	10,782	10,860	11,151	11,388
	781	786	774	859	872	916
	9,939	10,105	10,008	10,001	10,279	10,472

COUNTY OF ROCKINGHAM, VIRGINIA

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

(Unaudited)

Function/Program	Fiscal			
	1998	1999	2000	2001
Police Stations	1	1	1	1
Fire Companies (not County owned)	12	12	12	12
Rescue Squads (not County owned)	9	9	9	9
Refuse Collection:				
Collection trucks				
Other public works				
Streets:				
Centerline Mileage:				
Interstate	58	58	58	58
Primary	159	159	159	159
Secondary	884	885	885	887
Number of street lights	10	10	10	10
Traffic signals	19	23	23	24
Parks and Recreation:				
Parks - number of acres	28	28	28	28
Neighborhood parks - number of acres	28	28	28	28
Baseball/softball diamonds	24	26	26	29
Soccer/football fields	9	9	9	9
Basketball courts	11	11	13	13
Parks with playground equipment	1	1	1	1
Picnic shelters	4	4	4	4
Community centers	2	2	2	2
Water:				
Wells (County owned)	5	5	5	5
Water lines (feet)	267,193	276,817	282,747	299,857
Fire hydrants	344	357	365	388
Storage capacity (MGPD)	4,588,000	4,588,000	4,588,000	4,588,000
Average daily consumption (MGPD)	663,192	687,027	699,226	660,139
Peak consumption (MGPD)	1,160,586	1,200,547	1,223,645	1,155,243
Wastewater:				
Sanitary sewers (miles)	202,004	212,074	222,354	240,394

Source:

Department heads for Rockingham County

Table 19

Year	2002	2003	2004	2005	2006	2007
	1	1	1	1	1	1
	12	12	12	12	12	12
	9	9	9	9	9	9
	58	58	58	58	58	54
	159	159	159	170	170	184
	888	888	881	881	886	888
	10	10	10	10	10	16
	26	27	27	31	32	33
	28	28	28	28	28	28
	28	28	28	28	28	28
	29	31	31	31	32	32
	9	13	13	13	13	13
	13	13	13	13	13	13
	1	1	1	1	1	1
	4	4	4	4	4	4
	2	2	3	3	3	3
	3	3	3	3	3	3
	316,766	354,868	369,583	394,969	444,139	455,503
	410	460	479	512	576	592
	4,588,000	4,588,000	6,588,000	6,588,000	10,088,000	10,088,000
	829,142	871,771	1,067,484	1,204,955	1,610,774	1,925,997
	1,450,998	1,525,599	1,868,098	2,108,671	2,818,854	3,068,500
	274,411	283,487	301,007	330,799	409,498	429,585



COMPLIANCE SECTION

COUNTY OF ROCKINGHAM, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2007

Federal Grantor/State Pass-Through Grantor/ Program Title	Federal CFDA Number	Expenditures
DEPARTMENT OF AGRICULTURE:		
<u>Direct payments:</u>		
<u>Department of Agriculture:</u>		
Cooperative Law Enforcement	10.000	\$ 2,948
NCRS Flood Mitigation	10.000	88,362
Water and Waste Disposal Systems for Rural Communities - grant	10.760	244,227
		<u>335,537</u>
<u>Pass-through payments:</u>		
<u>Department of Social Services:</u>		
State Administrative Matching Grants for Food Stamp Program	10.561	953,431
<u>Department of Agriculture and Consumer Services:</u>		
Commodity Distributions	10.555	302,326
<u>Department of Education:</u>		
Child Nutrition Cluster:		
School Breakfast Program	10.553	351,764
National School Lunch Program	10.555	1,472,252
Schools and Roads - Grants to States	10.665	82,849
		<u>1,906,865</u>
Total Department of Agriculture		<u>3,498,159</u>
DEPARTMENT OF TRANSPORTATION:		
<u>Pass-through payments:</u>		
<u>Department of Motor Vehicles:</u>		
State and Community Highway Safety	20.607	35,615
Total Department of Transportation		<u>35,615</u>

COUNTY OF ROCKINGHAM, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2007

Federal Grantor/State Pass-Through Grantor/ Program Title	Federal CFDA Number	Expenditures
SOCIAL SECURITY ADMINISTRATION:		
<u>Direct payments:</u>		
<u>Social Security Administration:</u>		
Reward for Incarceration Notification	96.000	\$ 5,800
Total Social Security Administration		<u>5,800</u>
DEPARTMENT OF LABOR:		
<u>Pass-through payments:</u>		
<u>Virginia Employment Commission:</u>		
Workforce Investment Act (WIA) Cluster:		
WIA Administrative	17.000	103,038
WIA Adult Program	17.258	144,880
WIA Youth Activities	17.259	206,378
WIA Adult Dislocated Workers	17.260	<u>484,985</u>
Total Department of Labor		<u>939,281</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES:		
<u>Direct payments:</u>		
<u>Department of Social Services:</u>		
General Relief Assistance	93.000	<u>16,770</u>

COUNTY OF ROCKINGHAM, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2007

Federal Grantor/State Pass-Through Grantor/ Program Title	Federal CFDA Number	Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES: (Continued)		
<u>Pass-through payments:</u>		
<u>Department of Social Services:</u>		
Promoting Safe and Stable Families	93.556	\$ 77,792
Temporary Assistance to Needy Families	93.558	484,358
Refugee and Entrant Assistance - State Administered Programs	93.566	121,559
Low-Income Home Energy Assistance	93.568	16,119
Child Care Cluster:		
Child Care and Development Block Grant	93.575	433,129
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	377,217
Chafee Education and Training Vouchers Program (ETV)	93.599	13,984
Adoption Incentive Payments	93.603	3,650
Child Welfare Services - State Grants	93.645	202
Foster Care - Title IV-E	93.658	2,352,992
Adoption Assistance	93.659	200,836
Social Services Block Grant	93.667	207,490
Chafee Foster Care Independent Living	93.674	28,707
State Children's Insurance Program	93.767	167
Medical Assistance Program (Medicaid; Title XIX)	93.778	207
		4,318,409
Total Department of Health and Human Services		4,335,179
DEPARTMENT OF JUSTICE, OFFICE OF JUSTICE PROGRAMS, BUREAU OF JUSTICE ASSISTANCE:		
<u>Direct payments:</u>		
<u>Department of Criminal Justice:</u>		
Executive Office for Weed and Seed	16.595	147,250
State Criminal Alien Assistance Program	16.606	91,218
Bulletproof Vest Partnership Program	16.607	445
Community Prosecution and Project Safe Neighborhoods	16.609	30,000
Public Safety Partnership and Community Policing Grant	16.710	13,287
		282,200
<u>Pass-through payments:</u>		
<u>Department of Criminal Justice Services:</u>		
Violence Against Women Formula Grants	16.588	20,096
Byrne Formula Grant Program	16.579	87,395
Crime Victim Assistance - Discretionary Grants	16.575	54,040
Public Safety Partnership and Community Policing Grant	16.710	247,370
Edward Byrne Memorial State and Local Law Enforcement Grant	16.580	60,214
Edward Byrne Memorial Justice Assistance Grant Program	16.738	808
		469,923
Total Department of Justice, Office of Justice Programs, Bureau of Justice Assistance		752,123

COUNTY OF ROCKINGHAM, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2007

Federal Grantor/State Pass-Through Grantor/ Program Title	Federal CFDA Number	Expenditures
DEPARTMENT OF DEFENSE:		
<u>Direct payments:</u>		
<u>Bureau of Land Management:</u>		
Payments to States in Lieu of Real Estate Taxes	12.112	\$ 200,716
Total Department of Defense		<u>200,716</u>
DEPARTMENT OF EDUCATION:		
<u>Pass-through payments:</u>		
<u>Department of Education:</u>		
Title I Grants to Local Educational Agencies	84.010	1,350,307
Special Education Cluster:		
Special Education - Grants to States	84.027	2,723,972
Special Education - Preschool Grants	84.173	63,079
Adult Education - State Grant Program	84.002	143,582
Vocational Education - Basic Grants to States	84.048	163,631
Safe and Drug-Free Schools and Communities - State Grants	84.186	37,244
Fund for the Improvement of Education	84.215	244,783
State Grants for Innovative Programs	84.298	11,544
Education Technology State Grants	84.318	16,654
Reading First State Grants	84.357	209,315
English Language Acquisition Grants	84.365	84,087
Improving Teacher Quality State Grants	84.367	389,231
Emergency Impact Aid for Displaced Students	84.938	3,960
		<u>5,441,389</u>
Total Department of Education		<u>5,441,389</u>

COUNTY OF ROCKINGHAM, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2007

Federal Grantor/State Pass-Through Grantor/ Program Title	Federal CFDA Number	Expenditures
DEPARTMENT OF HOMELAND SECURITY:		
<u>Pass-through payments:</u>		
<u>Department of Emergency Management:</u>		
State Domestic Preparedness Equipment Support Program	97.004	\$ 79,070
Homeland Security Grant Program	97.004	114,344
Emergency Management Performance Grants	97.042	10,844
State Homeland Security Program	97.073	57,122
		<u>261,380</u>
Total Department of Homeland Security		<u>261,380</u>
DEPARTMENT OF THE INTERIOR:		
<u>Pass-through payments:</u>		
<u>Department of Environmental Quality:</u>		
Rents and Royalties paid on Federal Land	15.000	84
		<u>84</u>
Total Department of the Interior		<u>84</u>
ELECTIONS ASSISTANCE COMMISSION:		
<u>Direct payments:</u>		
Help America Vote Act Requirements Payments	90.401	39,445
		<u>39,445</u>
Total Elections Assistance Commission		<u>39,445</u>
Total Federal Awards Expended		<u><u>\$ 15,509,171</u></u>

See Notes to Schedule of Expenditures of Federal Awards.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Significant Accounting Policies

A. Basis of Presentation and Accounting

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

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

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

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

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

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 2. Non-Cash Assistance

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

Food Distribution Program (CFDA Number 10.555) – The value of food commodities was calculated using the U.S. Department of Agriculture’s Food and Nutrition Service commodity price lists. The accompanying schedule includes commodity distributions of \$302,326 for CFDA Number 10.555.

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

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

We have audited the financial statements of the County of Rockingham, Virginia, (County) as of and for the year ended June 30, 2007, and have issued our report thereon dated November 26, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential, will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the County in a separate letter dated November 26, 2007.

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

PBGH, LLP

Harrisonburg, Virginia
November 26, 2007

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

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

Compliance

We have audited the compliance of the County of Rockingham, Virginia's (County) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia that are applicable to each of its major federal programs for the year ended June 30, 2007. The County's major federal programs are identified in the Summary of Independent Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 control deficiency in the County's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

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

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

PBGH, LLP

Harrisonburg, Virginia
November 26, 2007

COUNTY OF ROCKINGHAM, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2007

I. SUMMARY OF INDEPENDENT AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified	_____ Yes	√ _____ No
Significant deficiencies identified that are not considered to be material weaknesses	_____ Yes	√ _____ None Reported
Noncompliance material to financial statements noted	_____ Yes	√ _____ No

Federal awards

Internal control over major programs:

Material weaknesses identified	_____ Yes	√ _____ No
Significant deficiencies identified that are not considered to be material weaknesses	_____ Yes	√ _____ None Reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	_____ Yes	√ _____ No
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COUNTY OF ROCKINGHAM, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2007

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
10.561	State Administrative Matching Grants for Food Stamp Program
93.558	Temporary Assistance to Needy Families
93.667	Social Services Block Grant
84.010	Title I Grants to Local Educational Agencies

Child Nutrition Cluster:

10.553	School Breakfast Program
10.555	National School Lunch Program

Dollar threshold used to distinguish between type A and type B programs \$ 465,275

Auditee qualified as low-risk auditee? Yes No

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

A. Significant Deficiencies in Internal Control

None Reported

B. Compliance Findings

None

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

COUNTY OF ROCKINGHAM, VIRGINIA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2007

The prior year single audit disclosed no findings in the Schedule of Findings and Questioned Costs and no uncorrected or unresolved findings exist from prior audit's Summary Schedule of Prior Audit Findings.