

# COMPREHENSIVE ANNUAL FINANCIAL REPORT



Fiscal Year Ended  
June 30, 2012

County of Rockingham, Virginia

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
Fiscal Year Ended June 30, 2012**



Prepared by:

Department of Finance  
20 East Gay Street  
Harrisonburg, Virginia 22802  
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*[www.rockinghamcountyva.gov](http://www.rockinghamcountyva.gov)*

COUNTY OF ROCKINGHAM, VIRGINIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2012

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# **INTRODUCTORY SECTION**



**JOSEPH S. PAXTON**  
County Administrator



## ROCKINGHAM COUNTY

### BOARD OF SUPERVISORS

**PABLO CUEVAS**

Election District No. 1

**FREDERICK E. EBERLY**

Election District No. 2

**DEE E. FLOYD**

Election District No. 3

**WILLIAM B. KYGER, JR.**

Election District No. 4

**MICHAEL A. BREEDEN**

Election District No. 5

November 26, 2012

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

Gentlemen:

It is my pleasure to submit to you the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012. This report has been prepared in accordance with Section 15.2-2503 of the *Code of Virginia*, 1950, as amended.

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

The economic downturn since 2008 in the United States and Virginia has presented significant fiscal challenges for the County. The Commonwealth of Virginia has reduced funding for its share of education, transportation, and social services costs, and for those services provided by the five local Constitutional Officers (i.e. law enforcement, court security, legal services, tax collection and assessment, and court records management), placing further stress on the County to meet service demands. In the early years of the recession, the County experienced a decline in local revenues, primarily due to the declining value of automobiles; however, local revenues stabilized and are increasing. During the period of declining revenue, the Board of Supervisors took appropriate actions to adjust staffing levels to meet the current demand for services. These timely and prudent actions resulted in the County maintaining a strong local financial position. Further, strategic actions taken by the Board of Supervisors will position the County to take advantage of opportunities as the economic recovery begins to take hold and economic expansion occurs.

The Board of Supervisors and School Board are commended for collaborating to maintain a high quality education system, which provides an educated workforce. The Board of Supervisors and its management team, working with the Constitutional Officers and the School Board, continue its strategic review of options for providing high quality service within a restrained financial environment.

The function within the general government component of County operations providing the greatest challenges for resource service demand is fire and rescue services. In recent years, the County has increased its paid staffing to supplement a largely volunteer fire and rescue service to meet the community's needs. In January 2010, the Board of Supervisors authorized an emergency medical transport services billing to help off-set higher costs. The program established a fee for transporting patients from an incident scene to a medical facility. The fee generated more than \$1 million in collections during the past year to help defray higher service costs. The Board worked with the School Board to create a Fire & Rescue Tech program at the Massanutten Technical School. This program has been successful in helping to develop a pool of qualified applicants to meet the demand for paid staffing.

In 2006, the Board of Supervisors and School Board agreed upon a school construction program expected to meet the educational facility needs through at least 2020. Cub Run Elementary opened in the fall of 2008, River Bend Elementary in the fall of 2009, and East Rockingham High School welcomed its first students in August, 2010. Student population increases have leveled off during the economic downturn, but the additional capacity will provide space as the economy recovers. Debt incurred to fund construction resulted in a significant increase in annual debt service payments for the County, further challenging the two Boards at a time of restrained revenue growth.

Significant events and actions during this past year include:

- Completion of the build-out of the SRI-Shenandoah Valley research facility located in the County's economic development park, Innovation Village @ Rockingham, continuing the growth of this internationally-renowned research facility;
- The County continues its green energy initiatives by supplying methane gas generated at the Rockingham County landfill to the Rockingham Memorial Hospital (RMH) facility as a source for use in heating the complex;
- The Virginia Department of Transportation (VDOT) is in the design phase for a bridge replacement in Mt. Crawford that serves Dynamic Aviation, the County's fastest growing employer, and is constructing a new bridge in the Town of Broadway which links the eastern and western sides of the Town;
- Proposals for the right-of-way acquisition, design, and construction of the Southeast Connector were received. This primary road provides a critical transportation link between western Rockingham County and eastern Rockingham County, and opens land for important business and residential development to sustain the economic vitality of the Harrisonburg Metro Area. Construction is scheduled to begin in 2013 with completion by the end of 2014;
- Began the design of Reservoir Street widening project in partnership with the City of Harrisonburg (City) to improve Reservoir Street east from the City to the new RMH facility; and,
- Initiated the development of a master plan, marketing strategy and financing model for Innovation Village @ Rockingham to position the County for new private investment in the 365-acre park located on the northern edge of the City.

Looking to the future, the Board is addressing a number of issues which may result in a significant financial commitment and, therefore, need to be part of the County's long-term financial planning.

These issues include:

- Partnership with the City to develop water supply resources and related delivery infrastructure;
- Additional operational space for human service agencies, including the social services district, community services board, and health department, as well as, potential co-location with other related state and federal agencies. This project involves a partnership with the City and Commonwealth;
- Secure Part B approval from the Department of Environmental Quality for the expansion of the County landfill to provide for long-term disposal of solid waste for the County and City;
- Expansion of the regional jail or negotiation for membership in an adjacent Regional Jail facility to meet space needs for secure housing for an increasing inmate population; and,
- Meeting the financial commitment for the County's share of the retirement system for school teachers. Over the past several years, the Virginia General Assembly has used revisions to the contribution rate for teachers as a means to soften the financial burden on the state and localities.

The financial downturn and its impact on investment earnings further exasperated the State's actions to under fund the Teacher plan and led to significant legislative action in the 2012 session to address the unfunded liability. The state legislation provides for a six year implementation period, with significant increases in rates every two years.

A \$4 million increase in operating costs resulted from the 86% increase in the school teacher retirement rate and 50% to 60% increase in County employee and School classified employee rates. As a result, the Board of Supervisors took measured actions to increase the real estate rate from \$.60 to \$.64 per \$100 of assessed value, and the personal property rate from \$2.80 to \$2.85 per \$100 of assessed value. These actions to increase rates came only after the Board met with management to review operations for efficiencies and reductions, and finding that an increase in tax revenue was necessary to maintain financial stability and important services for its citizens. The tax increase will generate slightly more than \$3 million in fiscal year 2013.

The economy of the region remains relatively strong, influenced by the steady growth at three local universities and colleges (James Madison University, Eastern Mennonite University and Bridgewater College), and a very diverse local economy. Despite the economic challenges in other areas of Virginia and the United States, the County is meeting the critical service demands for its citizens. The Commonwealth's budget shortfalls and uncertainty with regards to the Federal funding have led management to implement a restrained, targeted strategy for local operations. Close collaboration between the Board of Supervisors and School Board have resulted in using stimulus funding to add capacity at the Massanutten Technical School, the use of local funds to upgrade an aging elementary school in Ottobine and to provide a one-time pay increase for employees in lieu of a general salary increase to prevent creating unsustainable operating costs.

Rockingham County received a financial rating from the United States' three largest credit rating agencies - Standard & Poor's, Moody's Investor Service, and Fitch Ratings in the last 18 months. The County received a "AA+" from Standard & Poor's, and a "AA" from Moody's and Fitch. These strong ratings from the first ratings received by the County signify a recognition by the credit ratings agencies of the strong leadership of the Board and the County's economic viability.

The policies and actions by the Board of Supervisors encourage steady, sustainable growth, fostering a strong local economy and helping to make 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](http://www.rockinghamcountyva.gov).

The Government Finance Officers Association of the United States and Canada has awarded the County a Certificate of Achievement for Excellence in Financial Reporting for the thirtieth 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 entrusted to us throughout the year, which allow for the implementation of the Board's policies. We look forward to continuing to work with you to provide high quality, efficient and effective services for our community.

Respectfully submitted,



Joseph S. Paxton  
County Administrator



JOSEPH S. PAXTON  
County Administrator



## ROCKINGHAM COUNTY

### BOARD OF SUPERVISORS

PABLO CUEVAS

Election District No. 1

FREDERICK E. EBERLY

Election District No. 2

DEE E. FLOYD

Election District No. 3

WILLIAM B. KYGER, JR.

Election District No. 4

MICHAEL A. BREEDEN

Election District No. 5

November 26, 2012

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, 2012. The report is designed to present fairly the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County in all material respects, and to demonstrate compliance with applicable finance-related legal and contractual provisions. The report adheres to the principle of full disclosure so that the reader may gain the maximum understanding of the County's financial affairs.

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

PBGH, LLP, Certified Public Accountants, have issued an unqualified ("clean") opinion on the County's financial statements for the year ended June 30, 2012. The independent auditor's report is located at the front of the financial section of this report.

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

### *Profile of the Government*

The County of Rockingham, located in the heart of the Shenandoah Valley, is the third largest county in Virginia in land area with 853.65 square miles and an estimated population of 77,297. The independent city of Harrisonburg, with an estimated population of 50,057 serves as the County seat, and is the largest city in western Virginia between the Roanoke and the Washington, D.C. metropolitan areas.

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

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

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

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

Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of the primary government. The Rockingham County School Board is a legally separate entity and is reported as a discretely presented component unit. The County has consolidated social service operations with the City, 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 15<sup>th</sup> of each year. Each department and agency prepares its budget request for review and amendment by the County Administrator prior to inclusion in the County's general operating budget. The School Board and Social Services Administrative Board prepare their budgets and transmit them to the County Administrator. The County Administrator then submits his recommendation to the Board's Finance Committee for consideration and recommendation to the full Board.

The Board establishes a time and place for a public hearing on the budget. A hearing must be held at least seven days prior to the adoption of the budget. Except for the School's budget, which may only be increased or decreased by major category or as a whole, the Board may insert new items of expenditure or may increase, decrease, or remove items of expenditure (other than debt service or other legal requirements). On April 27, 2011, the Board approved the budget for fiscal year 2012. During the fiscal year 2012, as is customary, the Board also approved supplemental budget amendments.

### ***Local Economy***

The County continues to enjoy a relatively stable and diverse local economy. The County has a varied manufacturing, industrial, distribution, services, and higher education base that adds to the relative stability of the unemployment rate (currently 5.0%). Major industries with headquarters or divisions located within the County's boundaries include a chemical manufacturer, brewery, book printer, foodservice marketer and distributor, retail distributors, four-season resort, and several poultry processors. Higher education also has a major presence within the area with a state university, private university, and a private college with a combined full-time enrollment of over 21,000 students.

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

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

The County continued to experience a slower amount of building activity for fiscal year 2012. There was over \$60 million authorized for new construction and renovations in the County for this time period including four projects, each of which involved an investment of almost \$1 million or more. These projects were: RMH Funkhouser Women's Health Center, Interchange Shen-Valley Industrial Park, Pilot Travel Center, and Victory Fellowship Church.

## *Long-Term Financial Planning*

Unassigned fund balance in the General Fund totaled over \$28.6 million, which represents 30 percent of total General Fund expenditures. An additional \$12.8 million, which represents another 13% of total General Fund expenditures, is assigned to future unspecified capital outlays in the General Capital Projects Fund.

Long range financial planning is in place, especially for capital projects, to ensure that resources, including borrowed funds, if necessary, are available to meet committed projects prior to their approval, and that adequate funding is planned for repayment of debt that has been or will be incurred. Annually, the County prepares a capital improvement program (CIP) projecting needs for each of the next five years including consideration of estimates for projects extending beyond these five years. A corresponding schedule is also prepared to identify the funding sources.

In May 2011, the Board of Supervisors retained a financial advisor to consider obtaining initial credit ratings from the three national credit rating agencies, and to examine potential opportunities for refinancing existing bonds. In September 2011, as a direct result of strong current and historical financial management of the County, Rockingham received the following initial credit ratings:

- Standard & Poor's Financial Services LLC: AA+
- Moody's Investors Service, Inc.: Aa2
- Fitch, Inc.: AA

In October 2011, the County executed a refinancing proposal from SunTrust, the current lender on the outstanding SRI Project Bonds, resulting in reduced interest rates and achieving gross savings of over \$2.6 million over the remaining term of these bonds. The original term required to ultimately repay the bonds was not extended.

## *Relevant Financial Policies*

Historically there have been either limited or no formal financial policy guidelines; however, the Board and its Finance Committee review the County's financial data with staff on a regular basis for budgetary and planning purposes. The Board adopted a revision to its Investment Policy Guidelines in October 2011 as the first step in this process. In April 2012, the Board further adopted Financial Policy Guidelines which included the following:

- Guidelines and Objectives
- Accounting, Auditing and Financial Reporting
- Operating Budget
- Revenues
- Debt
- Reserves
- Investments
- Capital Improvement Budget
- Utility and Solid Waste Funds

A guiding principle for the County is to continue to ensure that operational costs for critical services are funded from on-going revenues. Fiscal stability is a necessity to preserve the quality of life for County residents.

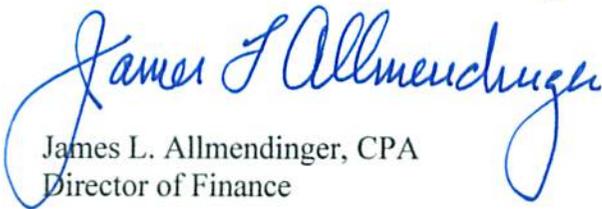
*Awards and Acknowledgements*

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Rockingham for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2011. This was the 30<sup>th</sup> consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

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

Respectfully submitted,



James L. Allmendinger, CPA  
Director of Finance

**COUNTY OF ROCKINGHAM, VIRGINIA**

Directory of Principal Officials  
June 30, 2012

***Board of Supervisors***

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

Frederick E. Eberly  
District 2

Michael A. Breeden  
District 5

Pablo Cuevas  
District 1

***County Administrator***

Joseph S. Paxton

***School Board***

Dan Breeden, Chairman  
District 5  
Lowell Fulk, Vice-Chairman  
District 2

Anthony Slater  
District 1

John Myers, Jr.  
District 3

Bob May  
District 4

***Superintendent of Schools***

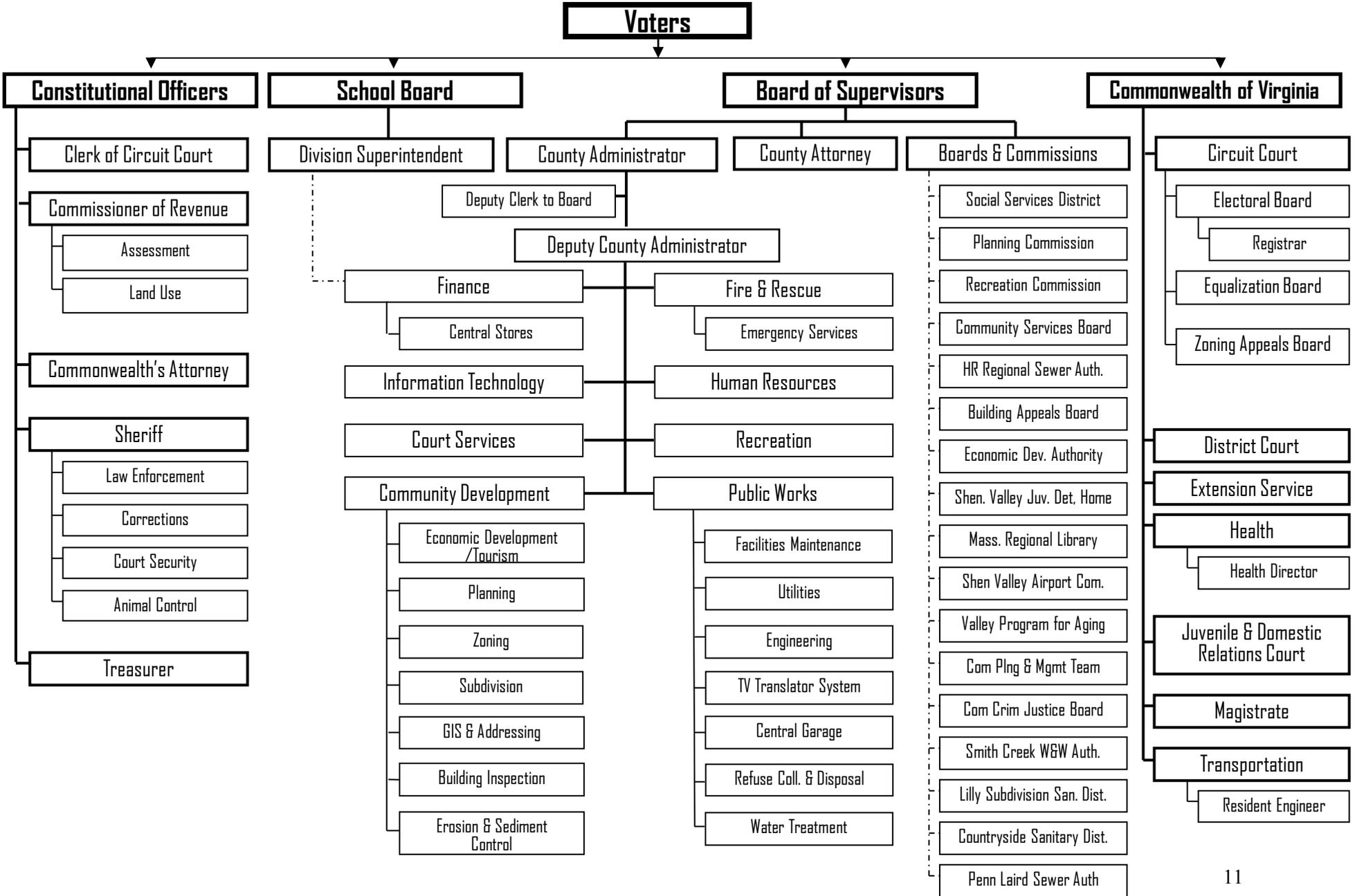
Dr. Carol Fenn

***Other Officials***

Stephen G. King  
Thomas H. Miller  
Lowell R. Barb  
Bryan F. Hutcheson  
L. Todd Garber  
Marsha L. Garst  
Chaz W. Evans-Haywood  
James L. Allmendinger  
Donald D. Driver, Jr.  
Terri Perry  
Katherine S. McQuain  
Rhonda G. Henderson  
Barry Hertzler  
Ann Marie Freeman  
Stephen N. Riddlebarger  
Douglas L. Geib  
Robert A. Symons  
William L. Vaughn

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

# Rockingham County, Virginia Government Organizational Chart



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Rockingham  
Virginia

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2011

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.



*Linda C. Danison*

President

*Jeffrey R. Enos*

Executive Director

# **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S 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, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2012 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 15-30 and the required supplementary information on pages 89-90 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The accompanying schedules listed in the table of contents as supplementary information and supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the County's basic financial statements. 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. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

PBGH, LLP

Harrisonburg, Virginia  
November 26, 2012

## 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, 2012. 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 \$17,538 at June 30, 2012. Of this amount, there was \$63,490 invested in the County's capital assets, net of related debt, \$421 in restricted net assets, and a negative \$46,373 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 \$43,843. Approximately 65 percent of this total amount, \$28,308 is available for spending at the government's discretion (unassigned fund balance). There is an additional \$14,439 in the General Capital Projects Fund assigned to unspecified future capital outlays that could be returned to the General Fund at the Board of Supervisor's (Board) discretion.
- At the end of the current fiscal year, the unassigned fund balance in the General Fund was \$28,308, which represents 29 percent of total General Fund expenditures. As mentioned above, an additional \$14,439 which represents 15 percent of total General Fund expenditure is assigned to future unspecified capital outlays in the General Capital Projects Fund.

### Overview of the Financial Statements

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

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

The *statement of net 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **Government-wide Financial Analysis**

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 \$17,538 at the close of the most recent fiscal year. This is an improvement of \$11,076 in comparison with the prior year. The explanation for this change is provided below.

By far, the largest portion of the County's net assets, \$63,490, reflects its investment in capital assets (e.g. land, easements, buildings, improvements, machinery and equipment, software, and construction in progress, net of accumulated depreciation and amortization), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to its citizens; consequently, these assets are not readily available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves would not likely be used to liquidate these liabilities.

An additional portion of the County's net assets, \$421, represents resources that are subject to external restrictions on how they may be used. There was a decrease of \$962 in restricted net assets reported in connection with the County's governmental activities.

The unrestricted portion of the County's net assets for the primary government changed from a negative \$55,862 to a negative \$46,373. 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 largest portion of the component unit School Board's net assets reflects its investment in capital assets (e.g. land, easements, buildings, improvements, machinery and equipment, and construction in progress, net of accumulated depreciation and amortization). As explained above and in note 1(E)(9) of this report, the School Board does not have taxing authority by law and, therefore, cannot incur debt through general obligation bonds for its capital assets.

**County of Rockingham, Virginia**  
**Summary Statement of Net Assets**  
**June 30, 2012 and 2011**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 54,264	\$ 53,414	\$ 10,551	\$ 9,943	\$ 64,815	\$ 63,357
Capital assets, net	55,916	54,120	45,583	46,611	101,499	100,731
<b>Total assets</b>	<b>110,180</b>	<b>107,534</b>	<b>56,134</b>	<b>56,554</b>	<b>166,314</b>	<b>164,088</b>
Other liabilities	6,137	6,074	515	536	6,652	6,610
Noncurrent liabilities	118,699	126,630	23,425	24,386	142,124	151,016
<b>Total liabilities</b>	<b>124,836</b>	<b>132,704</b>	<b>23,940</b>	<b>24,922</b>	<b>148,776</b>	<b>157,626</b>
Net Assets:						
Investment in capital assets, net of related debt	34,324	31,571	29,166	29,370	63,490	60,941
Restricted	421	1,383	-	-	421	1,383
Unrestricted (deficit)	(49,401)	(58,123)	3,028	2,261	(46,373)	(55,862)
<b>Total net assets</b>	<b>\$ (14,656)</b>	<b>\$ (25,169)</b>	<b>\$ 32,194</b>	<b>\$ 31,631</b>	<b>\$ 17,538</b>	<b>\$ 6,462</b>

	Component Units			
	School Board		Harrisonburg-Rockingham Social Services District	
	2012	2011	2012	2011
Current and other assets	\$ 23,352	\$ 24,435	\$ 5,942	\$ 6,273
Capital assets, net	155,670	161,144	19	40
<b>Total assets</b>	<b>179,022</b>	<b>185,579</b>	<b>5,961</b>	<b>6,313</b>
Other liabilities	18,451	17,453	1,275	1,570
Noncurrent liabilities	7,764	6,575	646	584
<b>Total liabilities</b>	<b>26,215</b>	<b>24,028</b>	<b>1,921</b>	<b>2,154</b>
Net Assets:				
Investment in capital assets, net of related debt	155,670	161,144	19	40
Unrestricted	(2,863)	407	4,021	4,119
<b>Total net assets</b>	<b>\$ 152,807</b>	<b>\$ 161,551</b>	<b>\$ 4,040</b>	<b>\$ 4,159</b>

**County of Rockingham, Virginia**  
**Summary Statement of Changes in Net Assets**  
**Years Ended June 30, 2012 and 2011**

	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	2012	2011	2012	2011	2012	2011
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 7,756	\$ 7,970	\$ 9,582	\$ 8,269	\$ 17,338	\$ 16,239
Operating grants and contributions	8,845	9,196	-	-	8,845	9,196
Capital grants and contributions	58	269	-	-	58	269
General revenues:						
General property taxes	67,972	64,491	-	-	67,972	64,491
Other local taxes	9,512	9,128	-	-	9,512	9,128
Intergovernmental non-categorical aid	8,038	8,066	-	-	8,038	8,066
Use of money and property	1,068	964	40	40	1,108	1,004
Miscellaneous	337	780	979	1,067	1,316	1,847
<b>Total revenues</b>	<b>103,586</b>	<b>100,864</b>	<b>10,601</b>	<b>9,376</b>	<b>114,187</b>	<b>110,240</b>
<b>Expenses:</b>						
General government administration	4,942	4,695	-	-	4,942	4,695
Judicial administration	3,529	3,462	-	-	3,529	3,462
Public safety	20,970	20,392	-	-	20,970	20,392
Public works	2,588	2,453	10,038	9,636	12,626	12,089
Health and social services	4,835	5,006	-	-	4,835	5,006
Education	44,255	40,666	-	-	44,255	40,666
Parks, recreation and cultural	2,235	2,170	-	-	2,235	2,170
Community development	4,162	5,038	-	-	4,162	5,038
Interest	5,557	5,860	-	-	5,557	5,860
<b>Total expenses</b>	<b>93,073</b>	<b>89,742</b>	<b>10,038</b>	<b>9,636</b>	<b>103,111</b>	<b>99,378</b>
<b>Change in net assets</b>	<b>10,513</b>	<b>11,122</b>	<b>563</b>	<b>(260)</b>	<b>11,076</b>	<b>10,862</b>
Net assets, beginning	(25,169)	(36,291)	31,631	31,891	6,462	(4,400)
Net assets, ending	<b>\$ (14,656)</b>	<b>\$ (25,169)</b>	<b>\$ 32,194</b>	<b>\$ 31,631</b>	<b>\$ 17,538</b>	<b>\$ 6,462</b>

**County of Rockingham, Virginia**  
**Summary Statement of Changes in Net Assets (Continued)**  
**Years Ended June 30, 2012 and 2011**

	Component Units			
	School Board		Harrisonburg-Rockingham Social Services District	
	2012	2011	2012	2011
Revenues:				
Program revenues:				
Charges for services	\$ 5,057	\$ 4,954	\$ -	\$ -
Operating grants and contributions	69,055	69,346	14,696	15,402
Capital grants and contributions	94	346	-	-
General revenues:				
Grants and contributions not restricted to specific programs	44,255	40,666	6,242	6,791
Intergovernmental non-categorical aid	99	92	-	-
Use of money and property	39	54	21	22
Miscellaneous	360	165	34	25
<b>Total revenues</b>	<b>118,959</b>	<b>115,623</b>	<b>20,993</b>	<b>22,240</b>
Expenses:				
Health and social services	-	-	21,112	21,790
Education	127,704	123,461	-	-
<b>Total expenses</b>	<b>127,704</b>	<b>123,461</b>	<b>21,112</b>	<b>21,790</b>
<b>Change in net assets</b>	<b>(8,745)</b>	<b>(7,838)</b>	<b>(119)</b>	<b>450</b>
Net assets, beginning	161,551	169,389	4,159	3,709
Net assets, ending	\$ 152,806	\$ 161,551	\$ 4,040	\$ 4,159

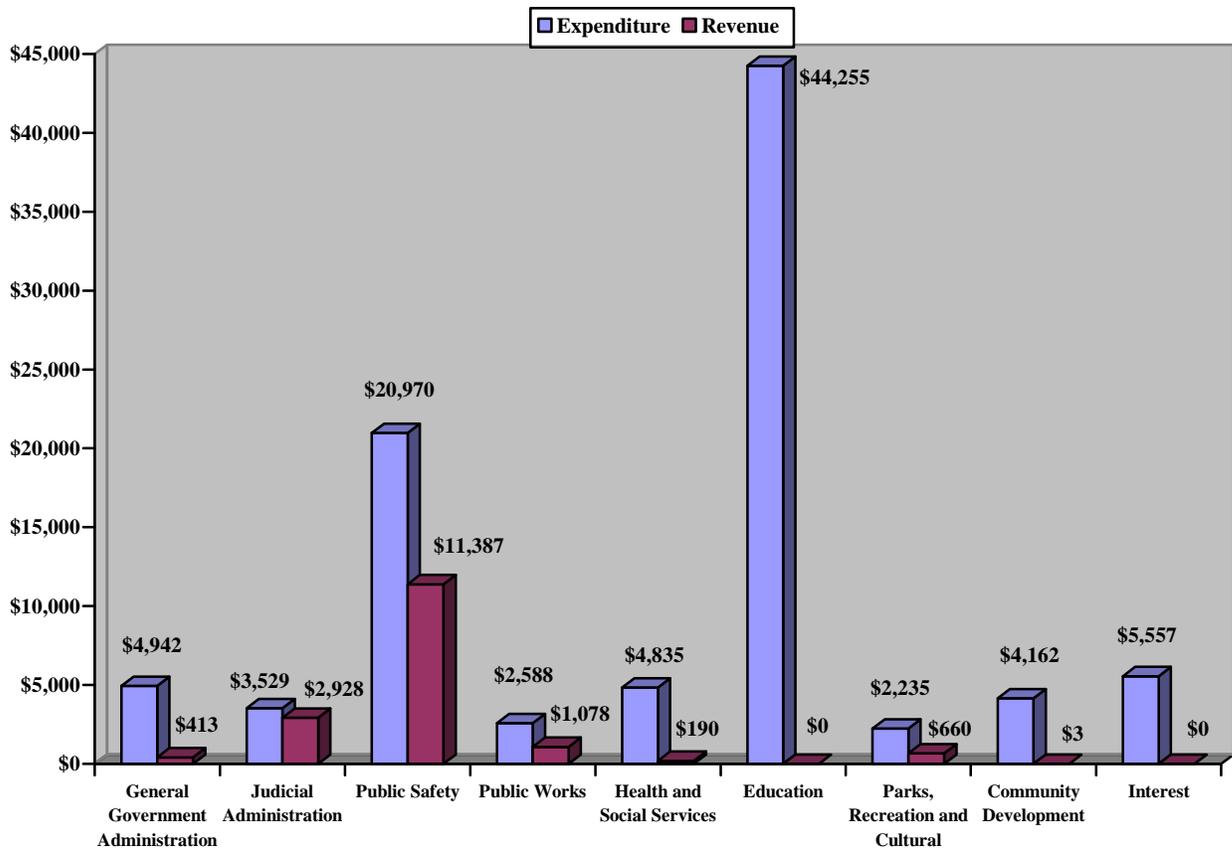
**Governmental activities.** Governmental activities reduced the deficit in the County’s net assets by \$10,513 compared to \$11,122 in fiscal year 2011. Key factors of this change are as follows:

- Total revenues increased \$2,722 (from \$100,864 to \$103,586) compared to last year.
- Total expenses increased by \$3,331 (from \$89,742 to \$93,073) compared to last year.

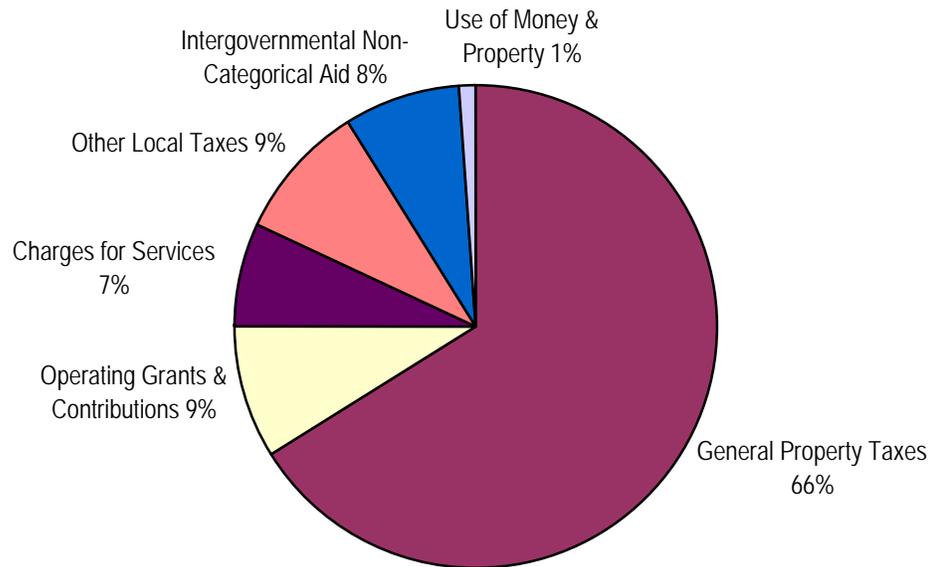
An explanation of the key components for the revenue and expense changes is outlined on page 25 under the Financial Analysis of the Government’s Funds.

**Business-type activities.** Business-type activities also increased the County’s net assets by \$563 compared to a decrease of \$260 last fiscal year. Each of these businesses is monitored on a regular basis to assure that they are operating as a self-sustaining enterprise.

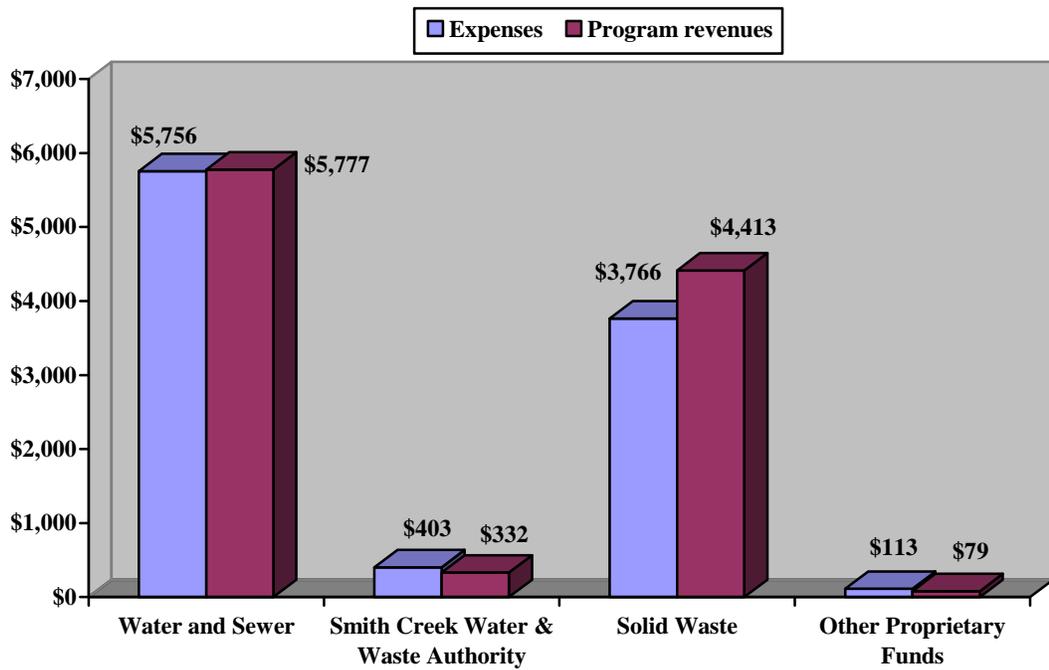
**Expenses and Program Revenues - Governmental Activities**



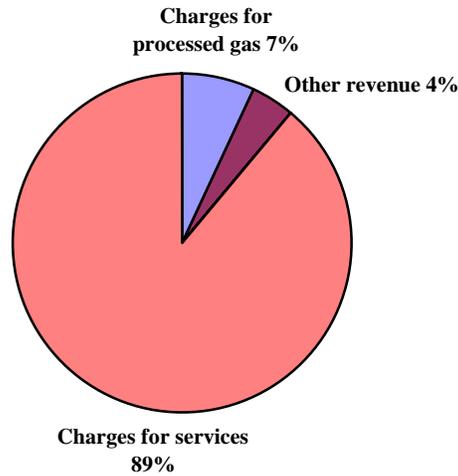
### Revenues by Source - Governmental Activities



### Expenses and Program Revenues - Business-type Activities



**Revenues by Source - Business-type Activities**



**Component Unit – School Board.** The School Board’s net assets decreased by \$8,745 this fiscal year compared to a decrease of \$7,838 in fiscal year 2011. Key elements of this decrease are as follows:

1. Revenues increased by \$3,336 (from \$115,623 to \$118,959) primarily due to an increase in the appropriation from the County’s General Fund of \$3,589 (from \$40,666 to \$44,255).
2. Expenses also increased in each category by a total of \$ 4,243 (from \$ 123,461 to \$ 127,704) due to higher operating costs as follows:

Instruction	\$	2,549
Administration, attendance and health		597
Pupil transportation services		478
Operation and maintenance services		318
School food services		301
	\$	4,243

3. Included in the Expenses listed above are depreciation and amortization totaling \$8,875 which are a non-cash reduction in net assets.

**Financial Analysis of the Government’s Funds**

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

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

As of the end of the current fiscal year, the County’s governmental funds reported combined ending fund balances of \$43,843, an increase of \$164 in comparison with the prior year.

Approximately 65 percent of this total amount (\$28,308) constitutes unassigned general fund balance, which is available for spending at the government's discretion. In addition, another 33 percent of this total amount (\$14,439) constitutes fund balance assigned to future unspecified capital outlays in the General Capital Projects Fund. However, these funds may be returned to the General Fund at the Board's discretion.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$28,308, while total fund balance reached \$28,983. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 29 percent of total General Fund expenditures, while total fund balance represents 29 percent of that same amount.

The fund balance of the County's General Fund decreased \$491 during the current fiscal year from \$29,474 at the end of fiscal year 2011. This is significantly better than the original budget which projected a \$5,592 decrease, and the final budget projecting a \$6,810 decrease. The key factors influencing these results are as follows:

- Total revenues increased by \$2,318 compared to last year. The largest revenue changes were:
  - General property taxes increased \$3,124 primarily due to an increase in real property taxes of \$2,142, which included a tax rate change from \$0.60 to \$0.64 in 2012. Machinery and tools taxes also showed an increase of \$851 since last year was lower due to reimbursements caused by taxpayer errors in prior years.
  - Intergovernmental revenue decreased \$644 primarily due to a reduction of \$283 in other categorical aid from the Commonwealth of Virginia, and a reduction of \$416 in categorical aid from the federal government.
- Total expenditures increased by \$3,039 compared to last year. Many of the expenditure categories remained relatively flat. The key components with changes were:
  - Public safety increased \$500 compared to the prior fiscal year primarily due to higher prisoner headcount and cost increases in the County operated correction and detention facility.
  - Education expenses increased \$3,590 compared to the prior fiscal year total of \$40,665.
  - Community development expenses decreased by \$812 primarily due to the planned reduction in economic grant payments which are directly tied to taxes paid.

The General Capital Projects Fund has a total fund balance of \$14,439, of which the entire \$14,439 is assigned to unspecified future capital outlays. The County had capital outlays of \$4,325 during the current fiscal year which were funded by revenues and transfers from the General Fund.

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

Net assets of these funds increased \$563 this fiscal year to \$32,194. The largest portion of these net assets, \$29,166, continues to reflect the County's investment in capital assets. The unrestricted net assets of the proprietary funds increased from \$2,262 last fiscal year to \$3,028 this fiscal year.

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

## **General Fund Budgetary Highlights**

During the year there was a \$2,435 increase in appropriations between the original and final amended budget. The following are the largest components of the increase:

- \$508 supplemental appropriations in judicial administration which included \$287 for projects of the Clerk of the Circuit Court to be funded by the State's Technology Trust Fund.
- \$1,083 supplemental appropriations in public safety for a variety of operating and capital needs.
- \$485 supplemental appropriation in education for school textbooks.

The increase in appropriations was possible because of a number of factors including the receipt of federal and state grants and the reduction of other expenditures.

There were also significant differences between the final amended budget for the General Fund and actual amounts (presented using the basis of budgeting). Actual revenues less expenditures were \$6,319 over the final budget.

Actual total revenues were \$2,967 over the final budgeted amounts and the key factors for this were:

- General property taxes were \$2,274 over the final budget amount. Real property taxes accounted for \$1,717 of this increase partially due to a rate increase from \$0.60 to \$0.64 in 2012. Personal property taxes accounted for \$730 of this increase primarily due to higher vehicle values.
- Other local taxes were \$903 over the final budget amount. Local sales and use taxes accounted for \$591 of this increase due to the improved economy. All of the other components also showed improvement over the final budget amount.

Actual total expenditures were \$3,353 under the final budgeted amounts and the key factors were:

- The appropriation to the Rockingham County School Board for general operations was less than the final budget by \$1,453. The remaining funds were left unspent at year-end by the School Board in recognition of the need to conserve resources.
- Community development expenditures were \$811 less than the final budget due to economic development funds not being spent by year-end.
- All other expenditure categories were less than the final budget amounts to varying degrees, but primarily due to containment of costs.

## **Capital Asset and Debt Administration**

**Capital assets.** The County's investment in capital assets for its governmental and business-type activities as of June 30, 2012, amounts to \$101,499 (net of accumulated depreciation and amortization). This investment in capital assets includes land, easements, construction in progress, buildings, improvements, machinery and equipment, and software. The County's investment in capital assets for the current fiscal year remained relatively unchanged at \$101,499 compared to \$100,731 last year.

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

Governmental Activities

- Land – Land was purchased for future use at a total cost of \$870.
- Buildings – The SRI Building Phase 1B was completed at a total cost of \$2,180.

**County of Rockingham, Virginia  
Summary Statement of Capital Assets  
June 30, 2012 and 2011**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Non-Depreciable Assets:						
Land	\$ 4,068	\$ 3,198	\$ 1,550	\$ 1,549	\$ 5,618	\$ 4,747
Easements	-	-	198	198	198	198
Construction in progress	110	36	628	657	738	693
Depreciable Capital Assets:						
Buildings	48,282	46,102	378	378	48,660	46,480
Improvements	10,577	10,496	62,133	61,954	72,710	72,450
Machinery and equipment	16,760	15,823	4,519	5,289	21,279	21,112
Software	1,595	1,586	-	-	1,595	1,586
Accumulated depreciation and amortization	(25,476)	(23,121)	(23,823)	(23,414)	(49,299)	(46,535)
<b>Total</b>	<b>\$ 55,916</b>	<b>\$ 54,120</b>	<b>\$ 45,583</b>	<b>\$ 46,611</b>	<b>\$ 101,499</b>	<b>\$ 100,731</b>

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

- Construction In Progress - Renovations on Ottobine Elementary School continued this fiscal year; construction in progress as of the close of this fiscal year was \$2,223.

**County of Rockingham, Virginia**  
**Summary Statement of Capital Assets (Continued)**  
**June 30, 2012 and 2011**

	Component Units			
	School Board		Harrisonburg-Rockingham Social Services District	
	2012	2011	2012	2011
<b>Non-Depreciable Assets:</b>				
Land	\$ 5,470	\$ 5,470	\$ -	\$ -
Easements	37	37	-	-
Construction in progress	2,223	249	-	-
<b>Depreciable Capital Assets:</b>				
Buildings	176,667	176,667	-	-
Improvements	46,685	46,099	3	3
Machinery and equipment	33,726	33,008	525	525
Software	49	49	-	-
Accumulated depreciation and amortization	(109,187)	(100,435)	(509)	(488)
<b>Total</b>	<b>\$ 155,670</b>	<b>\$ 161,144</b>	<b>\$ 19</b>	<b>\$ 40</b>

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 \$90,685. 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, 2012 and 2011**

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
General obligation bonds	\$ 90,685	\$ 96,488	\$ -	\$ -	\$ 90,685	\$ 96,488
Literary fund loans	-	69	-	-	-	69
Capital leases	21,592	23,518	-	-	21,592	23,518
Unamortized premiums	3,900	4,153	524	580	4,424	4,733
Revenue bonds	-	-	16,003	17,108	16,003	17,108
Landfill obligation	-	-	6,556	6,389	6,556	6,389
Compensated absences	1,418	1,550	164	176	1,582	1,726
Other post-employment benefits	1,104	852	177	133	1,281	985
<b>Total</b>	<b>\$ 118,699</b>	<b>\$ 126,630</b>	<b>\$ 23,424</b>	<b>\$ 24,386</b>	<b>\$ 142,123</b>	<b>\$ 151,016</b>

Article VII, Section 10(b), Constitution of Virginia, stipulates that no debt shall be contracted by or on behalf of any county or district thereof unless approved by an affirmative vote of a majority of the qualified voters of the County. No referendum was called to issue general obligation debt in the 2011 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 2012 fiscal year is presented as actual amounts as follows:

Estimated Population	Assessed Valuation of All Taxable Property	Net Bonded Debt	Ratio of Debt to Assessed Valuation	Net Bonded Debt per Capita
77,297	\$ 8,708,970,054	\$ 90,685,311	.0104	\$ 1,173

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

**Economic Factors and Next Year’s Budget and Rates**

- The unemployment rate for September 2012 in Rockingham County was 5.0 percent, which is an improvement from the 5.5 percent rate a year ago. This compares favorably to the Virginia statewide unemployment rate of 5.9 percent and the United States national average of 7.8 percent.
- The County is encountering its 4th consecutive year of significant revenue challenges.
- Fiscal year 2013 General Fund Revenue is budgeted to increase to \$102,738 in comparison to the fiscal year 2012 Amended Budget of \$99,978. This is primarily the result of the real estate and personal property tax rate changes.
- Federal revenues are primarily from grant sources, and with the federal fiscal year not beginning until October 1, it is difficult to project which grants will be approved. However, it is important to mention that those expenditures dependent upon federal grants will not be incurred until the grant is approved and the County has assurances that it will receive those funds.
- Revenue estimates continue to be projected conservatively by staff to be responsible to the County’s citizens in funding planned levels of service for next year.
- Fiscal year 2013 General Fund Expenditures are budgeted to increase to \$109,876 in comparison to the fiscal year 2012 Amended Budget of \$106,788. This is primarily the result of the increase in the Virginia Retirement System rates.
- The unassigned fund balance in the General Fund at fiscal year-end was \$28,308. The County has appropriated \$7,139 of this amount for spending in the fiscal year 2013 budget. The drawdown in the fund balance is used for one-time capital and maintenance expenditures and, therefore, lessens the need to raise taxes.

All of these factors were considered in preparing the County’s budget for fiscal year 2013.

## **Requests for Information**

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

# **BASIC FINANCIAL STATEMENTS**

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF NET ASSETS

June 30, 2012

	Primary Government			Component Units	
	Governmental	Business-type	Totals	School	Harrisonburg- Rockingham Social Services
	Activities	Activities		Board	District
<b>ASSETS</b>					
Cash, cash equivalents and temporary cash investments	\$ 46,156,667	\$ 9,213,137	\$ 55,369,804	\$ 17,357,653	\$ 4,141,686
Receivables, net:					
Property taxes	3,488,785	-	3,488,785	-	-
Utility taxes	104,800	-	104,800	-	-
Trade and other accounts	616,091	1,146,925	1,763,016	284,863	27,762
Accrued interest	52,106	10,173	62,279	11,610	5,259
Due from other governments	2,863,399	-	2,863,399	3,067,323	1,699,925
Internal balances	295,778	(295,778)	-	-	-
Prepaid items	327,316	49,393	376,709	2,428,188	67,755
Inventory	52,483	113,474	165,957	202,628	-
Restricted cash	306,957	109,707	416,664	-	-
Financing costs, net of accumulated amortization	-	203,379	203,379	-	-
Capital assets, net of accumulated depreciation and amortization:					
Land	4,068,144	1,549,260	5,617,404	5,469,535	-
Easements	-	197,842	197,842	36,654	-
Buildings	48,282,231	378,127	48,660,358	176,666,855	-
Improvements other than buildings	10,577,343	62,132,829	72,710,172	46,684,935	3,156
Machinery and equipment	16,760,082	4,519,302	21,279,384	33,726,037	525,168
Software	1,595,002	-	1,595,002	49,407	-
Construction in progress	109,973	628,354	738,327	2,223,434	-
Less: accumulated depreciation and amortization	(25,476,884)	(23,822,651)	(49,299,535)	(109,187,078)	(509,421)
<b>Total assets</b>	<b>110,180,273</b>	<b>56,133,473</b>	<b>166,313,746</b>	<b>179,022,044</b>	<b>5,961,290</b>

## LIABILITIES

Accounts payable	669,778	288,931	958,709	3,000,578	1,184,463
Accrued payroll	410,113	46,223	456,336	12,594,520	90,501
Accrued liabilities	394,367	-	394,367	-	-
Accrued interest	2,170,006	179,469	2,349,475	-	-
Unearned revenue	2,054,705	-	2,054,705	1,188,919	-
Insurance and benefit claims	438,273	-	438,273	1,387,863	-
Due to other governments	-	-	-	279,629	-
Noncurrent liabilities:					
Due within one year:					
Bonds payable	5,858,551	1,194,107	7,052,658	-	-
Capital leases	1,972,145	-	1,972,145	-	-
Compensated absences	829,506	97,933	927,439	2,335,791	187,310
Due in more than one year:					
Bonds payable, net	88,726,706	15,332,538	104,059,244	-	-
Capital leases	19,620,002	-	19,620,002	-	-
Landfill obligation	-	6,556,341	6,556,341	-	-
Compensated absences	588,919	66,278	655,197	986,291	198,805
Other postemployment benefits	1,103,575	177,495	1,281,070	4,441,990	259,721
<b>Total liabilities</b>	<b>124,836,646</b>	<b>23,939,315</b>	<b>148,775,961</b>	<b>26,215,581</b>	<b>1,920,800</b>

## NET ASSETS

Invested in capital assets, net of related debt	34,323,744	29,166,125	63,489,869	155,669,779	18,903
Restricted:					
Nonexpendable trust principal	11,143	-	11,143	-	-
Park maintenance	11,535	-	11,535	-	-
Law enforcement	113,445	-	113,445	-	-
Debt service	284,865	-	284,865	-	-
Unrestricted (deficit)	(49,401,105)	3,028,033	(46,373,072)	(2,863,316)	4,021,587
<b>Total net assets</b>	<b>\$ (14,656,373)</b>	<b>\$ 32,194,158</b>	<b>\$ 17,537,785</b>	<b>\$ 152,806,463</b>	<b>\$ 4,040,490</b>

See Notes to Financial Statements.

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF ACTIVITIES

Year Ended June 30, 2012

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets								
	Expenses	Program Revenues			Primary Government			Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals	School Board	Harrisonburg-Rockingham Social Services District
Primary Government:									
Governmental activities:									
General government administration	\$ 4,941,835	\$ 2,200	\$ 410,967	\$ -	\$ (4,528,668)	\$ -	\$ (4,528,668)	\$ -	\$ -
Judicial administration	3,528,685	924,169	2,003,636	-	(600,880)	-	(600,880)	-	-
Public safety	20,970,030	5,053,378	6,275,040	22,000	(9,619,612)	-	(9,619,612)	-	-
Public works	2,587,532	1,078,306	-	36,410	(1,472,816)	-	(1,472,816)	-	-
Health and social services	4,834,979	34,717	155,737	-	(4,644,525)	-	(4,644,525)	-	-
Education	44,255,322	-	-	-	(44,255,322)	-	(44,255,322)	-	-
Parks, recreation and cultural	2,235,340	660,369	-	-	(1,574,971)	-	(1,574,971)	-	-
Community development	4,161,755	3,085	-	-	(4,158,670)	-	(4,158,670)	-	-
Interest	5,557,308	-	-	-	(5,557,308)	-	(5,557,308)	-	-
<b>Total governmental activities</b>	<b>93,072,786</b>	<b>7,756,224</b>	<b>8,845,380</b>	<b>58,410</b>	<b>(76,412,772)</b>	<b>-</b>	<b>(76,412,772)</b>	<b>-</b>	<b>-</b>
Business-type activities:									
Water and sewer	6,272,040	6,044,184	-	-	-	(227,856)	(227,856)	-	-
Solid waste	3,766,051	3,538,098	-	-	-	(227,953)	(227,953)	-	-
<b>Total business-type activities</b>	<b>10,038,091</b>	<b>9,582,282</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(455,809)</b>	<b>(455,809)</b>	<b>-</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 103,110,877</b>	<b>\$ 17,338,506</b>	<b>\$ 8,845,380</b>	<b>\$ 58,410</b>	<b>(76,412,772)</b>	<b>(455,809)</b>	<b>(76,868,581)</b>	<b>-</b>	<b>-</b>
Component Units:									
Rockingham County School Board:									
Education:									
Instruction	\$ 97,309,064	\$ 2,890,258	\$ 66,115,305	\$ 93,627	-	-	-	(28,209,874)	-
Administration, attendance and health	5,216,029	-	-	-	-	-	-	(5,216,029)	-
Pupil transportation services	8,758,765	-	-	-	-	-	-	(8,758,765)	-
Operation and maintenance services	11,211,522	-	-	-	-	-	-	(11,211,522)	-
School food services	5,207,956	2,166,459	2,939,186	-	-	-	-	(102,311)	-
<b>Total school board</b>	<b>127,703,336</b>	<b>5,056,717</b>	<b>69,054,491</b>	<b>93,627</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(53,498,501)</b>	<b>-</b>

Harrisonburg-Rockingham Social

Services District:

Social Services:

Public assistance	6,200,265	-	4,557,975	-	-	-	-	-	(1,642,290)
Comprehensive services	9,196,586	-	5,234,401	-	-	-	-	-	(3,962,185)
Administration:									
Welfare	5,714,686	-	4,903,211	-	-	-	-	-	(811,475)

**Total social services district** 21,111,537 - 14,695,587 - - - - - (6,415,950)

**Total component units** \$ 148,814,873 \$ 5,056,717 \$ 83,750,078 \$ 93,627 - - - (53,498,501) (6,415,950)

General Revenues:

Taxes:

General property taxes	67,972,029	-	67,972,029	-	-
Other local taxes:					
Local sales and use	4,991,019	-	4,991,019	-	-
Consumer utility	1,028,014	-	1,028,014	-	-
Motor vehicle licenses	1,227,744	-	1,227,744	-	-
Other	2,265,454	-	2,265,454	-	-
Grants and contributions not restricted to specific programs	-	-	-	44,255,322	6,242,334
Intergovernmental, non-categorical aid	8,037,774	-	8,037,774	99,154	-
Use of money and property	1,067,549	39,839	1,107,388	38,899	21,059
Miscellaneous	336,457	978,700	1,315,157	360,314	34,225

Total general revenues 86,926,040 1,018,539 87,944,579 44,753,689 6,297,618

**Change in net assets** 10,513,268 562,730 11,075,998 (8,744,812) (118,332)

Net assets, beginning (25,169,641) 31,631,428 6,461,787 161,551,275 4,158,822

Net assets, ending \$ (14,656,373) \$ 32,194,158 \$ 17,537,785 \$ 152,806,463 \$ 4,040,490

See Notes to Financial Statements.

COUNTY OF ROCKINGHAM, VIRGINIA

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2012**

	General	General Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash, cash equivalents and temporary cash investments	\$ 27,307,930	\$ 14,784,695	\$ 117,547	\$ 42,210,172
Receivables, net:				
Property taxes	3,488,785	-	-	3,488,785
Utility taxes	104,800	-	-	104,800
Trade and other accounts	548,702	63,818	-	612,520
Accrued interest	36,101	13,568	156	49,825
Due from other governments	2,790,693	9,097	-	2,799,790
Prepaid items	327,316	-	-	327,316
Inventory	44,177	-	-	44,177
Advance to other funds	295,778	-	-	295,778
Restricted cash	-	-	306,957	306,957
<b>Total assets</b>	<b>\$ 34,944,282</b>	<b>\$ 14,871,178</b>	<b>\$ 424,660</b>	<b>\$ 50,240,120</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 520,931	\$ 42,075	\$ 3,414	\$ 566,420
Accrued payroll	409,855	-	258	410,113
Accrued liabilities	-	389,998	-	389,998
Deferred revenue	5,030,651	-	-	5,030,651
<b>Total liabilities</b>	<b>5,961,437</b>	<b>432,073</b>	<b>3,672</b>	<b>6,397,182</b>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid items	327,316	-	-	327,316
Inventory	44,177	-	-	44,177
Advance to other funds	295,778	-	-	295,778
Nonexpendable trust principal	-	-	11,143	11,143
Restricted for:				
Park maintenance	-	-	11,535	11,535
Law enforcement	-	-	113,445	113,445
Debt service	-	-	284,304	284,304
Assigned to:				
Operations	7,551	-	-	7,551
Capital outlay	-	14,439,105	-	14,439,105
Debt service	-	-	561	561
Unassigned:				
General fund	28,308,023	-	-	28,308,023
<b>Total fund balances</b>	<b>28,982,845</b>	<b>14,439,105</b>	<b>420,988</b>	<b>43,842,938</b>
<b>Total liabilities and fund balances</b>	<b>\$ 34,944,282</b>	<b>\$ 14,871,178</b>	<b>\$ 424,660</b>	<b>\$ 50,240,120</b>

See Notes to Financial Statements.

**COUNTY OF ROCKINGHAM, VIRGINIA**

**RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
June 30, 2012**

	Governmental Funds	
Total fund balances - total governmental funds	\$ 43,842,938	
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	\$ 81,392,775	
Less accumulated depreciation and amortization	<u>(25,476,884)</u>	
Net capital assets		55,915,891
Deferred revenue represents amounts that were not available to fund current expenditures and, therefore, is not reported as revenue in the governmental funds.		
		3,351,394
Internal service funds are used by management to charge the costs of goods provided to other departments or funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.		
		3,107,183
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		
General obligation bonds, including unamortized premiums	(94,585,257)	
Capital leases	(21,592,147)	
Compensated absences	(1,418,425)	
Arbitrage payable	(4,369)	
Interest payable	(2,170,006)	
Other postemployment benefits	<u>(1,103,575)</u>	
		<u>(120,873,779)</u>
<b>Net assets of governmental activities</b>		<u><u>\$ (14,656,373)</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, 2012

	General	General Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:				
General property taxes	\$ 67,611,207	\$ -	\$ -	\$ 67,611,207
Other local taxes	9,512,231	-	-	9,512,231
Permits, privilege fees and regulatory licenses	692,745	-	-	692,745
Fines and forfeitures	243,104	-	31,507	274,611
Use of money and property	1,012,674	46,120	565	1,059,359
Charges for services	3,406,935	-	-	3,406,935
Miscellaneous	336,457	-	-	336,457
Recovered costs	3,381,843	-	-	3,381,843
Intergovernmental	16,887,981	36,410	17,172	16,941,563
<b>Total revenues</b>	<b>103,085,177</b>	<b>82,530</b>	<b>49,244</b>	<b>103,216,951</b>
Expenditures:				
Current:				
General government administration	4,196,686	-	-	4,196,686
Judicial administration	3,188,815	-	-	3,188,815
Public safety	20,267,041	-	42,251	20,309,292
Public works	2,580,230	-	-	2,580,230
Health and social services	4,777,502	-	-	4,777,502
Education	44,255,322	-	-	44,255,322
Parks, recreation and cultural	2,154,894	-	-	2,154,894
Community development	3,399,091	-	-	3,399,091
Capital outlay	-	4,325,301	-	4,325,301
Debt service:				
Principal	7,797,795	-	-	7,797,795
Interest and fiscal charges	6,068,489	-	-	6,068,489
<b>Total expenditures</b>	<b>98,685,865</b>	<b>4,325,301</b>	<b>42,251</b>	<b>103,053,417</b>
<b>Revenues over (under) expenditures</b>	<b>4,399,312</b>	<b>(4,242,771)</b>	<b>6,993</b>	<b>163,534</b>
Other financing sources (uses):				
Transfers in	-	4,890,000	-	4,890,000
Transfers out	(4,890,000)	-	-	(4,890,000)
<b>Other financing sources (uses), net</b>	<b>(4,890,000)</b>	<b>4,890,000</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(490,688)</b>	<b>647,229</b>	<b>6,993</b>	<b>163,534</b>
Fund balance, beginning	29,473,533	13,791,876	413,995	43,679,404
Fund balance, ending	\$ 28,982,845	\$ 14,439,105	\$ 420,988	\$ 43,842,938

See Notes to Financial Statements.

**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, 2012**

	Governmental Funds	
Net change in fund balances - total governmental funds	\$	163,534
Reconciliation of amounts reported for governmental activities in the Statement of Activities:		
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlays exceeded depreciation and amortization in the current period.</p>		
Expenditures for capital assets	\$	4,807,614
Less depreciation and amortization expense		<u>(2,975,570)</u>
Excess of capital outlays over depreciation and amortization		1,832,044
<p>The net effect of miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) and is to decrease net assets.</p>		
		(35,552)
<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		360,822
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.</p>		
Principal repayments:		
General obligation debt		7,797,795
<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		197,867
Compensated absences		131,276
Arbitrage		60,183
Other postemployment benefits		(251,239)
Amortization of premium		<u>253,131</u>
		391,218
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The net income of the internal service funds are reported with governmental activities.</p>		
Total revenues		4,786,571
Total expenses		<u>(4,783,164)</u>
		<u>3,407</u>
<b>Change in net assets of governmental activities</b>	<b>\$</b>	<b><u>10,513,268</u></b>

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL - GENERAL FUND  
 Year Ended June 30, 2012

	General Fund			Variance with Final Budget Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
General property taxes	\$ 65,337,000	\$ 65,337,000	\$ 67,611,207	\$ 2,274,207
Other local taxes	8,609,400	8,609,400	9,512,231	902,831
Permits, privilege fees and regulatory licenses	749,700	749,700	692,745	(56,955)
Fines and forfeitures	102,500	102,500	243,104	140,604
Use of money and property	818,103	818,103	1,012,674	194,571
Charges for services	3,179,074	3,417,074	3,406,935	(10,139)
Miscellaneous	104,000	228,399	336,457	108,058
Recovered costs	3,232,351	3,321,168	3,381,843	60,675
Intergovernmental	16,768,846	17,535,236	16,887,981	(647,255)
<b>Total revenues</b>	<b>98,900,974</b>	<b>100,118,580</b>	<b>103,085,177</b>	<b>2,966,597</b>
Expenditures:				
Current:				
General government administration	4,274,619	4,435,414	4,196,686	(238,728)
Judicial administration	2,962,844	3,470,478	3,188,815	(281,663)
Public safety	19,548,870	20,632,024	20,267,041	(364,983)
Public works	2,358,009	2,645,428	2,580,230	(65,198)
Health and social services	4,691,948	4,809,566	4,777,502	(32,064)
Education	45,222,930	45,708,313	44,255,322	(1,452,991)
Parks, recreation and cultural	2,166,057	2,240,049	2,154,894	(85,155)
Community development	4,705,484	4,210,091	3,399,091	(811,000)
Debt service:				
Principal	7,797,701	7,797,701	7,797,795	94
Interest and fiscal charges	5,874,505	6,089,350	6,068,489	(20,861)
<b>Total expenditures</b>	<b>99,602,967</b>	<b>102,038,414</b>	<b>98,685,865</b>	<b>(3,352,549)</b>
<b>Revenues over (under) expenditures</b>	<b>(701,993)</b>	<b>(1,919,834)</b>	<b>4,399,312</b>	<b>6,319,146</b>
Other financing uses:				
Transfers out	(4,890,000)	(4,890,000)	(4,890,000)	-
<b>Net change in fund balance</b>	<b>(5,591,993)</b>	<b>(6,809,834)</b>	<b>(490,688)</b>	<b>6,319,146</b>
Fund balance, beginning	5,591,993	6,809,834	29,473,533	22,663,699
Fund balance, ending	\$ -	\$ -	\$ 28,982,845	\$ 28,982,845

See Notes to Financial Statements.

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 June 30, 2012

	Business-type Activities - Enterprise Funds				Totals	Governmental Activities - Internal Service Funds
	Water and Sewer	Smith Creek Water & Waste Authority	Solid Waste	Other Proprietary Funds		
<b>ASSETS</b>						
Current Assets:						
Cash, cash equivalents and temporary cash investments	\$ 7,225,046	\$ 269,951	\$ 1,577,347	\$ 140,793	\$ 9,213,137	\$ 8,695,398
Trade and other accounts receivable	593,888	27,251	504,357	21,429	1,146,925	4,137
Accrued interest	8,101	286	1,634	152	10,173	9,506
Due from other governments	-	-	-	-	-	265,039
Prepaid items	15,611	-	33,782	-	49,393	-
Inventory	113,474	-	-	-	113,474	8,306
Restricted cash	109,707	-	-	-	109,707	-
<b>Total current assets</b>	<b>8,065,827</b>	<b>297,488</b>	<b>2,117,120</b>	<b>162,374</b>	<b>10,642,809</b>	<b>8,982,386</b>
Noncurrent Assets:						
Financing costs, net of accumulated amortization	87,730	44,550	48,450	22,649	203,379	-
Capital assets:						
Land	232,998	-	1,295,662	20,600	1,549,260	-
Easements	177,211	-	-	20,631	197,842	-
Buildings	12,995	-	356,232	8,900	378,127	-
Improvements other than buildings	34,627,315	6,616,233	18,866,360	2,022,921	62,132,829	-
Machinery and equipment	876,996	361,546	3,246,398	34,362	4,519,302	-
Construction in progress	236,175	-	392,179	-	628,354	-
Less accumulated depreciation and amortization	(10,671,620)	(1,368,520)	(11,532,407)	(250,104)	(23,822,651)	-
<b>Total capital assets, net of accumulated depreciation and amortization</b>	<b>25,492,070</b>	<b>5,609,259</b>	<b>12,624,424</b>	<b>1,857,310</b>	<b>45,583,063</b>	<b>-</b>
<b>Total noncurrent assets</b>	<b>25,579,800</b>	<b>5,653,809</b>	<b>12,672,874</b>	<b>1,879,959</b>	<b>45,786,442</b>	<b>-</b>
<b>Total assets</b>	<b>33,645,627</b>	<b>5,951,297</b>	<b>14,789,994</b>	<b>2,042,333</b>	<b>56,429,251</b>	<b>8,982,386</b>
<b>LIABILITIES</b>						
Current Liabilities:						
Accounts payable and deposits	140,760	17,515	125,157	5,499	288,931	430,191
Compensated absences	47,189	-	50,744	-	97,933	-
Accrued payroll	20,830	-	25,393	-	46,223	-
Accrued interest	105,672	19,839	43,983	9,975	179,469	-
Advance from other funds	190,000	-	-	105,778	295,778	-
Unearned revenue	-	-	-	-	-	1,564,367
Insurance and benefit claims	-	-	-	-	-	1,826,136
Revenue bonds	425,000	174,129	550,000	44,978	1,194,107	-
<b>Total current liabilities</b>	<b>929,451</b>	<b>211,483</b>	<b>795,277</b>	<b>166,230</b>	<b>2,102,441</b>	<b>3,820,694</b>
Noncurrent Liabilities:						
Compensated absences	22,777	-	43,501	-	66,278	-
Other postemployment benefits	84,959	-	92,536	-	177,495	-
Revenue bonds	8,909,428	2,343,824	3,268,979	810,307	15,332,538	-
Landfill obligation	-	-	6,556,341	-	6,556,341	-
<b>Total noncurrent liabilities</b>	<b>9,017,164</b>	<b>2,343,824</b>	<b>9,961,357</b>	<b>810,307</b>	<b>22,132,652</b>	<b>-</b>
<b>Total liabilities</b>	<b>9,946,615</b>	<b>2,555,307</b>	<b>10,756,634</b>	<b>976,537</b>	<b>24,235,093</b>	<b>3,820,694</b>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	16,267,349	3,091,306	8,805,445	1,002,025	29,166,125	-
Unrestricted (deficit)	7,431,663	304,684	(4,772,085)	63,771	3,028,033	5,161,692
<b>Total net assets</b>	<b>\$ 23,699,012</b>	<b>\$ 3,395,990</b>	<b>\$ 4,033,360</b>	<b>\$ 1,065,796</b>	<b>\$ 32,194,158</b>	<b>\$ 5,161,692</b>

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, 2012

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water and Sewer	Smith Creek Water & Waste Authority	Solid Waste	Other Proprietary Funds	Totals	
Operating revenues:						
Charges for services	\$ 5,275,456	\$ 200,292	\$ 3,538,098	\$ 75,860	\$ 9,089,706	\$ 19,418,730
Sale of processed gas	-	-	744,418	-	744,418	-
Connection fees	7,209	130,350	-	-	137,559	-
Other revenue	111,574	650	121,781	277	234,282	358,583
<b>Total operating revenues</b>	<b>5,394,239</b>	<b>331,292</b>	<b>4,404,297</b>	<b>76,137</b>	<b>10,205,965</b>	<b>19,777,313</b>
Operating expenses:						
Personal services	821,142	-	968,563	-	1,789,705	-
Fringe benefits	322,712	-	409,137	-	731,849	-
Contractual services	153,806	40,579	533,683	11,227	739,295	2,322,240
Regional Sewer Authority assessment:						
Operations and maintenance	840,440	-	-	-	840,440	-
Debt service	1,635,454	-	-	-	1,635,454	-
Risk financing and benefit payments	-	-	-	-	-	17,432,501
Internal services	62,230	-	56,332	-	118,562	-
Electrical services	348,155	5,833	65,832	-	419,820	-
Repairs and maintenance	65,257	-	128,550	-	193,807	-
Landfill closure	-	-	167,573	-	167,573	-
Other charges	247,961	87,153	310,969	16,248	662,331	42,832
Depreciation and amortization	736,377	177,900	611,552	43,186	1,569,015	-
<b>Total operating expenses</b>	<b>5,233,534</b>	<b>311,465</b>	<b>3,252,191</b>	<b>70,661</b>	<b>8,867,851</b>	<b>19,797,573</b>
<b>Operating income (loss)</b>	<b>160,705</b>	<b>19,827</b>	<b>1,152,106</b>	<b>5,476</b>	<b>1,338,114</b>	<b>(20,260)</b>
Nonoperating revenues (expenses):						
Connection availability fees	353,217	-	-	1,800	355,017	-
Interest revenue	29,315	951	8,564	1,009	39,839	34,498
Interest expense	(406,817)	(88,776)	(143,953)	(33,227)	(672,773)	-
Amortization of financing costs	(5,833)	(2,540)	(8,086)	(8,929)	(25,388)	-
Loss on sale of capital assets	(110,258)	-	(361,821)	-	(472,079)	-
<b>Total nonoperating revenues (expenses), net</b>	<b>(140,376)</b>	<b>(90,365)</b>	<b>(505,296)</b>	<b>(39,347)</b>	<b>(775,384)</b>	<b>34,498</b>
<b>Change in net assets</b>	<b>20,329</b>	<b>(70,538)</b>	<b>646,810</b>	<b>(33,871)</b>	<b>562,730</b>	<b>14,238</b>
Total net assets, beginning	23,678,683	3,466,528	3,386,550	1,099,667	31,631,428	5,147,454
Total net assets, ending	\$ 23,699,012	\$ 3,395,990	\$ 4,033,360	\$ 1,065,796	\$ 32,194,158	\$ 5,161,692

See Notes to Financial Statements.

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended June 30, 2012**

	Business-type Activities - Enterprise Funds					Governmental Activity - Internal Service Funds
	Water and Sewer	Smith Creek Water & Waste Authority	Solid Waste	Other Proprietary Funds	Totals	
Cash Flows From Operating Activities:						
Receipts from interfund services provided	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,195,271
Receipts from customers	5,173,145	335,508	3,392,014	88,910	8,989,577	-
Claims and benefits paid	-	-	-	-	-	(17,141,903)
Payments to suppliers for goods and services	(3,309,421)	(132,121)	(956,461)	(24,442)	(4,422,445)	(1,935,841)
Payments to employees for services	(1,157,031)	-	(1,376,611)	-	(2,533,642)	-
Internal activity - payments to other funds	(62,230)	-	(56,332)	-	(118,562)	-
Other receipts, net	111,574	650	866,199	277	978,700	358,583
<b>Net cash provided by operating activities</b>	<b>756,037</b>	<b>204,037</b>	<b>1,868,809</b>	<b>64,745</b>	<b>2,893,628</b>	<b>476,110</b>
Cash Flows From Capital and Related Financing Activities:						
Payment of advance from other funds	(90,000)	-	-	10,951	(79,049)	-
Connection availability fees	353,217	-	-	1,800	355,017	-
Proceeds on issuance of debt	-	1,250,936	-	370,232	1,621,168	-
Principal paid on bonds	(435,000)	(1,361,000)	(535,000)	(394,788)	(2,725,788)	-
Interest paid and fiscal charges on outstanding debt	(429,278)	(125,961)	(188,935)	(43,661)	(787,835)	-
Acquisition and construction of capital assets	(218,411)	-	(794,251)	-	(1,012,662)	-
<b>Net cash used in capital and related financing activities</b>	<b>(819,472)</b>	<b>(236,025)</b>	<b>(1,518,186)</b>	<b>(55,466)</b>	<b>(2,629,149)</b>	<b>-</b>
Cash Flows From Investing Activities:						
Interest received on investment securities	24,279	789	7,454	915	33,437	28,842
<b>Net cash provided by investing activities</b>	<b>24,279</b>	<b>789</b>	<b>7,454</b>	<b>915</b>	<b>33,437</b>	<b>28,842</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(39,156)</b>	<b>(31,199)</b>	<b>358,077</b>	<b>10,194</b>	<b>297,916</b>	<b>504,952</b>
Cash and Cash Equivalents:						
Beginning	7,373,909	301,150	1,219,270	130,599	9,024,928	8,190,446
Ending	\$ 7,334,753	\$ 269,951	\$ 1,577,347	\$ 140,793	\$ 9,322,844	\$ 8,695,398

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended June 30, 2012**

	Business-type Activities - Enterprise Funds					Governmental Activity - Internal Service Funds
	Water and Sewer	Smith Creek Water & Waste Authority	Solid Waste	Other Proprietary Funds	Totals	
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ 160,705	\$ 19,827	\$ 1,152,106	\$ 5,476	\$ 1,338,114	\$ (20,260)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation and amortization	736,377	177,900	611,552	43,186	1,569,015	-
Change in assets and liabilities:						
(Increase) decrease in:						
Accounts receivable	(109,520)	4,866	(146,084)	13,050	(237,688)	(322)
Due from other governments	-	-	-	-	-	(265,039)
Prepaid items	5,073	-	6,630	-	11,703	148,462
Inventory	28,912	-	-	-	28,912	30
Increase (decrease) in:						
Accounts payable and deposits	(32,797)	1,444	76,057	3,033	47,737	429,201
Accrued liabilities	(32,713)	-	975	-	(31,738)	-
Unearned revenue	-	-	-	-	-	41,902
Insurance and benefit claims	-	-	-	-	-	142,136
Landfill obligation	-	-	167,573	-	167,573	-
<b>Net cash provided by operating activities</b>	<b>\$ 756,037</b>	<b>\$ 204,037</b>	<b>\$ 1,868,809</b>	<b>\$ 64,745</b>	<b>\$ 2,893,628</b>	<b>\$ 476,110</b>
Schedule of Noncash Capital and Related Financing Activities:						
Capital assets acquired through incurrence of accounts payable	\$ 2,900	\$ -	\$ -	\$ -	\$ 2,900	\$ -

**COUNTY OF ROCKINGHAM, VIRGINIA**

**STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS**

**June 30, 2012**

	Agency Funds
<hr/>	
<b>ASSETS</b>	
Cash, cash equivalents and temporary cash investments	\$ 1,464,856
Accounts receivable	<u>72,535</u>
<b>Total assets</b>	<u>1,537,391</u>
<b>LIABILITIES</b>	
Accounts payable	<u>1,537,391</u>
<b>Total liabilities</b>	<u><u>\$ 1,537,391</u></u>

See Notes to Financial Statements.

## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Significant Accounting Policies

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

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

#### A. Reporting Entity

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

#### *Blended Component Units:*

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

# COUNTY OF ROCKINGHAM, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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

#### A. Reporting Entity (Continued)

##### *Discretely Presented Component Units:*

##### School Board

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

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

School Textbook Fund accounts for centralized school textbook operation.

School Cafeteria Fund accounts for the centralized School cafeteria operations.

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

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

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

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

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

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

Massanutten Technical Center  
325 Pleasant Valley Road  
Harrisonburg, Virginia 22801

## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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

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

Harrisonburg-Rockingham Social Services District

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

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

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

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

##### B. Government-Wide and Fund Financial Statements

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

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

## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

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

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

All governmental and business-type activities and enterprise funds of the County follow Financial Accounting Standards Board Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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Note 1. Significant Accounting Policies (Continued)

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items.

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

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

The County reports the following major governmental funds:

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

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

The County reports the following major enterprise funds:

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

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

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

The County reports the following internal service funds:

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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Note 1. Significant Accounting Policies (Continued)

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

The County also reports the following fund type:

*Agency Funds.* These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds consist of the following: Special Welfare, Employee Benefits, Rockingham County Economic Development Authority, Bond Escrow, Massanutten Technical Center, Emergency Medical Services, and Soil and Water Conservation.

D. Budgetary Data

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

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

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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Note 1. Significant Accounting Policies (Continued)

E. Assets, Liabilities and Equity

1. Deposits and Investments

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

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

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

2. Property Taxes

Property taxes are levied as of January 1 with real estate values determined every four years and personal property values assessed annually. The last general real property reassessment was effective January 1, 2010. Property taxes attach as an enforceable lien on property as of January 1. Real estate taxes are due and collectible twice a year, 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

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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 Water and Sewer Fund and Joint Judicial Complex Fund 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 and are accounted for at cost. Assets acquired by gift are accounted for at the asset's fair market value at the date the property was received. The Commonwealth of Virginia, not the County, has primary responsibility to construct and maintain infrastructure, such as streets and bridges, within the County. The County may, at its option, contribute to improvements to the road system. Such expenditures would be expensed during the year incurred. Interest incurred during construction on governmental activities' capital assets is not capitalized. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Capitalized interest is amortized using the straight-line method over the useful life of the asset.

The County's intangible assets include land easements and software and were previously recorded and classified as land and equipment, respectively. Land easements have indefinite useful lives and thus are not subject to amortization.

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

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

## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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

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

###### 7. Compensated Absences

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

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

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

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

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

###### 8. Long-Term Obligations

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

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

## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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

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

###### 9. Net Asset Deficit

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

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

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

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

###### 10. Fund Equity

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

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

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

## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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

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

###### 10. Fund Equity (Continued)

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

*Assigned* – amounts constrained by the County’s intent but are neither restricted or committed.

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

The County will consider the use of restricted, committed, or assigned funds prior to the use of unassigned fund balance.

##### F. Encumbrances

Encumbrance accounting, the recording of purchase orders, contracts, and other commitments for the expenditures of monies to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in all governmental funds. Encumbrances outstanding at year-end are reported as restricted, committed, or assigned fund balance, depending on the governmental fund, since they do not constitute expenditures or liabilities. Encumbrances are normally re-appropriated each year by Board resolution. The General Fund had encumbrances of \$7,551 at year end.

##### G. Use of Estimates

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

#### Note 2. Deposits and Investments

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

## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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

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

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

#### Investment Policy:

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

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

As of June 30, 2012, the County's investment policy establishes the maximum percentages of the portfolio permitted in each of the following instruments:

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

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

## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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

##### Credit Risk:

As of June 30, 2012, as required by state statute, the Policy requires that commercial paper, with a maturity of 270 days or less, have a short-term debt rating of no less than “A-1” (or its equivalent) by at least two of the Nationally Recognized Statistical Rating Organizations (NRSROs). Corporate notes with final maturity of less than five years must have a rating of at least “AA” by Standard & Poor’s and “Aa” by Moody’s Investors Service. Negotiable certificates of deposit and negotiable bank deposit notes of domestic banks and domestic offices of foreign banks, maturing in one year or less, must have a rating of at least “A-1” by Standard & Poor’s and “P-1” by Moody’s Investors Service. Negotiable certificates of deposit and negotiable bank deposit notes of domestic banks and domestic offices of foreign banks, maturing over one year but less than five years, must have a rating of at least “AA” by Standard & Poor’s and “Aa” by Moody’s Investors Service. Federal agency obligations, with final maturity less than five years, must have a rating of at least “AA” (or its equivalent) by at least two of the NRSROs, one of which will be either Moody’s Investors Service or Standard & Poor’s. Municipal obligations, with final maturity less than five years, must have a rating of at least “AA” by Standard & Poor’s and/or “Aa” by Moody’s Investors Service. Bankers’ Acceptances, with a maturity of 180 days or less, must have a short-term debt rating of no less than “A-1” (or its equivalent) by at least two of the NRSROs. Money market mutual funds must be rated at least “AAA” or the equivalent by at least two of the following: Moody’s Investors Service, Standard & Poor’s, Fitch Investors Service, or Duff and Phelps, Inc.

As of June 30, 2012, 40% was invested in “AA+” U. S. Agency Securities and 60% was invested in “AAAm” rated STIF and Money Market Funds. All credit ratings presented in this paragraph are Standard & Poor’s ratings.

##### Concentration of Credit Risk:

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government’s investment in a single issuer. If certain investments in any one issuer represent 5% of total investments, there must be a disclosure for the amount and issuer. At June 30, 2012 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	8%
Federal Home Loan Mortgage Corporation	10%
U.S. Treasury Notes	16%
STIF and Money Market Funds	60%

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

**Interest Rate Risk:**

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

	Fair Value	Investment Maturities (in years)	
		Less Than 1 Year	1 – 2 Years
U. S. Agencies	\$ 76,837,774	\$ 49,193,705	\$ 27,644,069

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

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

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

**Note 3. Receivables and Deferred Revenue**

Receivables at June 30, 2012 for the County’s individual major funds and nonmajor and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

**Primary Government**

	General Fund	General Capital Projects	Water and Sewer Fund	Smith Creek Water & Waste Authority
Property taxes	\$ 4,288,785	\$ -	\$ -	\$ -
Utility taxes	104,800	-	-	-
Trade and other accounts	548,702	63,818	610,988	29,601
<b>Gross receivables</b>	<b>4,942,287</b>	<b>63,818</b>	<b>610,988</b>	<b>29,601</b>
Less allowance for uncollectible accounts	800,000	-	17,100	2,350
<b>Net receivables</b>	<b>\$ 4,142,287</b>	<b>\$ 63,818</b>	<b>\$ 593,888</b>	<b>\$ 27,251</b>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

**Note 3. Receivables and Deferred Revenue (Continued)**

*Primary Government (Continued)*

	Solid Waste Fund	Nonmajor Proprietary Funds	Internal Service Funds	Totals
Property taxes	\$ -	\$ -	\$ -	\$ 4,288,785
Utility taxes	-	-	-	104,800
Trade and other accounts	512,957	23,579	4,137	1,793,782
<b>Gross receivables</b>	512,957	23,579	4,137	6,187,367
Less allowance for uncollectible accounts	8,600	2,150	-	830,200
<b>Net receivables</b>	\$ 504,357	\$ 21,429	\$ 4,137	\$ 5,357,167

The County determines its allowance for uncollectible accounts using historical collection data and specific account analysis. The total allowance for uncollectible accounts amounted to \$830,200 as of June 30, 2012.

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

	Unavailable	Unearned
Delinquent property taxes receivable (General Fund)	\$ 3,351,394	\$ -
Advance collection of 2012-2013 taxes (General Fund)	-	635,598
Personal Property Tax Relief Act – state reimbursement (General Fund)	-	1,043,659
	<u>\$ 3,351,394</u>	<u>\$ 1,679,257</u>

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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**Note 4. Due From Other Governments**

Amounts due from other governments include the following:

Primary Government:	
General Fund:	
Commonwealth of Virginia:	
Local sales and use taxes	\$ 932,982
Communications sales and use taxes	277,693
Categorical aid:	
Shared costs:	
Commissioner of the revenue	18,459
Commonwealth attorney	66,958
Sheriff	484,468
Clerk of circuit court	53,837
Treasurer	16,511
Other	40,516
Federal government:	
Boarding and care of prisoners	76,300
Categorical aid:	
Homeland security program	23,120
Ground safety transportation	8,337
Other	4,037
County of Augusta	5,563
City of Harrisonburg	497,197
Other governments	284,715
<b>Total General Fund</b>	<u>2,790,693</u>
Capital Projects Fund:	
Federal government:	
Safe routes to schools	9,097
<b>Total Capital Projects Fund</b>	<u>9,097</u>
Internal Service Fund:	
Self-Insurance Fund:	
Federal government:	
Early retiree reinsurance program	265,039
<b>Total Internal Service Fund</b>	<u>265,039</u>
<b>Total Primary Government</b>	<u>\$ 3,064,829</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

Component Unit - School Board:	
School Operating Fund:	
Commonwealth of Virginia:	
State sales tax receipts	\$ 1,926,783
Federal government:	
Education grants	<u>901,945</u>
<b>Total School Operating Fund</b>	<u>2,828,728</u>
Massanutten Technical Center:	
Federal government:	
Education grants	<u>37,165</u>
<b>Total Massanutten Technical Center</b>	<u>37,165</u>
<b>Total Component Unit - School Board</b>	<u>\$ 2,865,893</u>
Component Unit - Harrisonburg-Rockingham Social Services District:	
Operating fund:	
Commonwealth of Virginia:	
Public assistance and administration	\$ 253,398
Federal government:	
Public assistance and administration	<u>281,413</u>
<b>Total Operating Fund</b>	<u>534,811</u>
Special Revenue – Comprehensive Services Act:	
Commonwealth of Virginia:	
Comprehensive Services Act	<u>1,165,114</u>
<b>Total Special Revenue Fund</b>	<u>1,165,114</u>
<b>Total Component Unit - Harrisonburg-Rockingham Social Services District</b>	<u>\$ 1,699,925</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

**Note 5. Capital Assets**

Capital asset activity for the year ended June 30, 2012 is as follows:

**Primary Government:**

	Beginning Balance	Increases	(Deletions)/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets, not being depreciated or amortized:				
Land	\$ 3,197,581	\$ 870,563	\$ -	\$ 4,068,144
Construction in progress	35,554	109,971	(35,552)	109,973
<b>Total capital assets, not being depreciated or amortized</b>	<b>3,233,135</b>	<b>980,534</b>	<b>(35,552)</b>	<b>4,178,117</b>
Capital assets, being depreciated or amortized:				
Buildings	46,102,231	2,180,000	-	48,282,231
Improvements other than buildings	10,495,446	81,897	-	10,577,343
Machinery and equipment	15,823,488	1,556,352	(619,758)	16,760,082
Software	1,586,171	8,831	-	1,595,002
<b>Total capital assets being depreciated or amortized</b>	<b>74,007,336</b>	<b>3,827,080</b>	<b>(619,758)</b>	<b>77,214,658</b>
Less accumulated depreciation or amortization for:				
Buildings	(13,479,644)	(1,548,328)	-	(15,027,972)
Improvements other than buildings	(2,390,115)	(414,260)	-	(2,804,375)
Machinery and equipment	(5,890,202)	(876,363)	619,758	(6,146,807)
Software	(1,361,111)	(136,619)	-	(1,497,730)
<b>Total accumulated depreciation or amortization</b>	<b>(23,121,072)</b>	<b>(2,975,570)</b>	<b>619,758</b>	<b>(25,476,884)</b>
<b>Total capital assets being depreciated or amortized, net</b>	<b>50,886,264</b>	<b>851,510</b>	<b>-</b>	<b>51,737,774</b>
Governmental activities capital assets, net	\$ 54,119,399	\$ 1,832,044	\$ (35,552)	\$ 55,915,891

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

Governmental activities:	
General government administration	\$ 510,680
Judicial administration	335,569
Public safety	1,133,500
Public works	28,057
Health and social services	57,475
Parks, recreation and cultural	113,052
Community development	797,237
<b>Total depreciation and amortization expense - governmental activities</b>	<b>\$ 2,975,570</b>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets (Continued)

	Beginning Balance	Increases	(Deletions)/ Reclassifications	Ending Balance
Business-type activities:				
Capital assets, not being depreciated or amortized:				
Land	\$ 1,549,260	\$ -	\$ -	\$ 1,549,260
Easements	197,842	-	-	197,842
Construction in progress	657,043	82,537	(111,226)	628,354
<b>Total capital assets, not being depreciated or amortized</b>	<b>2,404,145</b>	<b>82,537</b>	<b>(111,226)</b>	<b>2,375,456</b>
Capital assets, being depreciated or amortized:				
Buildings	378,127	-	-	378,127
Improvements other than buildings	61,954,577	272,768	(94,516)	62,132,829
Machinery and equipment	5,288,697	657,357	(1,426,752)	4,519,302
<b>Total capital assets being depreciated or amortized</b>	<b>67,621,401</b>	<b>930,125</b>	<b>(1,521,268)</b>	<b>67,030,258</b>
Less accumulated depreciation or amortization for:				
Buildings	(87,499)	(16,530)	-	(104,029)
Improvements other than buildings	(19,670,116)	(1,216,180)	98,756	(20,787,540)
Machinery and equipment	(3,656,436)	(336,305)	1,061,659	(2,931,082)
<b>Total accumulated depreciation or amortization</b>	<b>(23,414,051)</b>	<b>(1,569,015)</b>	<b>1,160,415</b>	<b>(23,822,651)</b>
<b>Total capital assets being depreciated or amortized, net</b>	<b>44,207,350</b>	<b>(638,890)</b>	<b>(360,853)</b>	<b>43,207,607</b>
Business-type activities capital assets, net	\$ 46,611,495	\$ (556,353)	\$ (472,079)	\$ 45,583,063

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

Business-type activities:	
Water and Sewer	\$ 736,377
Solid Waste	611,552
Smith Creek Water & Waste Authority	177,900
Lilly Subdivision Sanitary District	11,777
Countryside Sanitary District	6,120
Penn Laird Sewer Authority	25,289
<b>Total depreciation and amortization expense - business-type activities</b>	<b>\$ 1,569,015</b>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

**Note 5. Capital Assets (Continued)**

**Component Unit - School Board:**

	Beginning Balance	Increases	(Deletions)/ Reclassifications	Ending Balance
Capital assets, not being depreciated or amortized:				
Land	\$ 5,469,535	\$ -	\$ -	\$ 5,469,535
Easements	36,654	-	-	36,654
Construction in progress	249,363	1,987,071	(13,000)	2,223,434
<b>Total capital assets, not being depreciated or amortized</b>	<b>5,755,552</b>	<b>1,987,071</b>	<b>(13,000)</b>	<b>7,729,623</b>
Capital assets, being depreciated or amortized:				
Buildings	176,666,855	-	-	176,666,855
Improvements other than buildings	46,098,758	573,177	13,000	46,684,935
Machinery and equipment	33,007,723	840,592	(122,278)	33,726,037
Software	49,407	-	-	49,407
<b>Total capital assets being depreciated or amortized</b>	<b>255,822,743</b>	<b>1,413,769</b>	<b>(109,278)</b>	<b>257,127,234</b>
Less accumulated depreciation or amortization for:				
Buildings	(64,806,161)	(5,482,965)	-	(70,289,126)
Improvements other than buildings	(13,278,051)	(1,444,253)	-	(14,722,304)
Machinery and equipment	(22,300,915)	(1,947,604)	122,278	(24,126,241)
Software	(49,407)	-	-	(49,407)
<b>Total accumulated depreciation or amortization</b>	<b>(100,434,534)</b>	<b>(8,874,822)</b>	<b>122,278</b>	<b>(109,187,078)</b>
<b>Total capital assets being depreciated or amortized, net</b>	<b>155,388,209</b>	<b>(7,461,053)</b>	<b>13,000</b>	<b>147,940,156</b>
School Board capital assets, net	\$ 161,143,761	\$ (5,473,982)	\$ -	\$ 155,669,779

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

Instruction	\$ 7,609,620
Administration, attendance and health	6,952
Pupil transportation services	686,675
Operation and maintenance services	571,575
<b>Total depreciation and amortization expense - Component Unit - School Board</b>	<b>\$ 8,874,822</b>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets (Continued)

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

	Beginning Balance	Increases	(Deletions)/ Reclassifications	Ending Balance
Capital assets being depreciated or amortized:				
Improvements other than buildings	\$ 3,156	\$ -	\$ -	\$ 3,156
Machinery and equipment	525,168	-	-	525,168
<b>Total capital assets being depreciated or amortized</b>	<b>528,324</b>	<b>-</b>	<b>-</b>	<b>528,324</b>
Less accumulated depreciation or amortization for:				
Improvements other than buildings	(1,209)	(105)	-	(1,314)
Machinery and equipment	(487,052)	(21,055)	-	(508,107)
<b>Total accumulated depreciation or amortization</b>	<b>(488,261)</b>	<b>(21,160)</b>	<b>-</b>	<b>(509,421)</b>
Harrisonburg-Rockingham Social Services District capital assets, net	\$ 40,063	\$ (21,160)	\$ -	\$ 18,903

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

Administration – Welfare	\$ 18,314
Comprehensive Services Act	<u>2,846</u>
<b>Total depreciation and amortization expense - Component Unit - Harrisonburg-Rockingham Social Services District</b>	<b><u>\$ 21,160</u></b>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

**Note 5. Capital Assets (Continued)**

**Construction Commitments**

The County and its component units have active construction projects as of June 30, 2012.

At June 30, 2012, significant construction commitments are as follows:

**Primary Government:**

**Governmental Activities**

Project	Expended to June 30, 2012	Remaining Commitment
Reservoir Street expansion	\$ 73,561	\$ 100,572
Safe routes to school – sidewalks	36,412	41,253
	<u>\$ 109,973</u>	<u>\$ 141,825</u>

**Business-type Activities**

Project	Expended to June 30, 2012	Remaining Commitment
Donnelley pump station	\$ 236,174	\$ 15,087
Landfill phase five expansion	392,180	124,000 *
	<u>\$ 628,354</u>	<u>\$ 139,087</u>

**Component Unit – School Board:**

Project	Expended to June 30, 2012	Remaining Commitment
Ottobine Elementary School renovations	\$ 2,223,434	\$ 24,743

These projects are being financed through grants and internal funding.

\* Workorder executed subsequent to fiscal year-end for engineering design services and Part B permit.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

**Note 6. Long-Term Obligations**

The following is a summary of long-term liability activity of the primary government for the year ended June 30, 2012:

**Primary Government:**

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds and notes payable:					
General obligation bonds	\$ 96,488,530	\$ -	\$ (5,803,219)	\$ 90,685,311	\$ 5,858,551
Literary loans	68,859	-	(68,859)	-	-
Capital leases	23,517,864	-	(1,925,717)	21,592,147	1,972,145
Unamortized premiums	4,153,077	-	(253,131)	3,899,946	-
	124,228,330	-	(8,050,926)	116,177,404	7,830,696
Compensated absences	1,549,701	909,814	(1,041,090)	1,418,425	829,506
Governmental activities long-term liabilities	\$ 125,778,031	\$ 909,814	\$ (9,092,016)	\$ 117,595,829	\$ 8,660,202

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

Year Ending June 30,	General Obligation Bonds		Capital Leases	
	Principal	Interest	Principal	Interest
2013	\$ 5,858,551	\$ 4,351,926	\$ 1,972,145	\$ 789,093
2014	5,761,687	4,059,338	2,021,971	706,474
2015	5,674,158	3,773,395	1,507,706	621,684
2016	5,805,656	3,485,798	1,532,443	562,663
2017	5,958,636	3,183,329	1,420,430	504,607
2018-2022	25,831,714	11,885,200	6,137,452	1,765,808
2023-2027	26,069,085	5,486,703	4,375,000	872,025
2028-2030	9,725,824	565,106	2,625,000	142,695
	\$ 90,685,311	\$ 36,790,795	\$ 21,592,147	\$ 5,965,049

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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**Note 6. Long-Term Obligations (Continued)**

General Obligation Bonds:

\$1,033,884 1992A series, issued November 1992, with a final payment of \$63,848 in July 2012, plus interest at 6.35%	\$ 63,848
\$5,200,000 1992B series, issued December 1992, with a final payment of \$160,000 in December 2012, plus interest at 5.85%	160,000
\$3,500,000 1993 series, issued November 1993, due in annual maturities of \$20,000 through December 2013, plus interest at 5.0%	40,000
\$3,800,000 1994A series, issued May 1994, due in annual maturities of \$195,000 through July 2013, plus interest at 6.23% to 6.3%	390,000
\$11,200,000 1996A series, issued May 1996, due in annual maturities of \$560,000 through July 2016, plus interest at 5.7% to 5.8%	2,800,000
\$7,471,945 1996B series, issued November 1996, due in annual maturities of \$409,892 to \$445,122 through July 2016, plus interest at 5.23%	2,135,234
\$8,421,223 1999A series, issued November 1999, due in annual maturities of \$428,896 to \$517,103 through July 2019, plus interest at 5.7% to 6.1%	3,757,780
\$4,190,343 2000 series, issued November 2000, due in annual maturities of \$213,804 to \$247,440 through July 2020, plus interest at 5.1%	2,066,618
\$5,077,993 2003 series, issued November 2003, due in annual maturities of \$242,640 to \$297,277 through July 2023, plus interest at 4.6% to 5.35%	3,233,082
\$9,404,190 2005 series, issued November 2005, due in annual maturities of \$444,167 to \$545,699 through July 2025, plus interest at 4.6% to 5.1%	6,862,157
\$13,147,200 2006 series, issued November 2006, due in annual maturities of \$617,700 to \$744,134 through July 15, 2026, plus interest at 4.23% to 5.1%	10,199,206

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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**Note 6. Long-Term Obligations (Continued)**

General Obligation Bonds: (Continued)

\$10,610,000 2007 series, issued May 2007, due in annual maturities of \$385,000 to \$810,000 through July 15, 2027, plus interest at 4.1% to 5.1%	\$ 9,240,000
\$6,364,713 2007 series, issued November 2007, due in annual maturities of \$292,168 to \$371,160 through July 2028, plus interest at 4.35% to 5.1%	5,239,132
\$11,630,000 2008 series, issued May 2008, due in annual maturities of \$400,000 to \$900,000 through July 2028, plus interest at 4.6% to 5.1%	10,540,000
\$12,701,410 2008 series, issued December 2008, due in annual maturities of \$587,672 to \$742,320 through July 2028, plus interest at 3.6% to 5.35%	10,963,254
\$24,560,000 2009 series, issued May 2009, due in annual maturities of \$835,000 to \$1,855,000 through July 2029, plus interest at 4.05% to 5.05%	<u>22,995,000</u>
<b>Total General Obligation Bonds</b>	<b><u>\$ 90,685,311</u></b>

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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**Note 6. Long-Term Obligations (Continued)**

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

Capital Leases:

Joint Judicial Complex:

Payments to the City of Harrisonburg Redevelopment and Housing Authority in annual installments ranging from \$515,000 to \$540,000 through June 2014, plus interest payable semi-annually at 5.0% \$ 1,055,000

Human Services Building:

Payments to the City of Harrisonburg Redevelopment and Housing Authority in semi-annual installments ranging from \$111,531 to \$133,876 through February 2016, plus interest at 6.08% 490,161

Emergency Communications Center:

\$7,150,000 lease purchase contract due in annual installments ranging from \$470,565 to \$609,297, through December 2019, plus interest payable semi-annually at 3.76% 4,296,986

SRI Project – tax exempt:

\$10,500,000 lease purchase contract due in annual installments of \$525,000 through October 2029, plus interest payable semi-annually at 2.9% 9,450,000

SRI Project – taxable:

\$7,000,000 lease purchase contract due in annual installments of \$350,000 through October 2029, plus interest payable semi-annually at 4.62% 6,300,000

**Total Capital Leases** \$ 21,592,147

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

The capital leases with the City of Harrisonburg Redevelopment and Housing Authority are a result of Public Facility Lease Revenue Bonds issued under a Trust Agreement among the County of Rockingham, Virginia, the City of Harrisonburg, Virginia, and SunTrust Bank and Wells Fargo, as Trustees. The obligation associated with the first capital lease was 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 was to finance the acquisition, construction and equipping of a human services building. The obligation associated with the Emergency Communications Center was to finance the acquisition and construction of emergency use equipment and radio towers throughout the County. The obligation associated with the SRI Project lease was to finance the costs to construct and equip a research facility for the benefit of and use by SRI International in the County's technology park. During the current year, these obligations under the SRI Project Lease were refinanced to adjust the interest rates on the tax-exempt and taxable portions from 4.67% and 7.14%, respectively, to 2.9% and 4.62%, respectively.

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		Emergency Communications Center	SRI
	Joint Judicial Complex	Human Services Building		
Capital assets:				
Land	\$ 1,254,155	\$ 162,300	\$ -	\$ -
Buildings	9,419,396	1,311,904	-	18,249,809
Improvements other than buildings	-	8,518	-	-
Machinery and equipment	156,767	84,132	9,449,729	-
Less: accumulated depreciation	(5,764,110)	(814,197)	(694,703)	(1,375,484)
	<u>\$ 5,066,208</u>	<u>\$ 752,657</u>	<u>\$ 8,755,026</u>	<u>\$ 16,874,325</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	\$ 17,107,858	\$ 1,621,168	\$ (2,725,788)	\$ 16,003,238	\$ 1,194,107
Landfill obligation	6,388,768	167,573	-	6,556,341	-
Compensated absences	175,862	135,006	(146,657)	164,211	97,933
Unamortized premiums	580,120	-	(56,713)	523,407	-
Business-type activities long-term liabilities	<u>\$ 24,252,608</u>	<u>\$ 1,923,747</u>	<u>\$ (2,929,158)</u>	<u>\$ 23,247,197</u>	<u>\$ 1,292,040</u>

Annual requirements to amortize revenue bonds are as follows:

Year Ending June 30,	Revenue Bonds	
	Principal	Interest
2013	\$ 1,194,107	\$ 661,898
2014	1,206,720	620,594
2015	1,243,024	569,234
2016	1,279,512	514,128
2017	1,321,189	456,057
2018-2022	4,718,137	1,607,779
2023-2027	3,968,438	672,014
2028-2029	1,072,111	48,036
	<u>\$ 16,003,238</u>	<u>\$ 5,149,740</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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**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 \$95,000 through October 2023, plus interest payable semi-annually ranging from 4.1%-5.1%	\$ 900,000
Infrastructure Revenue Bonds (Virginia Pooled Financing Program): \$3,065,000 issued June 2007, due in annual installments of \$125,000 to \$230,000 through October 2026, plus interest payable semi-annually ranging from 4.1%-4.87%	2,580,000
Infrastructure Revenue Bonds (Virginia Pooled Financing Program): \$6,215,000 issued in June 2008, due in annual installments of \$225,000 to \$465,000 through October 2028, plus interest payable semi-annually ranging from 3.10%-4.91%	5,575,000

Solid Waste Fund

Infrastructure Revenue Bonds (Virginia Pooled Financing Program): \$3,015,000 issued June 2007, due in annual installments of \$320,000 to \$385,000 through October 2016, plus interest payable semi-annually ranging from 4.79%-4.8%	1,755,000
Infrastructure Revenue Bonds (Virginia Pooled Financing Program): \$2,280,000 issued June 2009, due in annual installments of \$225,000 to \$230,000 through October 2019, plus interest payable semi-annually ranging from 4.82%-5.13%	1,820,000

Smith Creek Water & Waste Authority

Virginia Revolving Loan Fund: \$2,078,500 issued November 2001, due in semi-annual installments of \$51,777 to \$69,737 through September 2022, including interest at 3.0%	1,267,017
Wastewater System Revenue Refunding Bond, Series 2012: \$1,250,936 issued in April 2012, due in annual installments of \$64,934 to \$94,236 through August 2027, including interest at 2.66%	1,250,936

Countryside Sanitary District

Virginia Revolving Loan Fund: \$171,288 issued June 2006, due in semi-annual installments of \$3,730 to \$5,763 through April 2026, including interest at 3.25%	130,922
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COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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**Note 6. Long-Term Obligations (Continued)**

Lilly Subdivision Sanitary District

Infrastructure Revenue Bonds (Virginia Pooled Financing Program):

\$456,490 issued April 2008, due in semi-annual installments of \$8,088 to \$13,531 through August 2028, including interest at 3.05% \$ 354,131

Penn Laird Sewer Authority

Wastewater System Revenue Refunding Bond Series 2012:

\$370,232 issued April 2012, due in annual installments of \$19,218 to \$27,890 through August 2027, including interest at 2.66% 370,232

\$ 16,003,238

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

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

The following is a summary of long-term liability activity transactions of the Component Unit - School Board, for the year ended June 30, 2012:

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated absences	\$ 3,235,972	\$ 893,930	\$ (807,820)	\$ 3,322,082	\$ 2,335,791

The following is a summary of long-term liability activity of the Component Unit - Harrisonburg-Rockingham Social Services District, for the year ended June 30, 2012:

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated absences	\$ 378,755	\$ 216,061	\$ (208,701)	\$ 386,115	\$ 187,310

## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 7. Government Services Provided by Authorities**

The County of Rockingham, City of Harrisonburg, and the Towns of Bridgewater, Mt. Crawford, and Dayton entered into a guaranty agreement with the Harrisonburg-Rockingham Regional Sewer Authority (Authority) dated December 15, 1992. Under the terms of this agreement, these municipalities jointly and severally guaranteed the Authority's 2007 Sewer Revenue Bonds and 2008 Sewer Revenue and Refunding Bonds. In December 2007, the Authority issued \$30,000,000 Sewer Revenue Bonds to upgrade and expand its treatment plant due in semi-annual installments of combined principal and interest of \$1,021,639, with final maturity at September 1, 2030. The bonds currently outstanding total \$28,848,147. In June 2008, the Authority issued \$12,650,000 Sewer Revenue and Refunding Bonds, Series 2008 bearing interest from 2.95% to 4.80% with final maturity at October 1, 2021. The bonds currently outstanding are \$9,655,000. In November 2008, the Authority issued \$34,000,000 Sewer Revenue Bonds, series 2008 bearing interest at 3.55%, due in semi-annual installments of combined principal and interest of \$1,187,590, with final maturity at September 1, 2030. The bonds currently outstanding are \$32,011,849.

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

The Authority bills the localities a monthly charge which includes an assessment for their respective shares of the Authority's debt service, construction, and operating expenditures based on the locality usage of the sewage treatment facilities. Based on the current average usage, the County's assessment for the Authority's operating, construction, and debt service expenditures for the ensuing year will approximate \$819,000, \$101,000, and \$1,615,000, respectively. To obtain a copy of the audited financial statements, contact the Authority at 856 North River Road, P. O. Box 8, Mt. Crawford, Virginia, 22841.

#### **Note 8. Defined Benefit Pension Plan**

##### **A. Plan Description**

Name of Plan: Virginia Retirement System (VRS)

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

Administering Entity: Virginia Retirement System (System)

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

**COUNTY OF ROCKINGHAM, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 8. Defined Benefit Pension Plan (Continued)**

**A. Plan Description (Continued)**

All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Benefits vest after five years of service credit. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan.

VRS administers two defined benefit plans for local government employees – Plan 1 and Plan 2:

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least five years of service credit or age 50 with at least 10 years of service credit.
- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least five years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

**COUNTY OF ROCKINGHAM, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 8. Defined Benefit Pension Plan (Continued)**

**A. Plan Description (Continued)**

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. 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 the most recent report may be obtained from the VRS website at [www.varetire.org/pdf/publications/2011-annual-report.pdf](http://www.varetire.org/pdf/publications/2011-annual-report.pdf) or by writing to the System's Chief Financial Officer at P. O. Box 2500, Richmond, VA, 23218-2500.

**B. Funding Policy**

Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All of the 5.00% member contribution may be 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, 2012, the contribution rate for the County and the District was 14.65 % for the School Board's professional employees, 11.33%; and for the School Board's non-professional employees, 11.89% of annual covered payroll.

For the years ended June 30, 2012, 2011, and 2010, total employer and employee contributions made to the VRS statewide teacher cost-sharing pool for professional employees by the School Board were \$6,327,045, \$5,058,323, and \$5,697,442, respectively, and were equal to 100% of the required contribution for professional employees for each year.

**COUNTY OF ROCKINGHAM, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 8. Defined Benefit Pension Plan (Continued)**

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

For fiscal year 2012, the County, the District, and the School Board's non-professional employees' annual pension costs of \$3,713,916 were equal to the required and actual contributions.

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

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2012	\$ 2,830,106	100%	\$ -
June 30, 2011	2,878,026	100%	-
June 30, 2010	2,740,818	100%	-

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

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

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2012	\$ 883,810	100%	\$ -
June 30, 2011	880,732	100%	-
June 30, 2010	856,493	100%	-

The fiscal year 2012 required contributions were determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.0%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a COLA of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County, the District, and the School Board's non-professional employees unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years.

**COUNTY OF ROCKINGHAM, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 8. Defined Benefit Pension Plan (Continued)**

**D. Funded Status and Funding Progress**

As of June 30, 2011, the most recent actuarial valuation date, the County and District's Plan was 75.68% funded. The actuarial accrued liability for benefits was \$79,447,720, and the actuarial value of assets was \$60,123,859, resulting in UAAL of \$19,323,861. The covered payroll (annual payroll of active employees covered by the Plan) was \$19,683,587, and ratio of the UAAL to the covered payroll was 98.17%.

At June 30, 2011, the most recent actuarial valuation date, the Plan for the School Board's non-professional employees was 83.07% funded. The actuarial accrued liability for benefits was \$27,942,782, and the actuarial value of assets was \$23,212,920, resulting in UAAL of \$4,729,862. The covered payroll (annual payroll of active employees covered by the Plan) was \$7,411,488, and ratio of the UAAL to the covered payroll was 63.82%.

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

**Note 9. Other Postemployment Benefits – County (Including the District) and School Board Sponsored**

**A. Plan Description**

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

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

**COUNTY OF ROCKINGHAM, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 9. Other Postemployment Benefits – County (Including the District) and School Board Sponsored (Continued)**

**A. Plan Description (Continued)**

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

The plans do not issue stand-alone financial reports.

**B. Funding Policy**

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

**C. Annual OPEB Cost and Net OPEB Obligation**

The County and School Board had an actuarial valuation of postemployment benefits performed as of July 1, 2011. The annual cost of OPEB under GASB Statement No. 45 is called the annual required contribution or ARC. The estimated pay-as-you-go amount for OPEB benefits for the County’s plan is \$170,317 and the annual benefit cost is \$520,085. The percentage of annual OPEB cost contributed is 32.75%. The pay-as-you-go amount for OPEB benefits for the School Board’s plan is \$607,559 and the annual benefit cost is \$1,710,246. The percentage of OPEB cost contributed is 35.52%.

GASB Statement No. 45 does not require prefunding of OPEB liabilities and the County and School Board have elected not to prefund OPEB liabilities at this time. The difference between the OPEB annual expense and cash payments for OPEB benefits is treated as a liability in the financial statements when the liability is not prefunded. At June 30, 2012, the County has recorded a liability of \$1,281,070, the District has recorded a liability of \$259,721, and the School Board has recorded a liability of \$4,441,990 on the Statement of Net Assets.

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

	County and District	School Board
Annual required contribution (ARC)	\$ 522,032	\$ 1,715,705
Interest on net OPEB obligation	47,641	133,572
Adjustment to annual required contribution	(49,588)	(139,031)
Annual OPEB cost	520,085	1,710,246
Estimated contributions made	(170,317)	(607,559)
Increase in net OPEB obligation	349,768	1,102,687
Net OPEB obligation, beginning of year	1,191,023	3,339,303
Net OPEB obligation at year-end	\$ 1,540,791	\$ 4,441,990

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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**Note 9. Other Postemployment Benefits – County (Including the District) and School Board Sponsored (Continued)**

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

**Trend Information**

Three-year trend information is as follows:

County and District:

Fiscal Year Ended	Annual OPEB Costs	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2012	\$ 520,085	32.75%	\$ 1,540,791
June 30, 2011	561,139	32.17%	1,191,023
June 30, 2010	530,182	26.17%	810,384

School Board:

Fiscal Year Ended	Annual OPEB Costs	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2012	\$ 1,710,246	35.52%	\$ 4,441,990
June 30, 2011	1,720,154	39.15%	3,339,303
June 30, 2010	1,638,796	31.09%	2,292,549

**D. Funding Status and Funding Progress**

As of July 1, 2011, the most recent actuarial valuation date, the plans were not funded. The actuarial value of assets was \$-0- resulting in UAAL of \$4,776,809 for the County and District’s plan and a UAAL of \$16,988,165 for the School Board’s plan.

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

**Note 9. Other Postemployment Benefits – County (Including the District) and School Board Sponsored (Continued)**

**D. Funding Status and Funding Progress (Continued)**

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
A. Primary Government and Harrisonburg-Rockingham Social Services District, a component unit – employees:						
July 1, 2011	\$ -	\$ 4,776,809	\$ 4,776,809	0.00%	\$ 19,683,587	24.27%
July 1, 2010	-	5,080,764	5,080,764	0.00%	19,873,211	25.57%
July 1, 2009	-	4,646,053	4,646,053	0.00%	20,415,259	22.76%
B. Component Unit – School Board employees:						
July 1, 2011	\$ -	\$ 16,988,165	\$ 16,988,165	0.00%	\$ 63,276,512	26.85%
July 1, 2010	-	17,358,002	17,358,002	0.00%	64,051,489	27.10%
July 1, 2009	-	16,284,460	16,284,460	0.00%	63,866,346	25.50%

**E. Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a four percent rate of return and an annual healthcare cost trend rate of nine percent, reduced by decrements to an ultimate rate of five percent after six years. The unfunded liability is amortized over a period of 30 years based on a level percent of payroll method on an open basis.

## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 10. Other Postemployment Benefits – VRS Health Insurance Credit

##### A. Plan Description

To assist retirees with the cost of health insurance coverage, the VRS administers a health insurance credit program. Retirees that have a minimum of 15 years of service and are enrolled in a qualified health insurance plan may receive a monthly credit of \$1.50 per year of creditable service. The health insurance credit is funded by the School Board on behalf of its VRS eligible employees. For the years June 30, 2012, 2011, and 2010, the School Board paid \$335,060, \$339,685, and \$429,062, respectively, for professional employees and \$57,236, \$57,036, and \$88,881, respectively, for non-professional employees toward these benefits, which was equal to the required contributions.

##### B. Funding Policy

Plan members are required by Title 51.1 of the *Code of Virginia* (1950, as amended, to contribute an actuarially determined percentage of their annual reported compensation to the VRS for the retiree health insurance credit. The School Board assumed the member contribution for its employees. The contribution rate of annual covered payroll was .6% for the School Board's professional employees and .77% for the School Board's non-professional employees, for each of the fiscal years ended June 30, 2012 and 2011.

The required contributions for the School Board were determined as part of annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions included (a) a 7.0% investment rate of return (net of administrative expenses), and (b) projected salary increases of 3.0% per year. Both (a) and (b) included an inflation component of 2.5%. The actuarial value of the School Board's assets is equal to the market value of the assets. With the June 30, 2011 actuarial valuation, any UAAL is being amortized as a level percentage of the projected payroll on an open basis, over a period of 30 years.

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

As of the actuarial valuation performed at June 30, 2011, the Plan for the School Board's non-professional employees was 31.89% funded. The AAL was \$872,651, and the actuarial value of assets was \$278,318, with a resulting UAAL of \$594,333.

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

**Note 10. Other Postemployment Benefits – VRS Health Insurance Credit (Continued)**

**D. Trend information**

The tables below summarize the required three-year trend information for the School Board.

**Schedule of Annual Cost Contributed for the Component Unit - School Board - non-professional employees**

Fiscal Year Ended	Annual OPEB Costs	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2012	\$ 57,236	100%	\$ -
June 30, 2011	57,036	100%	-
June 30, 2010	88,881	100%	-

**Schedule of Funding Progress for the Component Unit - School Board - non-professional employees**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
June 30, 2011	\$ 278,318	\$ 872,651	\$ 594,333	31.89%	\$ 7,411,488	8.02%
June 30, 2010	228,358	839,801	611,443	27.19%	7,352,390	8.32%
June 30, 2009	164,647	778,937	614,290	21.14%	7,337,922	8.37%

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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**Note 11. Advances To/From Other Funds**

Interfund balances as of June 30, 2012 are as follows:

<u>Payable Fund</u>	<u>Receivable Fund</u>
	General Fund:
Primary Government:	
Water and Sewer	\$ 190,000
Lilly Subdivision Sanitary District	105,778
<b>Total primary government</b>	<u>\$ 295,778</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 of \$95,000 annually plus interest at 5.5%. The advances from the General Fund to the Lilly Subdivision Sanitary District include an advance to be repaid through 2024 with annual principal payments of \$6,500 plus interest at 3.25%, as well as a temporary loan to cover a shortfall of cash in the Lilly Subdivision Sanitary District.

**Note 12. Major Customers**

The Water and Sewer Fund has one major customer. For the year ended June 30, 2012, water and sewer revenue from this customer was approximately \$2.3 million. Accounts receivable from this customer was approximately \$251,000 at June 30, 2012.

The Solid Waste Fund has two major customers. Revenues from these customers for the year ended June 30, 2012 were approximately \$1.8 million. Accounts receivable from these customers were approximately \$245,000 at June 30, 2012.

The Smith Creek Water & Waste Authority has one major customer. For the year ended June 30, 2012, revenue from this customer was approximately \$67,000. Accounts receivable from this customer was approximately \$7,000 at June 30, 2012.

## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 13. Landfill Closure and Postclosure Care Cost**

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

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date 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. The County has recorded \$6,556,341 as landfill closure and postclosure liability at June 30, 2012.

The Solid Waste Fund will report the County's estimated liability of closure and postclosure care of \$6,116,000 for the active cell as the remaining estimated capacity is filled. These amounts are based on the cost to perform all closure and postclosure care in 2012. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The estimated remaining life of the landfill is approximately 10 years and does not account for future expansion.

# COUNTY OF ROCKINGHAM, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 14. Risk Management

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

#### Auto, Liability and Workers' Compensation Insurance

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

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

#### Health Insurance

County employees, retirees and employee dependents are eligible for medical benefits from a health insurance internal-service fund. Funding is provided by charges to County departments, employees, and retirees. The program is supplemented by stop loss protection, which limits the County's annual liability.

Based on the requirements of GASB Statement No. 10, the County records an estimated liability for indemnity healthcare claims. The following represents the change in the fund's claims liability for 2012:

Beginning Liability	Claims and Changes in Estimates	Claim Payments	Ending Liability
\$ 1,684,000	\$ 17,284,039	\$ 17,141,903	\$ 1,826,136

## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 15. Pending GASB Statements

At June 30, 2012, 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. 61, *Financial Reporting Entity Omnibus*, will result in the financial reporting entity financial statements being more relevant by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. Statement No. 61 will be effective for periods beginning after June 15, 2012.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, improves financial reporting by contributing to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. Statement No. 62 will be effective for periods beginning after December 15, 2011.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. Statement No. 63 will be effective for periods beginning after December 15, 2011.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. Statement No. 65 will be effective for periods beginning after December 15, 2012.

GASB Statement No. 66, *Technical Corrections – 2012*, will improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Statement No. 66 will be effective for periods beginning after December 15, 2012.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, will improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. Statement No. 68 will be effective for fiscal years beginning after June 15, 2014.

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

## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 16. Joint Venture**

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

In fiscal year 2012, the County's contributions to the HRECC totaled approximately \$1,444,000.

#### **Note 17. Contingency**

##### Federal and State-Assisted Programs

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

**REQUIRED SUPPLEMENTARY  
INFORMATION**

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

**SCHEDULE OF FUNDING PROGRESS - VIRGINIA RETIREMENT SYSTEM**

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability(UAAL)	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
A. Primary Government and Harrisonburg-Rockingham Social Services District, a component unit employees:						
June 30, 2009	\$ 56,808,716	\$ 67,142,793	\$ 10,334,077	84.61%	\$ 20,415,259	50.62%
June 30, 2010	58,038,433	75,594,732	17,556,299	76.78%	19,873,211	88.34%
June 30, 2011	60,123,859	79,447,720	19,323,861	75.68%	19,683,587	98.17%
B. Component Unit - School Board non-professional employees:						
June 30, 2009	\$ 22,455,330	\$ 24,540,333	\$ 2,085,003	91.50%	\$ 7,337,922	28.41%
June 30, 2010	22,629,273	26,829,924	4,200,651	84.34%	7,352,390	57.13%
June 30, 2011	23,212,920	27,942,782	4,729,862	83.07%	7,411,488	63.82%

**SCHEDULE OF FUNDING PROGRESS - VIRGINIA RETIREMENT SYSTEM HEALTH INSURANCE CREDIT PROGRAM**

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
Component Unit - School Board non-professional employees:						
June 30, 2009	\$ 164,647	\$ 778,937	\$ 614,290	21.14%	\$ 7,337,922	8.37%
June 30, 2010	228,358	839,801	611,443	27.19%	7,352,390	8.32%
June 30, 2011	278,318	872,651	594,333	31.89%	7,411,488	8.02%

**SCHEDULE OF ANNUAL COST - VIRGINIA RETIREMENT SYSTEM HEALTH INSURANCE CREDIT PROGRAM**

Fiscal Year Ended June 30,	Annual OPEB Costs	Percentage of Annual OPEB Cost Contributed	Net Benefit Obligation
Component Unit - School Board non-professional employees:			
2010	\$ 88,881	100.00%	\$ -
2011	57,036	100.00%	-
2012	57,236	100.00%	-

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

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

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
A. Primary Government and Harrisonburg-Rockingham Social Services District, a component unit, employees:						
July 1, 2009	\$ -	\$ 4,646,053	\$ 4,646,053	0.00%	\$ 20,415,259	22.76%
July 1, 2010	-	5,080,764	5,080,764	0.00%	19,873,211	25.57%
July 1, 2011	-	4,776,809	4,776,809	0.00%	19,683,587	24.27%
B. Component Unit - School Board employees:						
July 1, 2009	\$ -	\$ 16,284,460	\$ 16,284,460	0.00%	\$ 63,866,346	25.50%
July 1, 2010	-	17,358,002	17,358,002	0.00%	64,051,489	27.10%
July 1, 2011	-	16,988,165	16,988,165	0.00%	63,276,512	26.85%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS - OTHER POSTEMPLOYMENT BENEFITS**

Fiscal Year Ended June 30,	Annual Required Contribution	Percentage Contributed
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A. Primary Government and Harrisonburg-Rockingham Social Services District, a component unit, employees:

2010	\$ 530,867	26.14%
2011	562,464	32.09%
2012	522,032	32.63%

B. Component Unit - School Board employees:

2010	\$ 1,640,698	31.05%
2011	1,723,902	39.06%
2012	1,715,705	35.41%

## **SUPPLEMENTARY INFORMATION**

## **NONMAJOR GOVERNMENTAL FUNDS**

### **Special Revenue Fund**

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

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

### **Capital Projects Fund**

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

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

### **Permanent Fund**

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

Albert K. Long Trust - This fund is used to account for the trust principal amount received and the related interest income.

**COUNTY OF ROCKINGHAM, VIRGINIA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2012**

	Special Revenue Asset Forfeiture Fund	Capital Projects Joint Judicial Complex	Permanent Fund Albert K. Long Trust	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash, cash equivalents and temporary cash investments	\$ 116,986	\$ 561	\$ -	\$ 117,547
Accrued interest	131	-	25	156
Restricted cash	-	284,304	22,653	306,957
<b>Total assets</b>	<b>\$ 117,117</b>	<b>\$ 284,865</b>	<b>\$ 22,678</b>	<b>\$ 424,660</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 3,414	\$ -	\$ -	\$ 3,414
Accrued payroll	258	-	-	258
<b>Total liabilities</b>	<b>3,672</b>	<b>-</b>	<b>-</b>	<b>3,672</b>
<b>FUND BALANCES</b>				
Nonspendable:				
Nonexpendable trust principal	-	-	11,143	11,143
Restricted for:				
Park maintenance	-	-	11,535	11,535
Law enforcement	113,445	-	-	113,445
Debt service	-	284,304	-	284,304
Assigned to:				
Debt service	-	561	-	561
<b>Total fund balances</b>	<b>113,445</b>	<b>284,865</b>	<b>22,678</b>	<b>420,988</b>
<b>Total liabilities and fund balances</b>	<b>\$ 117,117</b>	<b>\$ 284,865</b>	<b>\$ 22,678</b>	<b>\$ 424,660</b>

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2012

	Special Revenue	Capital Projects	Permanent Fund	Total
	Asset Forfeiture Fund	Joint Judicial Complex	Albert K. Long Trust	Nonmajor Governmental Funds
Revenues:				
Fines and forfeitures	\$ 31,507	\$ -	\$ -	\$ 31,507
Use of money	473	2	90	565
Intergovernmental	17,172	-	-	17,172
<b>Total revenues</b>	<b>49,152</b>	<b>2</b>	<b>90</b>	<b>49,244</b>
Expenditures:				
Current:				
Public safety	42,251	-	-	42,251
<b>Total expenditures</b>	<b>42,251</b>	<b>-</b>	<b>-</b>	<b>42,251</b>
<b>Net change in fund balances</b>	<b>6,901</b>	<b>2</b>	<b>90</b>	<b>6,993</b>
Fund balance, beginning	106,544	284,863	22,588	413,995
Fund balance, ending	<b>\$ 113,445</b>	<b>\$ 284,865</b>	<b>\$ 22,678</b>	<b>\$ 420,988</b>

## **NONMAJOR PROPRIETARY FUNDS**

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

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF NET ASSETS  
NONMAJOR PROPRIETARY FUNDS  
June 30, 2012

	Lilly Subdivision Sanitary District	Countryside Sanitary District	Penn Laird Sewer Authority	Total Nonmajor Proprietary Funds
<b>ASSETS</b>				
Current assets:				
Cash, cash equivalents and temporary cash investments	\$ -	\$ 57,883	\$ 82,910	\$ 140,793
Trade and other accounts receivable, net	4,217	515	16,697	21,429
Accrued interest	-	63	89	152
<b>Total current assets</b>	<b>4,217</b>	<b>58,461</b>	<b>99,696</b>	<b>162,374</b>
Noncurrent assets:				
Financing costs, net of accumulated amortization	6,057	4,993	11,599	22,649
Capital assets:				
Land	20,600	-	-	20,600
Easements	-	-	20,631	20,631
Buildings	8,900	-	-	8,900
Improvements other than buildings	596,932	306,022	1,119,967	2,022,921
Machinery and equipment	5,470	-	28,892	34,362
Less accumulated depreciation and amortization	(100,351)	(39,782)	(109,971)	(250,104)
<b>Total capital assets, net of accumulated depreciation and amortization</b>	<b>531,551</b>	<b>266,240</b>	<b>1,059,519</b>	<b>1,857,310</b>
<b>Total noncurrent assets</b>	<b>537,608</b>	<b>271,233</b>	<b>1,071,118</b>	<b>1,879,959</b>
<b>Total assets</b>	<b>541,825</b>	<b>329,694</b>	<b>1,170,814</b>	<b>2,042,333</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and deposits	3,299	1,670	530	5,499
Accrued interest	6,789	1,064	2,122	9,975
Advance from other funds	105,778	-	-	105,778
Revenue bonds	16,800	7,520	20,658	44,978
<b>Total current liabilities</b>	<b>132,666</b>	<b>10,254</b>	<b>23,310</b>	<b>166,230</b>
Noncurrent liabilities:				
Revenue bonds	337,331	123,402	349,574	810,307
<b>Total noncurrent liabilities</b>	<b>337,331</b>	<b>123,402</b>	<b>349,574</b>	<b>810,307</b>
<b>Total liabilities</b>	<b>469,997</b>	<b>133,656</b>	<b>372,884</b>	<b>976,537</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	177,420	135,318	689,287	1,002,025
Unrestricted (deficit)	(105,592)	60,720	108,643	63,771
<b>Total net assets</b>	<b>\$ 71,828</b>	<b>\$ 196,038</b>	<b>\$ 797,930</b>	<b>\$ 1,065,796</b>

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
NONMAJOR PROPRIETARY FUNDS

Year Ended June 30, 2012

	Lilly Subdivision Sanitary District	Countryside Sanitary District	Penn Laird Sewer Authority	Total Nonmajor Proprietary Funds
Operating revenues:				
Charges for services	\$ 36,984	\$ 13,879	\$ 24,997	\$ 75,860
Other revenue	277	-	-	277
<b>Total operating revenues</b>	<b>37,261</b>	<b>13,879</b>	<b>24,997</b>	<b>76,137</b>
Operating expenses:				
Contractual services	7,600	3,227	400	11,227
Other charges	11,798	3,501	949	16,248
Depreciation and amortization	11,777	6,120	25,289	43,186
<b>Total operating expenses</b>	<b>31,175</b>	<b>12,848</b>	<b>26,638</b>	<b>70,661</b>
<b>Operating income (loss)</b>	<b>6,086</b>	<b>1,031</b>	<b>(1,641)</b>	<b>5,476</b>
Nonoperating revenues (expenses):				
Connection availability fees	-	-	1,800	1,800
Interest revenue	-	361	648	1,009
Interest expense	(13,956)	(4,374)	(14,897)	(33,227)
Amortization of financing costs	(377)	(363)	(8,189)	(8,929)
<b>Total nonoperating expenses, net</b>	<b>(14,333)</b>	<b>(4,376)</b>	<b>(20,638)</b>	<b>(39,347)</b>
<b>Change in net assets</b>	<b>(8,247)</b>	<b>(3,345)</b>	<b>(22,279)</b>	<b>(33,871)</b>
Total net assets, beginning	80,075	199,383	820,209	1,099,667
Total net assets, ending	\$ 71,828	\$ 196,038	\$ 797,930	\$ 1,065,796

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS  
Year Ended June 30, 2012

	Lilly Subdivision Sanitary District	Countryside Sanitary District	Penn Laird Sewer Authority	Total Nonmajor Proprietary Funds
<b>Cash Flows From Operating Activities:</b>				
Receipts from customers	\$ 36,936	\$ 14,062	\$ 37,912	\$ 88,910
Payments to suppliers for goods and services	(17,732)	(5,631)	(1,079)	(24,442)
Other receipts, net	277	-	-	277
<b>Net cash provided by operating activities</b>	<b>19,481</b>	<b>8,431</b>	<b>36,833</b>	<b>64,745</b>
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Payment of advance from other funds	10,951	-	-	10,951
Connection availability fees	-	-	1,800	1,800
Proceeds on issuance of debt	-	-	370,232	370,232
Principal paid on outstanding debt	(16,300)	(7,281)	(371,207)	(394,788)
Interest paid and fiscal charges on outstanding debt	(14,132)	(4,433)	(25,096)	(43,661)
<b>Net cash used in capital and related financing activities</b>	<b>(19,481)</b>	<b>(11,714)</b>	<b>(24,271)</b>	<b>(55,466)</b>
<b>Cash Flows From Investing Activities:</b>				
Interest received on investment securities	-	326	589	915
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>-</b>	<b>(2,957)</b>	<b>13,151</b>	<b>10,194</b>
<b>Cash and Cash Equivalents:</b>				
Beginning	-	60,840	69,759	130,599
Ending	\$ -	\$ 57,883	\$ 82,910	\$ 140,793
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>				
Operating income (loss)	\$ 6,086	\$ 1,031	\$ (1,641)	\$ 5,476
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	11,777	6,120	25,289	43,186
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(48)	183	12,915	13,050
Decrease in accounts payable and deposits	1,666	1,097	270	3,033
<b>Net cash provided by operating activities</b>	<b>\$ 19,481</b>	<b>\$ 8,431</b>	<b>\$ 36,833</b>	<b>\$ 64,745</b>

## **INTERNAL SERVICE FUNDS**

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

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

**COUNTY OF ROCKINGHAM, VIRGINIA**

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

**June 30, 2012**

	Central Stores	Self - Insurance	Total Internal Service Funds
<b>ASSETS</b>			
Current assets:			
Cash, cash equivalents and temporary cash investments	\$ 9,283	\$ 8,686,115	\$ 8,695,398
Trade and other accounts receivable	3,392	745	4,137
Accrued interest	-	9,506	9,506
Due from other governments	-	265,039	265,039
Inventory	8,306	-	8,306
<b>Total assets</b>	<b>20,981</b>	<b>8,961,405</b>	<b>8,982,386</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	147	430,044	430,191
Unearned revenue	-	1,564,367	1,564,367
Insurance and benefit claims	-	1,826,136	1,826,136
<b>Total liabilities</b>	<b>147</b>	<b>3,820,547</b>	<b>3,820,694</b>
<b>NET ASSETS</b>			
Unrestricted	20,834	5,140,858	5,161,692
<b>Total net assets</b>	<b>\$ 20,834</b>	<b>\$ 5,140,858</b>	<b>\$ 5,161,692</b>

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN FUND NET ASSETS  
 INTERNAL SERVICE FUNDS  
 Year Ended June 30, 2012

	Central Stores	Self - Insurance	Total Internal Service Funds
Operating revenues:			
Charges for services	\$ 41,757	\$ 19,376,973	\$ 19,418,730
Other	-	358,583	358,583
<b>Total operating revenues</b>	<b>41,757</b>	<b>19,735,556</b>	<b>19,777,313</b>
Operating expenses:			
Contractual services	-	2,322,240	2,322,240
Risk financing and benefit payments	-	17,432,501	17,432,501
Other charges	41,772	1,060	42,832
<b>Total operating expenses</b>	<b>41,772</b>	<b>19,755,801</b>	<b>19,797,573</b>
<b>Operating loss</b>	<b>(15)</b>	<b>(20,245)</b>	<b>(20,260)</b>
Nonoperating revenue:			
Interest revenue	-	34,498	34,498
<b>Total nonoperating revenue</b>	<b>-</b>	<b>34,498</b>	<b>34,498</b>
<b>Change in net assets</b>	<b>(15)</b>	<b>14,253</b>	<b>14,238</b>
Total net assets, beginning	20,849	5,126,605	5,147,454
Total net assets, ending	\$ 20,834	\$ 5,140,858	\$ 5,161,692

**COUNTY OF ROCKINGHAM, VIRGINIA**

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
Year Ended June 30, 2012**

	Central Stores	Self - Insurance	Total Internal Service Funds
<b>Cash Flows From Operating Activities:</b>			
Receipts from interfund services provided	\$ 41,691	\$ 19,153,580	\$ 19,195,271
Claims and benefits paid	-	(17,141,903)	(17,141,903)
Payments to suppliers for goods and services	(41,691)	(1,894,150)	(1,935,841)
Other receipts	-	358,583	358,583
<b>Net cash provided by operating activities</b>	<b>-</b>	<b>476,110</b>	<b>476,110</b>
<b>Cash Flows From Investing Activities:</b>			
Interest received on investment securities	-	28,842	28,842
<b>Net increase in cash and cash equivalents</b>	<b>-</b>	<b>504,952</b>	<b>504,952</b>
<b>Cash and Cash Equivalents:</b>			
Beginning	9,283	8,181,163	8,190,446
Ending	\$ 9,283	\$ 8,686,115	\$ 8,695,398
<b>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:</b>			
Operating loss	\$ (15)	\$ (20,245)	\$ (20,260)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Change in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	(66)	(256)	(322)
Inventory	30	-	30
Due from other governments	-	(265,039)	(265,039)
Prepaid items	-	148,462	148,462
Increase in:			
Accounts payable	51	429,150	429,201
Unearned revenue	-	41,902	41,902
Insurance and benefit claims	-	142,136	142,136
<b>Net cash provided by operating activities</b>	<b>\$ -</b>	<b>\$ 476,110</b>	<b>\$ 476,110</b>

## **FIDUCIARY FUNDS**

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

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

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

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

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

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

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

**COUNTY OF ROCKINGHAM, VIRGINIA**

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**

**FIDUCIARY FUNDS**

**June 30, 2012**

	Agency Funds							Totals
	Special Welfare	Employee Benefits	Economic Development Authority	Bond Escrow	Massanutten Technical Center	Emergency Medical Services	Soil and Water Conservation	
<b>ASSETS</b>								
Cash, cash equivalents and temporary cash investments	\$ 49,942	\$ 103,766	\$ 8,414	\$ 315,502	\$ 707,199	\$ 280,033	\$ -	\$ 1,464,856
Accounts receivable	-	10,751	9	351	57,258	4,166	56,123	72,535
<b>Total assets</b>	<b>\$ 49,942</b>	<b>\$ 114,517</b>	<b>\$ 8,423</b>	<b>\$ 315,853</b>	<b>\$ 764,457</b>	<b>\$ 284,199</b>	<b>\$ 56,123</b>	<b>\$ 1,537,391</b>
<b>LIABILITIES</b>								
Accounts payable	\$ 49,942	\$ 114,517	\$ 8,423	\$ 315,853	\$ 764,457	\$ 284,199	\$ 56,123	\$ 1,537,391

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
Year Ended June 30, 2012**

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
<u>SPECIAL WELFARE</u>				
<b>ASSETS</b>				
Cash, cash equivalents and temporary cash investments	\$ 59,480	\$ 187,887	\$ 197,425	\$ 49,942
<b>LIABILITIES</b>				
Accounts payable	\$ 59,480	\$ 187,887	\$ 197,425	\$ 49,942
<u>EMPLOYEE BENEFITS</u>				
<b>ASSETS</b>				
Cash, cash equivalents and temporary cash investments	\$ 126,969	\$ 356,987	\$ 380,190	\$ 103,766
Accounts receivable	11,351	-	600	10,751
<b>Total assets</b>	<b>\$ 138,320</b>	<b>\$ 356,987</b>	<b>\$ 380,790</b>	<b>\$ 114,517</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 138,320	\$ 356,987	\$ 380,790	\$ 114,517
<u>ECONOMIC DEVELOPMENT AUTHORITY</u>				
<b>ASSETS</b>				
Cash, cash equivalents and temporary cash investments	\$ 20,699	\$ 6,198	\$ 18,483	\$ 8,414
Accounts receivable	10	9	10	9
<b>Total assets</b>	<b>\$ 20,709</b>	<b>\$ 6,207</b>	<b>\$ 18,493</b>	<b>\$ 8,423</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 20,709	\$ 6,207	\$ 18,493	\$ 8,423

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
Year Ended June 30, 2012**

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
<b><u>BOND ESCROW</u></b>				
<b>ASSETS</b>				
Cash, cash equivalents and temporary cash investments	\$ 304,871	\$ 145,830	\$ 135,199	\$ 315,502
Accounts receivable	145	351	145	351
<b>Total assets</b>	<b>\$ 305,016</b>	<b>\$ 146,181</b>	<b>\$ 135,344</b>	<b>\$ 315,853</b>

<b>LIABILITIES</b>				
Accounts payable	\$ 305,016	\$ 146,181	\$ 135,344	\$ 315,853

**MASSANUTTEN TECHNICAL CENTER**

<b>ASSETS</b>				
Cash, cash equivalents and temporary cash investments	\$ 642,096	\$ 4,609,408	\$ 4,544,305	\$ 707,199
Accounts receivable	40,106	57,258	40,106	57,258
<b>Total assets</b>	<b>\$ 682,202</b>	<b>\$ 4,666,666</b>	<b>\$ 4,584,411</b>	<b>\$ 764,457</b>

<b>LIABILITIES</b>				
Accounts payable	\$ 682,202	\$ 4,666,666	\$ 4,584,411	\$ 764,457

**EMERGENCY MEDICAL SERVICES**

<b>ASSETS</b>				
Cash, cash equivalents and temporary cash investments	\$ 353,739	\$ 1,332,608	\$ 1,406,314	\$ 280,033
Accounts receivable	4,406	4,166	4,406	4,166
<b>Total assets</b>	<b>\$ 358,145</b>	<b>\$ 1,336,774</b>	<b>\$ 1,410,720</b>	<b>\$ 284,199</b>

<b>LIABILITIES</b>				
Accounts payable	\$ 358,145	\$ 1,336,774	\$ 1,410,720	\$ 284,199

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
Year Ended June 30, 2012**

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
<u>SOIL AND WATER CONSERVATION</u>				
<b>ASSETS</b>				
Accounts receivable	\$ -	\$ 56,123	\$ -	\$ 56,123
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 56,123	\$ -	\$ 56,123
 <u>TOTALS - ALL AGENCY FUNDS</u>				
<b>ASSETS</b>				
Cash, cash equivalents and temporary cash investments	\$ 1,507,854	\$ 6,638,918	\$ 6,681,916	\$ 1,464,856
Accounts receivable	56,018	61,784	45,267	72,535
<b>Total assets</b>	<b>\$ 1,563,872</b>	<b>\$ 6,700,702</b>	<b>\$ 6,727,183</b>	<b>\$ 1,537,391</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,563,872	\$ 6,700,702	\$ 6,727,183	\$ 1,537,391

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

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING BALANCE SHEET  
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD  
June 30, 2012

	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash, cash equivalents and temporary cash investments	\$ 8,527,213	\$ 2,022,735	\$ 1,337,090	\$ 721,712	\$ 12,608,750
Trade and other accounts receivable	229,713	35,107	-	19,477	284,297
Accrued interest	-	2,092	1,495	798	4,385
Due from other governments	2,828,728	-	-	37,165	2,865,893
Prepaid items	2,251,300	132,534	-	44,354	2,428,188
Inventory	87,661	50,106	-	64,861	202,628
<b>Total assets</b>	<b>\$ 13,924,615</b>	<b>\$ 2,242,574</b>	<b>\$ 1,338,585</b>	<b>\$ 888,367</b>	<b>\$ 18,394,141</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 1,938,070	\$ 216,238	\$ 201,377	\$ 318,060	\$ 2,673,745
Accrued payroll	11,986,545	386,542	1,306	220,127	12,594,520
Due to other governments	-	-	-	279,629	279,629
<b>Total liabilities</b>	<b>13,924,615</b>	<b>602,780</b>	<b>202,683</b>	<b>817,816</b>	<b>15,547,894</b>
<b>FUND BALANCES</b>					
Nonspendable:					
Prepaid items	2,251,300	132,534	-	44,354	2,428,188
Inventory	87,661	50,106	-	64,861	202,628
Assigned to:					
Capital outlay	-	-	1,135,902	-	1,135,902
Cafeteria	-	1,457,154	-	-	1,457,154
Textbooks	-	-	-	5,690	5,690
Unassigned:	(2,338,961)	-	-	(44,354)	(2,383,315)
<b>Total fund balances</b>	<b>-</b>	<b>1,639,794</b>	<b>1,135,902</b>	<b>70,551</b>	<b>2,846,247</b>
<b>Total liabilities and fund balances</b>	<b>\$ 13,924,615</b>	<b>\$ 2,242,574</b>	<b>\$ 1,338,585</b>	<b>\$ 888,367</b>	<b>\$ 18,394,141</b>
Total Fund balances					\$ 2,846,247
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				\$ 264,856,857	
Less accumulated depreciation and amortization				(109,187,078)	
Net capital assets					155,669,779
Internal service funds are used by management to charge the costs of goods provided to other departments or funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.					
					2,054,509
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.					
Compensated absences				(3,322,082)	
Other postemployment benefits				(4,441,990)	
					(7,764,072)
<b>Net assets of governmental activities</b>					<b>\$ 152,806,463</b>

**COUNTY OF ROCKINGHAM, VIRGINIA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD  
Year Ended June 30, 2012**

	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Use of money and property	\$ 24,012	\$ 6,667	\$ 5,951	\$ 2,269	\$ 38,899
Charges for services	2,273,609	2,166,459	-	616,649	5,056,717
Miscellaneous	228,611	-	34,969	100,300	363,880
Appropriation from Primary Government	43,769,939	-	-	-	43,769,939
Intergovernmental	62,298,872	2,939,186	-	4,397,404	69,635,462
<b>Total revenues</b>	<b>108,595,043</b>	<b>5,112,312</b>	<b>40,920</b>	<b>5,116,622</b>	<b>118,864,897</b>
Expenditures:					
Current:					
Education	108,595,043	5,153,983	-	5,171,834	118,920,860
Capital outlay	-	-	2,036,901	-	2,036,901
<b>Total expenditures</b>	<b>108,595,043</b>	<b>5,153,983</b>	<b>2,036,901</b>	<b>5,171,834</b>	<b>120,957,761</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>(41,671)</b>	<b>(1,995,981)</b>	<b>(55,212)</b>	<b>(2,092,864)</b>
Fund balances, beginning	-	1,681,465	3,131,883	125,763	4,939,111
Fund balances, ending	\$ -	\$ 1,639,794	\$ 1,135,902	\$ 70,551	\$ 2,846,247

Net change in fund balances \$ (2,092,864)

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

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

Expenditure for capital assets	\$ 3,307,213	
Less depreciation and amortization expense	(8,874,822)	
Excess of depreciation and amortization over capital outlays		(5,567,609)

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to increase net assets. 93,627

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	(86,110)	
Other postemployment benefits	(1,102,687)	
		(1,188,797)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net income of the internal service funds are reported with governmental activities.

Total revenues	15,025,240	
Total expenses	(15,014,409)	
		10,831

**Change in net assets of governmental activities \$ (8,744,812)**

**COUNTY OF ROCKINGHAM, VIRGINIA**

**COMBINING BALANCE SHEET**

**NONMAJOR FUNDS OF THE DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD**

**June 30, 2012**

	School Textbook Fund	Massanutten Technical Center - Operating Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash, cash equivalents and temporary cash investments	\$ 14,513	\$ 707,199	\$ 721,712
Trade and other accounts receivable	182	19,295	19,477
Accrued interest	-	798	798
Due from other governments	-	37,165	37,165
Prepaid items	-	44,354	44,354
Inventory	64,861	-	64,861
<b>Total assets</b>	<b>\$ 79,556</b>	<b>\$ 808,811</b>	<b>\$ 888,367</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 9,005	\$ 309,055	\$ 318,060
Accrued payroll	-	220,127	220,127
Due to other governments	-	279,629	279,629
<b>Total liabilities</b>	<b>9,005</b>	<b>808,811</b>	<b>817,816</b>
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid items	-	44,354	44,354
Inventory	64,861	-	64,861
Assigned to:			
Textbooks	5,690	-	5,690
Unassigned	-	(44,354)	(44,354)
<b>Total fund balances</b>	<b>70,551</b>	<b>-</b>	<b>70,551</b>
<b>Total liabilities and fund balances</b>	<b>\$ 79,556</b>	<b>\$ 808,811</b>	<b>\$ 888,367</b>

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES

NONMAJOR FUNDS OF THE DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD  
Year Ended June 30, 2012

	School Textbook Fund	Massanutten Technical Center - Operating Fund	Total Nonmajor Governmental Funds
Revenues:			
Use of money and property	\$ -	\$ 2,269	\$ 2,269
Charges for services	-	616,649	616,649
Miscellaneous	3,566	96,734	100,300
Intergovernmental	485,383	3,912,021	4,397,404
<b>Total revenues</b>	<b>488,949</b>	<b>4,627,673</b>	<b>5,116,622</b>
Expenditures:			
Current:			
Education	544,161	4,627,673	5,171,834
<b>Total expenditures</b>	<b>544,161</b>	<b>4,627,673</b>	<b>5,171,834</b>
<b>Net change in fund balances</b>	<b>(55,212)</b>	<b>-</b>	<b>(55,212)</b>
Fund balance, beginning	125,763	-	125,763
Fund balance, ending	\$ 70,551	\$ -	\$ 70,551

## **FIDUCIARY FUNDS OF THE SCHOOL BOARD**

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

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

**COUNTY OF ROCKINGHAM, VIRGINIA**

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

**FIDUCIARY FUNDS**

**June 30, 2012**

	Agency Funds		
	Massanutten		
	School	Technical	
	Activity	Center	
	Fund	Activity	Totals
	Fund	Fund	
<b>ASSETS</b>			
Cash, cash equivalents and temporary cash investments	\$ 1,369,979	\$ 122,945	\$ 1,492,924
Accounts receivable	28,554	1,341	29,895
<b>Total assets</b>	<b>\$ 1,398,533</b>	<b>\$ 124,286</b>	<b>\$ 1,522,819</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 1,398,533	\$ 124,286	\$ 1,522,819
<b>Total liabilities</b>	<b>\$ 1,398,533</b>	<b>\$ 124,286</b>	<b>\$ 1,522,819</b>

**COUNTY OF ROCKINGHAM, VIRGINIA**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - SCHOOL BOARD  
ALL AGENCY FUNDS  
Year Ended June 30, 2012**

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
<b><u>SCHOOL ACTIVITY FUND</u></b>				
<b>ASSETS</b>				
Cash, cash equivalents and temporary cash investments	\$ 1,248,837	\$ 4,400,701	\$ 4,279,559	\$ 1,369,979
Accounts receivable	33,134	28,554	33,134	28,554
<b>Total assets</b>	<b>\$ 1,281,971</b>	<b>\$ 4,429,255</b>	<b>\$ 4,312,693</b>	<b>\$ 1,398,533</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,281,971	\$ 4,429,255	\$ 4,312,693	\$ 1,398,533

**MASSANUTTEN TECHNICAL CENTER ACTIVITY FUND**

<b>ASSETS</b>				
Cash, cash equivalents and temporary cash investments	\$ 117,134	\$ 230,666	\$ 224,855	\$ 122,945
Accounts receivable	13,616	1,341	13,616	1,341
<b>Total assets</b>	<b>\$ 130,750</b>	<b>\$ 232,007</b>	<b>\$ 238,471</b>	<b>\$ 124,286</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 130,750	\$ 232,007	\$ 238,471	\$ 124,286

**TOTALS - ALL AGENCY FUNDS**

<b>ASSETS</b>				
Cash, cash equivalents and temporary cash investments	\$ 1,365,971	\$ 4,631,367	\$ 4,504,414	\$ 1,492,924
Accounts receivable	46,750	29,895	46,750	29,895
<b>Total assets</b>	<b>\$ 1,412,721</b>	<b>\$ 4,661,262</b>	<b>\$ 4,551,164</b>	<b>\$ 1,522,819</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,412,721	\$ 4,661,262	\$ 4,551,164	\$ 1,522,819

## **DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD**

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

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

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

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

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

**COUNTY OF ROCKINGHAM, VIRGINIA**

**COMBINING BALANCE SHEET  
DISCRETELY PRESENTED COMPONENT UNIT - HARRISONBURG-ROCKINGHAM  
SOCIAL SERVICES DISTRICT  
June 30, 2012**

	Operating Fund	Special Revenue Comprehensive Services Act	Total Governmental Funds
<b>ASSETS</b>			
Cash, cash equivalents and temporary cash investments	\$ 4,055,330	\$ 86,356	\$ 4,141,686
Trade and other accounts receivable	6,706	21,056	27,762
Accrued interest	4,722	537	5,259
Due from other governments	534,811	1,165,114	1,699,925
Prepaid items	66,177	1,578	67,755
<b>Total assets</b>	<b>\$ 4,667,746</b>	<b>\$ 1,274,641</b>	<b>\$ 5,942,387</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 300,741	\$ 883,722	\$ 1,184,463
Accrued payroll	88,080	2,421	90,501
<b>Total liabilities</b>	<b>388,821</b>	<b>886,143</b>	<b>1,274,964</b>
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid items	66,177	1,578	67,755
Restricted for:			
Minority interest	1,693,103	196,720	1,889,823
Assigned to:			
Social services	2,519,645	190,200	2,709,845
<b>Total fund balances</b>	<b>4,278,925</b>	<b>388,498</b>	<b>4,667,423</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,667,746</b>	<b>\$ 1,274,641</b>	<b>\$ 5,942,387</b>
Fund balances			\$ 4,667,423

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

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

Governmental capital assets	\$ 528,324	
Less accumulated depreciation and amortization	(509,421)	
Net capital assets		18,903

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	(386,115)	
Other postemployment benefits	(259,721)	
		(645,836)

**Net assets of governmental activities** **\$ 4,040,490**

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, 2012

	Operating Fund	Special Revenue Comprehensive Services Act	Total Governmental Funds
Revenues:			
Use of money and property	\$ 17,680	\$ 3,379	\$ 21,059
Miscellaneous	1,075,090	1,857,015	2,932,105
Appropriation from General Fund	1,548,996	1,795,458	3,344,454
Intergovernmental	9,461,186	5,234,401	14,695,587
<b>Total revenues</b>	<u>12,102,952</u>	<u>8,890,253</u>	<u>20,993,205</u>
Expenditures:			
Current:			
Health and social services	11,836,607	9,192,039	21,028,646
<b>Total expenditures</b>	<u>11,836,607</u>	<u>9,192,039</u>	<u>21,028,646</u>
<b>Net change in fund balances</b>	266,345	(301,786)	(35,441)
Fund balances, beginning	4,012,580	690,284	4,702,864
Fund balances, ending	<u>\$ 4,278,925</u>	<u>\$ 388,498</u>	<u>\$ 4,667,423</u>
Net change in fund balances			\$ (35,441)
Reconciliation of amounts reported for governmental activities in the Statement of Activities:			
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which depreciation and amortization exceeded capital outlays in the current period.			
Expenditure for capital assets		\$ -	
Less depreciation and amortization expense		<u>(21,160)</u>	
Excess of depreciation and amortization over capital outlays			(21,160)
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		(7,360)	
Other postemployment benefits		<u>(54,371)</u>	
			<u>(61,731)</u>
<b>Change in net assets of governmental activities</b>			<u>\$ (118,332)</u>

# **SUPPLEMENTAL SCHEDULES**

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS  
SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
Year Ended June 30, 2012**

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	\$ 41,785,000	\$ 41,785,000	\$ 43,502,356	\$ 1,717,356
Real and personal public service corporation property taxes	1,420,000	1,420,000	1,442,846	22,846
Personal property taxes	9,760,000	9,760,000	10,490,068	730,068
Machinery and tools taxes	10,800,000	10,800,000	10,396,548	(403,452)
Merchants' capital taxes	1,000,000	1,000,000	1,068,450	68,450
Penalties and interest	572,000	572,000	710,939	138,939
<b>Total general property taxes</b>	<b>65,337,000</b>	<b>65,337,000</b>	<b>67,611,207</b>	<b>2,274,207</b>
Other local taxes:				
Local sales and use taxes	4,400,000	4,400,000	4,991,019	591,019
Consumer utility taxes	944,400	944,400	1,028,014	83,614
Utility gross receipts taxes	325,000	325,000	386,342	61,342
Bank stock taxes	20,000	20,000	38,170	18,170
Motor vehicle licenses	1,200,000	1,200,000	1,227,744	27,744
Taxes on recordation and wills	770,000	770,000	827,202	57,202
Hotel and motel room taxes	150,000	150,000	188,896	38,896
Food and beverage taxes	800,000	800,000	824,844	24,844
<b>Total other local taxes</b>	<b>8,609,400</b>	<b>8,609,400</b>	<b>9,512,231</b>	<b>902,831</b>
Permits, privilege fees and regulatory licenses:				
Animal licenses	25,000	25,000	23,247	(1,753)
Permits and other licenses	724,700	724,700	669,498	(55,202)
<b>Total permits, privilege fees and regulatory licenses</b>	<b>749,700</b>	<b>749,700</b>	<b>692,745</b>	<b>(56,955)</b>
Fines and forfeitures	102,500	102,500	243,104	140,604
Use of money and property:				
Revenue from use of money	50,000	50,000	101,523	51,523
Revenue from use of property	768,103	768,103	911,151	143,048
<b>Total use of money and property</b>	<b>818,103</b>	<b>818,103</b>	<b>1,012,674</b>	<b>194,571</b>

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS  
SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
Year Ended June 30, 2012**

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	\$ 262,500	\$ 262,500	\$ 211,714	\$ (50,786)
Commonwealth attorney's fees	446,560	446,560	461,330	14,770
Law enforcement and traffic control	237,764	295,764	289,748	(6,016)
EMS transport	460,000	460,000	377,321	(82,679)
Correction and detention	639,800	639,800	620,665	(19,135)
Parks and recreation	494,000	494,000	660,279	166,279
Computer services	2,000	2,000	2,200	200
Health	-	-	34,717	34,717
Garage fees	635,000	815,000	745,876	(69,124)
Planning and community development	1,450	1,450	3,085	1,635
<b>Total charges for services</b>	<b>3,179,074</b>	<b>3,417,074</b>	<b>3,406,935</b>	<b>(10,139)</b>
Miscellaneous	104,000	228,399	336,457	108,058
Recovered costs:				
City of Harrisonburg:				
Judicial administration	218,295	224,965	229,521	4,556
Public safety	2,395,542	2,468,742	2,518,736	49,994
Public works	292,795	301,742	307,852	6,110
Other entities:				
Public safety	305,719	305,719	301,156	(4,563)
Public works	20,000	20,000	24,578	4,578
<b>Total recovered costs</b>	<b>3,232,351</b>	<b>3,321,168</b>	<b>3,381,843</b>	<b>60,675</b>
<b>Total revenue from local sources</b>	<b>82,132,128</b>	<b>82,583,344</b>	<b>86,197,196</b>	<b>3,613,852</b>
Intergovernmental:				
Revenue from the Commonwealth:				
Non-categorical aid:				
Communications sales and use taxes	1,700,000	1,700,000	1,625,991	(74,009)
Mobile home titling taxes	60,000	60,000	61,543	1,543
Rental vehicle taxes	4,000	4,000	5,124	1,124
Personal property tax relief	5,860,000	5,860,000	5,687,137	(172,863)
Recordation taxes	250,000	250,000	260,760	10,760
<b>Total non-categorical aid</b>	<b>7,874,000</b>	<b>7,874,000</b>	<b>7,640,555</b>	<b>(233,445)</b>

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS  
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
 Year Ended June 30, 2012**

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	\$ 764,000	\$ 764,000	\$ 732,907	\$ (31,093)
Sheriff	5,327,000	5,327,000	5,213,082	(113,918)
Commissioner of the revenue	180,000	180,000	180,143	143
Treasurer	159,000	159,000	159,026	26
Registrar/Electoral Board	59,000	59,000	69,254	10,254
Clerk of circuit court	530,000	840,402	701,096	(139,306)
Jail operations	464,000	620,000	592,177	(27,823)
<b>Total shared costs</b>	<b>7,483,000</b>	<b>7,949,402</b>	<b>7,647,685</b>	<b>(301,717)</b>
Other categorical aid:				
Emergency medical services	73,000	73,000	75,839	2,839
Community corrections	415,000	415,000	381,680	(33,320)
Fire program	150,000	150,000	153,798	3,798
Hazardous materials program	10,000	10,000	10,000	-
Victim witness	24,595	24,595	17,359	(7,236)
Records preservation	-	24,416	24,416	-
Domestic violence	40,000	40,000	39,489	(511)
OEMS training	-	21,268	28,366	7,098
Other	-	3,188	10,282	7,094
<b>Total other categorical aid</b>	<b>712,595</b>	<b>761,467</b>	<b>741,229</b>	<b>(20,238)</b>
<b>Total categorical aid</b>	<b>8,195,595</b>	<b>8,710,869</b>	<b>8,388,914</b>	<b>(321,955)</b>
<b>Total revenue from the Commonwealth</b>	<b>16,069,595</b>	<b>16,584,869</b>	<b>16,029,469</b>	<b>(555,400)</b>

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS  
SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
Year Ended June 30, 2012**

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	\$ 380,000	\$ 380,000	\$ 397,219	\$ 17,219
Categorical aid:				
Victim witness	73,784	73,784	52,075	(21,709)
FEMA	10,850	10,850	-	(10,850)
Highway safety	5,000	40,000	40,828	828
Welfare	100,000	100,000	155,737	55,737
Domestic violence coordinator	24,617	24,617	21,392	(3,225)
Edward Byrne memorial justice assistance	-	94,670	64,355	(30,315)
State criminal alien assistance	60,000	60,000	59,298	(702)
Project safe neighborhoods	40,000	40,000	10,687	(29,313)
Homeland security program	-	78,780	48,000	(30,780)
Other	5,000	47,666	8,921	(38,745)
<b>Total categorical aid</b>	<b>319,251</b>	<b>570,367</b>	<b>461,293</b>	<b>(109,074)</b>
<b>Total revenue from the federal government</b>	<b>699,251</b>	<b>950,367</b>	<b>858,512</b>	<b>(91,855)</b>
<b>Total intergovernmental</b>	<b>16,768,846</b>	<b>17,535,236</b>	<b>16,887,981</b>	<b>(647,255)</b>
<b>Total General Fund</b>	<b>\$ 98,900,974</b>	<b>\$ 100,118,580</b>	<b>\$ 103,085,177</b>	<b>\$ 2,966,597</b>
Special Revenue Fund:				
Asset Forfeiture Fund:				
Revenue from local sources:				
Fines and forfeitures:				
Seized funds - judicial administration	\$ 28,500	\$ 28,500	\$ 21,604	\$ (6,896)
Seized funds - public safety	25,930	29,369	9,903	(19,466)
<b>Total fines and forfeitures</b>	<b>54,430</b>	<b>57,869</b>	<b>31,507</b>	<b>(26,362)</b>
Revenue from use of money	-	-	473	473
<b>Total revenue from local sources</b>	<b>54,430</b>	<b>57,869</b>	<b>31,980</b>	<b>(25,889)</b>
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
Seized funds - judicial administration	-	-	8,559	8,559
Seized funds - public safety	5,000	8,166	8,613	447
<b>Total intergovernmental</b>	<b>5,000</b>	<b>8,166</b>	<b>17,172</b>	<b>9,006</b>
<b>Total Special Revenue Fund</b>	<b>\$ 59,430</b>	<b>\$ 66,035</b>	<b>\$ 49,152</b>	<b>\$ (16,883)</b>

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS  
SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
Year Ended June 30, 2012**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
<b>Primary Government:</b>				
Capital Projects Funds:				
General Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money	\$ -	\$ -	\$ 46,120	\$ 46,120
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
Safe Routes to Schools	-	499,898	36,410	(463,488)
<b>Total General Capital Projects Fund</b>	-	499,898	82,530	(417,368)
Joint Judicial Complex Fund:				
Revenue from local sources:				
Revenue from use of money	-	-	2	2
<b>Total Joint Judicial Complex Fund</b>	-	-	2	2
<b>Total Capital Projects Funds</b>	\$ -	\$ 499,898	\$ 82,532	\$ (417,366)
Permanent Fund:				
Albert K. Long Trust Fund:				
Revenue from local sources:				
Revenue from use of money	\$ -	\$ -	\$ 90	\$ 90
<b>Total Permanent Fund</b>	\$ -	\$ -	\$ 90	\$ 90
<b>Grand Total Revenues - Primary Government</b>	\$ 98,960,404	\$ 100,684,513	\$ 103,216,951	\$ 2,532,438
<b>Component Units:</b>				
Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of property	\$ 23,200	\$ 23,200	\$ 24,012	\$ 812
Charges for services	1,921,500	1,921,500	2,273,609	352,109
Miscellaneous	70,000	70,000	228,611	158,611
Appropriation from General Fund	45,222,930	45,222,930	43,769,939	(1,452,991)
<b>Total revenue from local sources</b>	47,237,630	47,237,630	46,296,171	(941,459)
Intergovernmental:				
Revenue from the Commonwealth:				
Non-categorical aid:				
Rolling stock tax	50,000	50,000	65,225	15,225
Categorical aid:				
State sales tax receipts	11,612,412	11,612,412	11,634,767	22,355
Basic school aid	29,196,944	29,196,944	28,699,972	(496,972)
Other state school funds	14,350,522	14,350,522	14,531,988	181,466
<b>Total categorical aid</b>	55,159,878	55,159,878	54,866,727	(293,151)
<b>Total revenue from the Commonwealth</b>	55,209,878	55,209,878	54,931,952	(277,926)

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS  
SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
Year Ended June 30, 2012**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
<b>Component Units:</b>				
Component Unit - School Board:				
School Operating Fund: (Continued)				
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
National forest receipts	\$ 40,000	\$ 40,000	\$ 33,929	\$ (6,071)
Title I	1,580,000	1,580,000	1,602,040	22,040
Title VIB	2,466,000	2,466,000	2,476,274	10,274
ARRA - Title VIB	-	-	21,106	21,106
ARRA - State fiscal stabilization	2,526,000	2,526,000	65,548	(2,460,452)
ARRA - Education Jobs Fund	-	-	2,563,528	2,563,528
Other school funds	653,500	653,500	604,495	(49,005)
<b>Total revenue from the federal government</b>	<b>7,265,500</b>	<b>7,265,500</b>	<b>7,366,920</b>	<b>101,420</b>
<b>Total intergovernmental</b>	<b>62,475,378</b>	<b>62,475,378</b>	<b>62,298,872</b>	<b>(176,506)</b>
<b>Total School Operating Fund</b>	<b>109,713,008</b>	<b>109,713,008</b>	<b>108,595,043</b>	<b>(1,117,965)</b>
School Textbook Fund:				
Revenue from local sources:				
Miscellaneous	-	-	3,566	3,566
Local governments:				
Appropriation from the General Fund	-	485,383	485,383	-
<b>Total School Textbook Fund</b>	<b>-</b>	<b>485,383</b>	<b>488,949</b>	<b>3,566</b>
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money	10,000	10,000	6,667	(3,333)
Charges for services	2,397,623	2,397,623	2,166,459	(231,164)
<b>Total revenue from local sources</b>	<b>2,407,623</b>	<b>2,407,623</b>	<b>2,173,126</b>	<b>(234,497)</b>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	90,000	90,000	89,070	(930)
Revenue from the federal government:				
Categorical aid:				
School food program grant	2,746,613	2,746,613	2,850,116	103,503
<b>Total intergovernmental</b>	<b>2,836,613</b>	<b>2,836,613</b>	<b>2,939,186</b>	<b>102,573</b>
<b>Total School Cafeteria Fund</b>	<b>5,244,236</b>	<b>5,244,236</b>	<b>5,112,312</b>	<b>(131,924)</b>

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS  
SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
Year Ended June 30, 2012**

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 Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money	\$ -	\$ -	\$ 5,951	\$ 5,951
Miscellaneous	-	-	34,969	34,969
<b>Total revenue from local sources</b>	<b>-</b>	<b>-</b>	<b>40,920</b>	<b>40,920</b>
<b>Total School Capital Projects Fund</b>	<b>-</b>	<b>-</b>	<b>40,920</b>	<b>40,920</b>
Massanutten Technical Center - Operating Fund:				
Revenue from local sources:				
Revenue from use of money	-	-	2,269	2,269
Charges for services	675,427	675,427	616,649	(58,778)
Miscellaneous	6,000	6,000	16,734	10,734
House project	40,000	40,000	80,000	40,000
<b>Total revenue from local sources</b>	<b>721,427</b>	<b>721,427</b>	<b>715,652</b>	<b>(5,775)</b>
Intergovernmental:				
Revenue from the Commonwealth	304,672	304,672	377,931	73,259
Revenue from the federal government	176,574	176,574	177,979	1,405
Local governments:				
Appropriation from Rockingham County School Board	2,740,764	2,740,764	2,531,042	(209,722)
Appropriation from the City of Harrisonburg	894,976	894,976	825,069	(69,907)
<b>Total local governments</b>	<b>3,635,740</b>	<b>3,635,740</b>	<b>3,356,111</b>	<b>(279,629)</b>
<b>Total intergovernmental</b>	<b>4,116,986</b>	<b>4,116,986</b>	<b>3,912,021</b>	<b>(204,965)</b>
<b>Total Massanutten Technical Center - Operating Fund</b>	<b>4,838,413</b>	<b>4,838,413</b>	<b>4,627,673</b>	<b>(210,740)</b>
<b>Total Revenues - Component Unit - School Board</b>	<b>\$ 119,795,657</b>	<b>\$ 120,281,040</b>	<b>\$ 118,864,897</b>	<b>\$ (1,416,143)</b>
Component Unit - Harrisonburg-Rockingham				
Social Services District:				
Operating Fund:				
Revenue from local sources:				
Revenue from use of money	\$ -	\$ -	\$ 17,680	\$ 17,680
Miscellaneous:				
City of Harrisonburg share	1,040,865	1,040,865	1,040,865	-
Other	22,914	22,914	34,225	11,311
<b>Total miscellaneous</b>	<b>1,063,779</b>	<b>1,063,779</b>	<b>1,075,090</b>	<b>11,311</b>
Appropriation from the General Fund	1,548,996	1,548,996	1,548,996	-
<b>Total revenue from local sources</b>	<b>2,612,775</b>	<b>2,612,775</b>	<b>2,641,766</b>	<b>28,991</b>

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS  
SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
Year Ended June 30, 2012**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Component Units:				
Component Unit - Harrisonburg-Rockingham				
Social Services District: (Continued)				
Operating Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Social services administration:				
Public assistance and administration	\$ 6,381,755	\$ 6,536,438	\$ 4,557,975	\$ (1,978,463)
<b>Total revenue from the Commonwealth</b>	<b>6,381,755</b>	<b>6,536,438</b>	<b>4,557,975</b>	<b>(1,978,463)</b>
Revenue from the federal government:				
Categorical aid:				
Social services administration:				
Welfare	7,002,972	7,099,055	4,903,211	(2,195,844)
<b>Total intergovernmental</b>	<b>13,384,727</b>	<b>13,635,493</b>	<b>9,461,186</b>	<b>(4,174,307)</b>
<b>Total Harrisonburg-Rockingham Social Services District - Operating Fund</b>	<b>15,997,502</b>	<b>16,248,268</b>	<b>12,102,952</b>	<b>(4,145,316)</b>
Special Revenue Fund:				
Comprehensive Services Act Fund:				
Revenue from local sources:				
Revenue from use of money	-	-	3,379	3,379
Miscellaneous:				
City of Harrisonburg share	1,857,015	1,857,015	1,857,015	-
Appropriation from the General Fund	1,795,458	1,795,458	1,795,458	-
<b>Total revenue from local sources</b>	<b>3,652,473</b>	<b>3,652,473</b>	<b>3,655,852</b>	<b>3,379</b>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Social services administration:				
Comprehensive Services Act	5,959,301	5,959,301	5,234,401	(724,900)
<b>Total Comprehensive Services Act Fund</b>	<b>9,611,774</b>	<b>9,611,774</b>	<b>8,890,253</b>	<b>(721,521)</b>
<b>Total Revenues - Component Unit - Harrisonburg-Rockingham Social Services District</b>	<b>\$ 25,609,276</b>	<b>\$ 25,860,042</b>	<b>\$ 20,993,205</b>	<b>\$ (4,866,837)</b>
<b>Grand Total Revenues - Component Units</b>	<b>\$ 145,404,933</b>	<b>\$ 146,141,082</b>	<b>\$ 139,858,102</b>	<b>\$ (6,282,980)</b>

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS  
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
Year Ended June 30, 2012**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Over (Under)
Primary Government:				
General Fund:				
General government administration:				
Legislative:				
Board of Supervisors	\$ 158,601	\$ 158,601	\$ 151,509	\$ (7,092)
General and financial:				
Executive administration	392,639	401,347	384,130	(17,217)
Legal services	427,342	438,324	425,659	(12,665)
Independent auditor and actuarial services	91,000	91,000	91,000	-
Commissioner of the revenue	508,173	517,139	497,489	(19,650)
Reassessment and equalization	153,433	157,151	148,051	(9,100)
Treasurer	485,981	491,655	451,323	(40,332)
Fiscal services	669,035	684,149	671,256	(12,893)
Human resources	196,644	200,528	197,550	(2,978)
Technology	868,781	905,159	799,783	(105,376)
Land use assessment	53,605	54,775	50,081	(4,694)
Central switchboard	61,365	62,511	62,851	340
<b>Total general and financial</b>	<b>3,907,998</b>	<b>4,003,738</b>	<b>3,779,173</b>	<b>(224,565)</b>
Board of elections:				
Electoral board and officials	69,033	130,918	125,756	(5,162)
Registrar	138,987	142,157	140,248	(1,909)
<b>Total board of elections</b>	<b>208,020</b>	<b>273,075</b>	<b>266,004</b>	<b>(7,071)</b>
<b>Total general government administration</b>	<b>4,274,619</b>	<b>4,435,414</b>	<b>4,196,686</b>	<b>(238,728)</b>
Judicial administration:				
Courts:				
Circuit court	150,546	152,154	132,478	(19,676)
General district court	20,150	20,150	23,023	2,873
Magistrate	6,050	6,050	9,155	3,105
Juvenile and domestic relations court	29,284	29,284	25,460	(3,824)
Clerk of the circuit court	814,111	1,177,820	1,049,620	(128,200)
Department of court services	496,989	613,148	506,053	(107,095)
<b>Total courts</b>	<b>1,517,130</b>	<b>1,998,606</b>	<b>1,745,789</b>	<b>(252,817)</b>
Commonwealth attorney	1,445,714	1,471,872	1,443,026	(28,846)
<b>Total judicial administration</b>	<b>2,962,844</b>	<b>3,470,478</b>	<b>3,188,815</b>	<b>(281,663)</b>

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS  
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
Year Ended June 30, 2012**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 4,928,870	\$ 5,203,322	\$ 5,031,976	\$ (171,346)
Fire and rescue services:				
Fire department	4,644,229	5,060,155	4,974,734	(85,421)
Volunteer fire companies	607,584	607,584	608,742	1,158
Ambulance and rescue squads	537,578	537,578	472,132	(65,446)
Fire extinction service	17,686	17,686	16,175	(1,511)
<b>Total fire and rescue services</b>	<b>5,807,077</b>	<b>6,223,003</b>	<b>6,071,783</b>	<b>(151,220)</b>
Correction and detention:				
County operated institutions	6,464,192	6,842,798	6,807,100	(35,698)
Building inspections				
	535,820	547,441	537,232	(10,209)
Other protection:				
Animal control	362,430	364,979	371,567	6,588
Emergency services	1,450,481	1,450,481	1,447,383	(3,098)
<b>Total other protection</b>	<b>1,812,911</b>	<b>1,815,460</b>	<b>1,818,950</b>	<b>3,490</b>
<b>Total public safety</b>	<b>19,548,870</b>	<b>20,632,024</b>	<b>20,267,041</b>	<b>(364,983)</b>
Public works:				
General administration	55,038	65,272	61,849	(3,423)
Garage operations	692,478	874,862	826,299	(48,563)
Maintenance:				
General properties	358,755	386,179	381,393	(4,786)
Courthouse	218,026	240,814	205,646	(35,168)
School office building	118,217	118,540	122,585	4,045
Extension/central garage building	57,608	61,831	56,892	(4,939)
Human Services/Health department building	143,735	146,302	153,165	6,863
TV translator system	7,500	20,300	22,559	2,259
County administration complex	267,917	269,694	277,793	8,099
District courts	247,015	261,066	264,037	2,971
Sheriff department	138,421	147,269	140,802	(6,467)
Research and technology center	53,299	53,299	67,210	13,911
<b>Total public works</b>	<b>2,358,009</b>	<b>2,645,428</b>	<b>2,580,230</b>	<b>(65,198)</b>

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS  
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
Year Ended June 30, 2012**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
<b>Primary Government:</b>				
General Fund:				
Health and social services:				
Health:				
Supplement to local health department	\$ 597,379	\$ 597,379	\$ 565,315	\$ (32,064)
Mental health and mental retardation:				
Community Services Board	376,365	376,365	376,365	-
Social services:				
Property tax relief for elderly/handicapped	205,000	279,405	279,405	-
Appropriation to the Harrisonburg-Rockingham				
Social Services District	3,344,454	3,344,454	3,344,454	-
Institutional care				
	168,750	211,963	211,963	-
<b>Total health and social services</b>	<b>4,691,948</b>	<b>4,809,566</b>	<b>4,777,502</b>	<b>(32,064)</b>
Education:				
Appropriation to the Rockingham				
County School Board	45,222,930	45,708,313	44,255,322	(1,452,991)
<b>Total education</b>	<b>45,222,930</b>	<b>45,708,313</b>	<b>44,255,322</b>	<b>(1,452,991)</b>
Parks, recreation and cultural:				
Parks and recreation:				
Administration	165,001	167,150	159,512	(7,638)
Maintenance	163,846	205,192	180,956	(24,236)
Athletic events/programs	1,113,068	1,143,565	1,090,284	(53,281)
<b>Total parks and recreation</b>	<b>1,441,915</b>	<b>1,515,907</b>	<b>1,430,752</b>	<b>(85,155)</b>
Cultural:				
Regional library	724,142	724,142	724,142	-
<b>Total parks, recreation and cultural</b>	<b>2,166,057</b>	<b>2,240,049</b>	<b>2,154,894</b>	<b>(85,155)</b>
Community development:				
Planning and community development	602,916	617,244	608,346	(8,898)
Geographic information systems	115,480	117,709	116,120	(1,589)
Economic development	2,302,057	2,302,988	1,975,302	(327,686)
Soil and water conservation district	34,000	34,000	34,000	-
Cooperative extension program	110,571	110,571	74,162	(36,409)
Environmental management	153,875	155,874	129,777	(26,097)
Contributions, grants and other	1,386,585	871,705	461,384	(410,321)
<b>Total community development</b>	<b>4,705,484</b>	<b>4,210,091</b>	<b>3,399,091</b>	<b>(811,000)</b>

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS  
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
Year Ended June 30, 2012**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
<b>Primary Government:</b>				
General Fund:				
Debt service:				
Principal - County	\$ 1,925,623	\$ 1,925,623	\$ 1,925,717	\$ 94
Principal - School Board	5,872,078	5,872,078	5,872,078	-
<b>Total principal</b>	<b>7,797,701</b>	<b>7,797,701</b>	<b>7,797,795</b>	<b>94</b>
Interest and fiscal charges - County	1,201,400	1,416,245	1,412,534	(3,711)
Interest and fiscal charges - School Board	4,673,105	4,673,105	4,655,955	(17,150)
<b>Total interest and fiscal charges</b>	<b>5,874,505</b>	<b>6,089,350</b>	<b>6,068,489</b>	<b>(20,861)</b>
<b>Total debt service</b>	<b>13,672,206</b>	<b>13,887,051</b>	<b>13,866,284</b>	<b>(20,767)</b>
<b>Total General Fund</b>	<b>\$ 99,602,967</b>	<b>\$ 102,038,414</b>	<b>\$ 98,685,865</b>	<b>\$ (3,352,549)</b>
Special Revenue Fund:				
Asset Forfeiture Fund:				
Public safety:				
Law enforcement	\$ 59,430	\$ 66,035	\$ 42,251	\$ (23,784)
<b>Total Asset Forfeiture Fund</b>	<b>59,430</b>	<b>66,035</b>	<b>42,251</b>	<b>(23,784)</b>
<b>Total Special Revenue Fund</b>	<b>\$ 59,430</b>	<b>\$ 66,035</b>	<b>\$ 42,251</b>	<b>\$ (23,784)</b>
General Capital Projects Fund:				
Capital projects	\$ 4,957,000	\$ 7,509,303	\$ 4,325,301	\$ (3,184,002)
<b>Total General Capital Projects Fund</b>	<b>\$ 4,957,000</b>	<b>\$ 7,509,303</b>	<b>\$ 4,325,301</b>	<b>\$ (3,184,002)</b>
<b>Grand Total Expenditures - Primary Government</b>	<b>\$ 104,619,397</b>	<b>\$ 109,613,752</b>	<b>\$ 103,053,417</b>	<b>\$ (6,560,335)</b>

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS  
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
Year Ended June 30, 2012**

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	\$ 84,494,456	\$ 84,492,056	\$ 83,710,983	\$ (781,073)
Administration, attendance and health	5,080,667	5,083,067	5,153,709	70,642
Pupil transportation services	8,281,433	8,281,433	8,435,243	153,810
Operation and maintenance services	11,856,452	11,856,452	11,295,108	(561,344)
<b>Total School Operating Fund</b>	<b>109,713,008</b>	<b>109,713,008</b>	<b>108,595,043</b>	<b>(1,117,965)</b>
School Textbook Fund:				
Education:				
Purchase of textbooks	542,195	544,195	544,161	(34)
<b>Total School Textbook Fund</b>	<b>542,195</b>	<b>544,195</b>	<b>544,161</b>	<b>(34)</b>
School Cafeteria Fund:				
Education:				
School food services	5,244,236	5,359,236	5,153,983	(205,253)
<b>Total School Cafeteria Fund</b>	<b>5,244,236</b>	<b>5,359,236</b>	<b>5,153,983</b>	<b>(205,253)</b>
School Capital Projects Fund:				
Capital projects	2,830,000	2,830,000	2,036,901	(793,099)
<b>Total School Capital Projects Fund</b>	<b>2,830,000</b>	<b>2,830,000</b>	<b>2,036,901</b>	<b>(793,099)</b>
Massanutten Technical Center - Operating Fund:				
Education:				
Secondary	3,633,064	3,633,064	3,571,654	(61,410)
Continuing education	1,205,349	1,205,349	1,056,019	(149,330)
<b>Total Massanutten Technical Center - Operating Fund</b>	<b>4,838,413</b>	<b>4,838,413</b>	<b>4,627,673</b>	<b>(210,740)</b>
<b>Total Expenditures - Component Unit - School Board</b>	<b>\$ 123,167,852</b>	<b>\$ 123,284,852</b>	<b>\$ 120,957,761</b>	<b>\$ (2,327,091)</b>

**GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS  
 SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
 Year Ended June 30, 2012**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Component Units:				
Component Unit - Harrisonburg-Rockingham				
Social Services District:				
Operating Fund:				
Social services:				
Public assistance	\$ 10,150,437	\$ 10,401,203	\$ 6,200,265	\$ (4,200,938)
Administration:				
Welfare	5,948,765	5,951,750	5,636,342	(315,408)
<b>Total Operating Fund</b>	<b>16,099,202</b>	<b>16,352,953</b>	<b>11,836,607</b>	<b>(4,516,346)</b>
Special Revenue Fund:				
Comprehensive Services Act Fund:				
Comprehensive Services Act	9,611,774	9,611,804	9,192,039	(419,765)
<b>Total Comprehensive Services Act Fund</b>	<b>9,611,774</b>	<b>9,611,804</b>	<b>9,192,039</b>	<b>(419,765)</b>
<b>Total Expenditures - Component Unit -     Harrisonburg-Rockingham Social Services District</b>	<b>\$ 25,710,976</b>	<b>\$ 25,964,757</b>	<b>\$ 21,028,646</b>	<b>\$ (4,936,111)</b>
<b>Grand Total Expenditures - Component Units</b>	<b>\$ 148,878,828</b>	<b>\$ 149,249,609</b>	<b>\$ 141,986,407</b>	<b>\$ (7,263,202)</b>

# **STATISTICAL SECTION**

# COUNTY OF ROCKINGHAM, VIRGINIA

## STATISTICAL SECTION TABLE OF CONTENTS

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

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

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

**STATISTICAL SECTION**  
**Comments Relative to Statistical Section**

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

Table 2

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

	Fiscal Year June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Primary government:										
Governmental activities:										
Invested in capital assets, net of related debt	\$ 12,203,256	\$ 14,393,817	\$ 13,858,239	\$ 21,591,028	\$ 28,293,610	\$ 34,024,527	\$ 33,331,094	\$ 31,494,506	\$ 31,571,104	\$ 34,323,744
Restricted	641,075	435,684	4,223,450	5,060,638	4,007,776	2,141,716	351,245	422,337	1,383,005	420,988
Unrestricted (deficit)	(8,361,369)	(13,000,411)	(9,391,928)	(13,707,781)	(33,175,692)	(44,397,535)	(71,164,591)	(68,208,673)	(58,123,750)	(49,401,105)
<b>Total governmental activities net assets (deficit)</b>	<b>\$ 4,482,962</b>	<b>\$ 1,829,090</b>	<b>\$ 8,689,761</b>	<b>\$ 12,943,885</b>	<b>\$ (874,306)</b>	<b>\$ (8,231,292)</b>	<b>\$ (37,482,252)</b>	<b>\$ (36,291,830)</b>	<b>\$ (25,169,641)</b>	<b>\$ (14,656,373)</b>
Business-type activities:										
Invested in capital assets, net of related debt	\$ 19,694,606	\$ 19,043,067	\$ 22,919,503	\$ 24,988,500	\$ 27,157,689	\$ 30,339,570	\$ 32,111,181	\$ 30,738,179	\$ 29,369,801	\$ 29,166,125
Restricted	-	2,018,084	192,676	-	-	-	-	-	-	-
Unrestricted (deficit)	176,586	(478,118)	(16,595)	1,257,682	1,296,143	1,170,036	145,128	1,153,253	2,261,627	3,028,033
<b>Total business-type activities net assets</b>	<b>\$ 19,871,192</b>	<b>\$ 20,583,033</b>	<b>\$ 23,095,584</b>	<b>\$ 26,246,182</b>	<b>\$ 28,453,832</b>	<b>\$ 31,509,606</b>	<b>\$ 32,256,309</b>	<b>\$ 31,891,432</b>	<b>\$ 31,631,428</b>	<b>\$ 32,194,158</b>
Primary government:										
Invested in capital assets, net of related debt	\$ 31,897,862	\$ 33,436,884	\$ 36,777,742	\$ 46,579,528	\$ 55,451,299	\$ 64,364,097	\$ 65,442,275	\$ 62,232,685	\$ 60,940,905	\$ 63,489,869
Restricted	641,075	2,453,768	4,416,126	5,060,638	4,007,776	2,141,716	351,245	422,337	1,383,005	420,988
Unrestricted (deficit)	(8,184,783)	(13,478,529)	(9,408,523)	(12,450,099)	(31,879,549)	(43,227,499)	(71,019,463)	(67,055,420)	(55,862,123)	(46,373,072)
<b>Total primary government net assets</b>	<b>\$ 24,354,154</b>	<b>\$ 22,412,123</b>	<b>\$ 31,785,345</b>	<b>\$ 39,190,067</b>	<b>\$ 27,579,526</b>	<b>\$ 23,278,314</b>	<b>\$ (5,225,943)</b>	<b>\$ (4,400,398)</b>	<b>\$ 6,461,787</b>	<b>\$ 17,537,785</b>
Component units: (1)										
Component unit - school board:										
Invested in capital assets, net of related debt	\$ 70,748,895	\$ 71,481,509	\$ 78,091,201	\$ 86,187,275	\$ 97,992,458	\$ 106,448,102	\$ 150,698,882	\$ 166,440,045	\$ 161,143,761	\$ 155,669,779
Restricted	-	7,124,235	22,976	-	-	-	-	-	-	-
Unrestricted (deficit)	1,248,182	1,339,750	(614,223)	(5,126,115)	7,669,973	17,399,200	11,635,128	2,949,404	407,514	(2,863,316)
<b>Total component unit - school board net assets</b>	<b>\$ 71,997,077</b>	<b>\$ 79,945,494</b>	<b>\$ 77,499,954</b>	<b>\$ 81,061,160</b>	<b>\$ 105,662,431</b>	<b>\$ 123,847,302</b>	<b>\$ 162,334,010</b>	<b>\$ 169,389,449</b>	<b>\$ 161,551,275</b>	<b>\$ 152,806,463</b>

Component unit - Harrisonburg-Rockingham Social Services District																				
Invested in capital assets, net of related debt	\$	91,562	\$	84,871	\$	109,194	\$	170,053	\$	194,573	\$	162,869	\$	119,199	\$	78,918	\$	40,063	\$	18,903
Unrestricted		1,149,654		1,480,989		1,295,333		1,283,243		1,405,048		1,774,814		2,345,485		3,629,702		4,118,759		4,021,587
<b>Total component unit - HRSSD net assets</b>	<b>\$</b>	<b>1,241,216</b>	<b>\$</b>	<b>1,565,860</b>	<b>\$</b>	<b>1,404,527</b>	<b>\$</b>	<b>1,453,296</b>	<b>\$</b>	<b>1,599,621</b>	<b>\$</b>	<b>1,937,683</b>	<b>\$</b>	<b>2,464,684</b>	<b>\$</b>	<b>3,708,620</b>	<b>\$</b>	<b>4,158,822</b>	<b>\$</b>	<b>4,040,490</b>
Component units:																				
Invested in capital assets, net of related debt	\$	70,840,457	\$	71,566,380	\$	78,200,395	\$	86,357,328	\$	98,187,031	\$	106,610,971	\$	150,818,081	\$	166,518,963	\$	161,183,824	\$	155,688,682
Restricted		-		7,124,235		22,976		-		-		-		-		-		-		-
Unrestricted (deficit)		2,397,836		2,820,739		681,110		(3,842,872)		9,075,021		19,174,014		13,980,613		6,579,106		4,526,273		1,158,271
<b>Total component units net assets</b>	<b>\$</b>	<b>73,238,293</b>	<b>\$</b>	<b>81,511,354</b>	<b>\$</b>	<b>78,904,481</b>	<b>\$</b>	<b>82,514,456</b>	<b>\$</b>	<b>107,262,052</b>	<b>\$</b>	<b>125,784,985</b>	<b>\$</b>	<b>164,798,694</b>	<b>\$</b>	<b>173,098,069</b>	<b>\$</b>	<b>165,710,097</b>	<b>\$</b>	<b>156,846,953</b>
Total reporting entity: (2)																				
Invested in capital assets, net of related debt	\$	67,660,056	\$	68,375,203	\$	81,292,187	\$	92,025,796	\$	91,525,876	\$	93,738,763	\$	103,933,620	\$	121,884,712	\$	121,414,263	\$	124,593,294
Restricted		641,075		9,578,003		4,439,102		5,060,638		4,007,776		2,141,716		351,245		422,337		1,383,005		420,988
Unrestricted		29,291,316		25,970,271		24,958,537		24,618,089		39,307,926		53,182,820		55,287,886		46,390,622		49,374,616		49,370,456
<b>Total reporting entity net assets</b>	<b>\$</b>	<b>97,592,447</b>	<b>\$</b>	<b>103,923,477</b>	<b>\$</b>	<b>110,689,826</b>	<b>\$</b>	<b>121,704,523</b>	<b>\$</b>	<b>134,841,578</b>	<b>\$</b>	<b>149,063,299</b>	<b>\$</b>	<b>159,572,751</b>	<b>\$</b>	<b>168,697,671</b>	<b>\$</b>	<b>172,171,884</b>	<b>\$</b>	<b>174,384,738</b>

Notes:

- (1) 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.
- (2) 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 Ten Fiscal Years**  
*(accrual basis of accounting)*  
**(Unaudited)**

Page 1

	Fiscal Year June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Primary government:										
Expenses:										
Governmental activities:										
General government administration	\$ 3,939,890	\$ 3,950,687	\$ 4,331,629	\$ 4,564,294	\$ 4,911,660	\$ 4,932,635	\$ 5,172,496	\$ 4,927,727	\$ 4,694,851	\$ 4,941,835
Judicial administration	2,506,361	2,595,053	2,690,201	3,109,327	3,537,795	3,496,761	4,231,590	3,678,728	3,462,425	3,528,685
Public safety	13,010,712	13,949,886	15,625,806	16,728,591	18,690,616	19,040,217	20,558,230	19,529,025	20,392,396	20,970,030
Public works	1,782,907	1,760,352	1,878,903	2,187,373	2,510,342	2,567,406	2,515,660	2,384,927	2,453,101	2,587,532
Health and social services	2,693,816	3,008,207	3,327,684	4,402,543	4,811,248	4,792,353	5,087,755	5,212,611	5,005,635	4,834,979
Education	33,798,748	42,671,090	33,315,177	39,932,203	60,500,234	57,109,186	78,046,276	48,129,186	40,665,573	44,255,322
Parks, recreation and cultural	1,111,503	1,632,593	2,174,207	2,083,985	2,201,115	2,642,462	2,166,951	2,090,895	2,170,122	2,235,340
Community development	1,400,302	2,221,753	2,618,587	3,830,069	2,491,258	3,415,397	6,142,118	6,182,334	5,038,071	4,161,755
Interest	2,382,799	2,380,870	2,449,883	2,572,000	3,077,757	3,811,072	5,773,990	6,335,856	5,860,063	5,557,308
<b>Total governmental activities</b>	<b>62,627,038</b>	<b>74,170,491</b>	<b>68,412,077</b>	<b>79,410,385</b>	<b>102,732,025</b>	<b>101,807,489</b>	<b>129,695,066</b>	<b>98,471,289</b>	<b>89,742,237</b>	<b>93,072,786</b>
Business-type activities:										
Water and sewer	2,232,039	2,573,701	2,862,348	3,330,466	3,833,638	4,233,280	4,675,849	5,616,481	5,942,628	6,272,040
Solid waste	3,112,398	3,569,076	2,509,976	3,541,130	3,680,963	4,244,472	3,864,456	3,792,474	3,693,575	3,766,051
<b>Total business-type activities</b>	<b>5,344,437</b>	<b>6,142,777</b>	<b>5,372,324</b>	<b>6,871,596</b>	<b>7,514,601</b>	<b>8,477,752</b>	<b>8,540,305</b>	<b>9,408,955</b>	<b>9,636,203</b>	<b>10,038,091</b>
<b>Total primary government expenses</b>	<b>67,971,475</b>	<b>80,313,268</b>	<b>73,784,401</b>	<b>86,281,981</b>	<b>110,246,626</b>	<b>110,285,241</b>	<b>138,235,371</b>	<b>107,880,244</b>	<b>99,378,440</b>	<b>103,110,877</b>
Program revenue:										
Governmental activities:										
Charges for services:										
General government administration	5,415	4,945	6,145	4,764	2,877	5,729	1,511	4,058	4,815	2,200
Judicial administration	975,080	1,346,906	1,206,212	1,213,214	1,157,469	1,149,624	1,286,689	1,073,326	914,178	924,169
Public safety	2,876,282	3,123,080	3,440,187	3,974,894	4,124,597	4,604,090	4,073,797	4,090,326	5,171,000	5,053,378
Public works	420,554	539,784	590,386	757,503	826,007	1,014,447	1,021,587	956,152	1,098,549	1,078,306
Health and social services	25,927	32,856	2,429	52,834	26,086	-	5,665	7,953	83,232	34,717
Parks, recreation and cultural	284,397	279,036	276,009	300,701	326,290	324,628	405,709	467,229	696,685	660,369
Community development	21,112	4,232	7,150	7,615	3,011	2,727	1,786	4,017	1,467	3,085
Operating grants and contributions:										
General government administration	395,922	387,113	440,535	446,138	472,051	512,537	478,451	429,322	393,503	410,967
Judicial administration	1,514,726	1,858,291	1,627,479	1,819,324	2,032,672	2,031,766	2,177,711	2,124,717	2,088,186	2,003,636
Public safety	6,014,815	6,095,750	6,483,737	6,556,093	7,382,949	7,200,334	6,942,243	6,444,716	6,307,124	6,275,040
Public works	-	-	-	-	117,009	-	-	1,667	-	-
Health and social services	98,394	82,283	99,123	116,012	121,558	139,069	163,829	143,987	147,726	155,737
Community development	139,860	118,445	129,303	1,638,937	206,836	236,640	252,985	258,319	259,647	-
Capital grants and contributions:										
General government administration	-	-	-	99,075	-	-	-	-	-	-
Judicial administration	-	-	-	67,119	57,501	-	-	-	-	-
Public safety	12,787	259,573	778,954	372,230	163,721	-	83,950	118,588	269,312	22,000
Public safety	-	-	-	-	-	-	-	-	-	36,410
<b>Total governmental activities</b>	<b>12,785,271</b>	<b>14,132,294</b>	<b>15,087,649</b>	<b>17,426,453</b>	<b>17,020,634</b>	<b>17,221,591</b>	<b>16,895,913</b>	<b>16,124,377</b>	<b>17,435,424</b>	<b>16,660,014</b>

COUNTY OF ROCKINGHAM, VIRGINIA

Table 3

Page 2

CHANGES IN NET ASSETS

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

	Fiscal Year June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Primary government:										
Program revenue:										
Business-type activities:										
Charges for services:										
Water and sewer	\$ 2,351,194	\$ 2,809,116	\$ 4,163,147	\$ 4,772,135	\$ 4,285,196	\$ 5,618,815	\$ 5,128,660	\$ 6,075,853	\$ 5,696,405	\$ 6,044,184
Solid waste	2,587,332	2,805,457	2,388,453	2,329,945	2,377,044	3,180,166	2,699,300	2,353,901	2,572,712	3,538,098
Operating grants and contributions:										
Water and sewer	-	-	22,701	10,000	-	-	-	-	-	-
Solid waste	18,822	17,124	16,825	24,025	19,906	-	-	-	-	-
Capital grants and contributions:										
Water and sewer	-	-	-	1,861,994	244,227	1,302,827	930,509	-	-	-
Solid waste	-	-	-	261,494	2,270,953	706,052	85,181	-	-	-
<b>Total business-type activities</b>	<b>4,957,348</b>	<b>5,631,697</b>	<b>6,591,126</b>	<b>9,259,593</b>	<b>9,197,326</b>	<b>10,807,860</b>	<b>8,843,650</b>	<b>8,429,754</b>	<b>8,269,117</b>	<b>9,582,282</b>
<b>Total primary government revenues</b>	<b>17,742,619</b>	<b>19,763,991</b>	<b>21,678,775</b>	<b>26,686,046</b>	<b>26,217,960</b>	<b>28,029,451</b>	<b>25,739,563</b>	<b>24,554,131</b>	<b>25,704,541</b>	<b>26,242,296</b>
Net (expense) revenue:										
Governmental activities	(49,841,767)	(60,038,197)	(53,324,428)	(61,983,932)	(85,711,391)	(84,585,898)	(112,799,153)	(82,346,912)	(72,306,813)	(76,412,772)
Business-type activities	(387,089)	(511,080)	1,218,802	2,387,997	1,682,725	2,330,108	303,345	(979,201)	(1,367,086)	(455,809)
<b>Total primary government, net expense</b>	<b>(50,228,856)</b>	<b>(60,549,277)</b>	<b>(52,105,626)</b>	<b>(59,595,935)</b>	<b>(84,028,666)</b>	<b>(82,255,790)</b>	<b>(112,495,808)</b>	<b>(83,326,113)</b>	<b>(73,673,899)</b>	<b>(76,868,581)</b>
Governmental activities:										
Taxes:										
General property taxes	41,452,338	43,256,851	44,310,735	48,387,991	53,409,714	58,574,698	65,895,837	66,376,392	64,490,691	67,972,029
Local sales and use	3,479,862	3,709,024	4,173,990	4,358,695	4,528,481	4,764,451	4,567,854	4,168,753	4,732,665	4,991,019
Consumer utility and communications sales and use	1,562,062	1,570,123	1,552,430	1,554,418	2,070,502	2,809,135	2,667,992	2,676,009	2,680,007	1,028,014
Motor vehicles licenses	1,102,769	1,135,372	1,158,694	1,182,848	1,194,912	1,193,657	1,176,765	1,169,718	1,179,162	1,227,744
Other	1,455,244	1,460,257	2,014,632	2,868,462	2,252,937	1,575,825	1,584,576	1,705,225	536,127	2,265,454
Intergovernmental, non-categorical aid	6,294,699	6,316,216	6,027,401	6,605,919	6,502,475	6,226,104	6,589,500	6,389,141	8,065,994	8,037,774
Use of money and property	756,135	573,390	988,875	1,490,446	1,875,536	1,665,526	786,523	839,375	964,574	1,067,549
Miscellaneous	156,333	173,659	116,108	184,897	119,643	463,242	279,146	232,721	779,782	336,457
Gain on sale of capital assets	-	-	592,234	-	-	-	-	-	-	-
Transfers	(100,259)	(810,567)	(750,000)	(395,620)	(61,000)	(43,726)	-	(20,000)	-	-
<b>Total governmental activities</b>	<b>56,159,183</b>	<b>57,384,325</b>	<b>60,185,099</b>	<b>66,238,056</b>	<b>71,893,200</b>	<b>77,228,912</b>	<b>83,548,193</b>	<b>83,537,334</b>	<b>83,429,002</b>	<b>86,926,040</b>
Business-type activities:										
Use of money and property	106,833	79,486	124,469	213,845	265,494	381,280	199,683	34,080	40,269	39,839
Miscellaneous	605,111	332,868	278,209	153,136	198,431	300,660	243,675	560,244	1,066,813	978,700
Transfers	100,259	810,567	750,000	395,620	61,000	43,726	-	20,000	-	-
<b>Total business-type activities</b>	<b>812,203</b>	<b>1,222,921</b>	<b>1,152,678</b>	<b>762,601</b>	<b>524,925</b>	<b>725,666</b>	<b>443,358</b>	<b>614,324</b>	<b>1,107,082</b>	<b>1,018,539</b>
<b>Total primary government</b>	<b>56,971,386</b>	<b>58,607,246</b>	<b>61,337,777</b>	<b>67,000,657</b>	<b>72,418,125</b>	<b>77,954,578</b>	<b>83,991,551</b>	<b>84,151,658</b>	<b>84,536,084</b>	<b>87,944,579</b>
Changes in net assets:										
Governmental activities	6,317,416	(2,653,872)	6,860,671	4,254,124	(13,818,191)	(7,356,986)	(29,250,960)	1,190,422	11,122,189	10,513,268
Business-type activities	425,114	711,841	2,371,480	3,150,598	2,207,650	3,055,774	746,703	(364,877)	(260,004)	562,730
<b>Total primary government</b>	<b>\$ 6,742,530</b>	<b>\$ (1,942,031)</b>	<b>\$ 9,232,151</b>	<b>\$ 7,404,722</b>	<b>\$ (11,610,541)</b>	<b>\$ (4,301,212)</b>	<b>\$ (28,504,257)</b>	<b>\$ 825,545</b>	<b>\$ 10,862,185</b>	<b>\$ 11,075,998</b>

COUNTY OF ROCKINGHAM, VIRGINIA

Table 3

Page 3

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

	Fiscal Year June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Component units: (2)										
Component unit - school board:										
Expenses:										
Instruction	\$ 73,743,072	\$ 76,718,694	\$ 82,963,375	\$ 82,718,284	\$ 90,637,877	\$ 92,264,138	\$ 98,007,696	\$ 96,112,008	\$ 94,760,403	\$ 97,309,064
Administration, attendance and health	2,779,792	2,701,575	3,207,704	3,577,646	3,830,297	4,168,083	5,385,017	4,891,885	4,618,967	5,216,029
Pupil transportation	4,686,549	5,260,280	5,790,881	6,327,098	6,959,384	7,426,354	8,086,880	7,184,619	8,281,464	8,758,765
Operation and maintenance services	7,075,922	6,773,293	7,445,756	8,131,472	9,285,011	9,598,863	10,227,516	9,919,463	10,893,761	11,211,522
School food services	3,570,536	3,831,693	3,989,993	4,226,604	4,466,752	4,597,701	4,766,860	4,768,548	4,906,946	5,207,956
<b>Total expenses</b>	<b>91,855,871</b>	<b>95,285,535</b>	<b>103,397,709</b>	<b>104,981,104</b>	<b>115,179,321</b>	<b>118,055,139</b>	<b>126,473,969</b>	<b>122,876,523</b>	<b>123,461,541</b>	<b>127,703,336</b>
Program revenues:										
Charges for services	4,217,990	3,909,179	4,277,812	4,574,290	4,990,446	5,130,225	5,638,328	5,321,960	4,954,423	5,056,717
Operating grants and contributions	48,030,050	51,934,037	58,007,681	62,089,635	70,737,460	72,165,686	77,327,118	72,018,553	69,346,071	69,054,491
Capital grants and contributions	1,033,219	1,034,559	1,079,671	2,200,194	2,623,344	1,103,648	3,559,527	3,854,048	345,977	93,627
<b>Total program revenues</b>	<b>53,281,259</b>	<b>56,877,775</b>	<b>63,365,164</b>	<b>68,864,119</b>	<b>78,351,250</b>	<b>78,399,559</b>	<b>86,524,973</b>	<b>81,194,561</b>	<b>74,646,471</b>	<b>74,204,835</b>
<b>Net expense</b>	<b>(38,574,612)</b>	<b>(38,407,760)</b>	<b>(40,032,545)</b>	<b>(36,116,985)</b>	<b>(36,828,071)</b>	<b>(39,655,580)</b>	<b>(39,948,996)</b>	<b>(41,681,962)</b>	<b>(48,815,070)</b>	<b>(53,498,501)</b>
General revenues and other changes in net assets:										
Grants and contributions not restricted to specific programs										
Intergovernmental, non-categorical aid	33,798,748	42,671,090	33,315,177	39,932,203	60,500,234	57,109,186	78,046,276	48,129,186	40,665,573	44,255,322
Use of money and property	128,943	127,102	130,361	132,008	129,462	130,477	91,946	93,380	91,783	99,154
Miscellaneous	59,034	63,665	127,926	94,518	268,268	408,396	144,563	55,765	54,306	38,899
<b>Total general revenues and other changes in net assets</b>	<b>33,986,725</b>	<b>42,861,857</b>	<b>33,573,464</b>	<b>39,932,203</b>	<b>60,897,964</b>	<b>57,648,059</b>	<b>78,282,785</b>	<b>48,278,331</b>	<b>40,811,662</b>	<b>44,393,375</b>
<b>Total component unit - school board change in net assets</b>	<b>\$ (1,235,756)</b>	<b>\$ 7,948,417</b>	<b>\$ (2,445,540)</b>	<b>\$ 4,444,989</b>	<b>\$ 24,601,371</b>	<b>\$ 18,184,871</b>	<b>\$ 38,486,708</b>	<b>\$ 7,055,439</b>	<b>\$ (7,838,174)</b>	<b>\$ (8,744,812)</b>
Component unit - HRSSD:										
Expenses:										
Public assistance	\$ 2,835,959	\$ 3,650,031	\$ 4,124,818	\$ 4,928,848	\$ 5,024,090	\$ 4,769,948	\$ 5,107,848	\$ 5,730,436	\$ 5,998,480	\$ 6,200,265
Comprehensive services	5,274,645	5,438,545	6,362,925	7,500,224	8,599,794	10,237,263	10,533,322	10,236,725	10,114,771	9,196,586
Welfare	3,388,831	3,614,985	4,042,064	4,765,237	5,141,691	5,611,589	6,138,996	5,820,207	5,676,427	5,714,686
Food stamp	226,125	217,461	237,799	251,499	206,329	-	-	-	-	-
Fuel assistance	19,406	24,529	17,430	20,892	14,855	-	-	-	-	-
<b>Total expenses</b>	<b>11,744,966</b>	<b>12,945,551</b>	<b>14,785,036</b>	<b>17,466,700</b>	<b>18,986,759</b>	<b>20,618,800</b>	<b>21,780,166</b>	<b>21,787,368</b>	<b>21,789,678</b>	<b>21,111,537</b>
Program revenues:										
Operating grants and contributions	8,839,166	9,550,620	10,449,895	12,409,206	13,149,808	14,121,228	14,843,978	15,969,252	15,401,915	14,695,587
<b>Total program revenues</b>	<b>8,839,166</b>	<b>9,550,620</b>	<b>10,449,895</b>	<b>12,409,206</b>	<b>13,149,808</b>	<b>14,121,228</b>	<b>14,843,978</b>	<b>15,969,252</b>	<b>15,401,915</b>	<b>14,695,587</b>
<b>Net expense</b>	<b>(2,905,800)</b>	<b>(3,394,931)</b>	<b>(4,335,141)</b>	<b>(5,057,494)</b>	<b>(5,836,951)</b>	<b>(6,497,572)</b>	<b>(6,936,188)</b>	<b>(5,818,116)</b>	<b>(6,387,763)</b>	<b>(6,415,950)</b>

COUNTY OF ROCKINGHAM, VIRGINIA

Table 3

Page 4

CHANGES IN NET ASSETS

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

	Fiscal Year June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General revenues and other changes in net assets:										
Grants and contributions not restricted to specific programs	\$ 3,169,437	\$ 3,542,594	\$ 3,928,685	\$ 4,802,418	\$ 5,642,819	\$ 6,472,194	\$ 7,147,789	\$ 6,971,699	\$ 6,790,737	\$ 6,242,334
Use of money and property	8,558	17,396	36,235	61,494	82,948	109,362	42,704	15,357	22,423	21,059
Miscellaneous	165,479	159,585	208,888	242,351	257,509	254,078	272,696	74,996	24,805	34,225
<b>Total general revenues and other changes in net assets</b>	<b>3,343,474</b>	<b>3,719,575</b>	<b>4,173,808</b>	<b>5,106,263</b>	<b>5,983,276</b>	<b>6,835,634</b>	<b>7,463,189</b>	<b>7,062,052</b>	<b>6,837,965</b>	<b>6,297,618</b>
<b>Total component unit - HRSSD change in net assets</b>	<b>\$ 437,674</b>	<b>\$ 324,644</b>	<b>\$ (161,333)</b>	<b>\$ 48,769</b>	<b>\$ 146,325</b>	<b>\$ 338,062</b>	<b>\$ 527,001</b>	<b>\$ 1,243,936</b>	<b>\$ 450,202</b>	<b>\$ (118,332)</b>
<b>Total component units change in net assets</b>	<b>\$ (798,082)</b>	<b>\$ 8,273,061</b>	<b>\$ (2,606,873)</b>	<b>\$ 4,493,758</b>	<b>\$ 24,747,696</b>	<b>\$ 18,522,933</b>	<b>\$ 39,013,709</b>	<b>\$ 8,299,375</b>	<b>\$ (7,387,972)</b>	<b>\$ (8,863,144)</b>
<b>Total reporting entity change in net assets</b>	<b>\$ 5,944,448</b>	<b>\$ 6,331,030</b>	<b>\$ 6,625,278</b>	<b>\$ 11,898,480</b>	<b>\$ 13,137,155</b>	<b>\$ 14,221,721</b>	<b>\$ 10,509,452</b>	<b>\$ 9,124,920</b>	<b>\$ 3,474,213</b>	<b>\$ 2,212,854</b>

Notes:

(1) Net (expense) revenue is the difference between the expenses and program revenues. This difference indicates the degree to which a function or program is supported with its own fees and program-specific grants versus its reliance upon funding from taxes and other general revenues. Numbers in a parentheses are net expenses indicating that expenses were greater than program revenues and, therefore, general revenues were needed to finance that function or program. Numbers without parentheses are net revenues, demonstrating that program revenues were more than sufficient to cover expenses.

(2) Component units were included in this table due to their significance to the County.

COUNTY OF ROCKINGHAM, VIRGINIA

Table 4

PROGRAM REVENUES BY FUNCTION/PROGRAM

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

Function/Program	Fiscal Year June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Primary government:										
Governmental activities:										
General government administration	\$ 401,337	\$ 392,058	\$ 446,680	\$ 549,977	\$ 474,928	\$ 518,266	\$ 479,962	\$ 433,380	\$ 398,318	\$ 413,167
Judicial administration	2,489,806	3,205,197	2,833,691	3,099,657	3,247,642	3,181,390	3,464,400	3,198,043	3,002,364	2,927,805
Public safety	8,903,884	9,478,403	10,702,878	10,903,217	11,671,267	11,804,424	11,099,990	10,653,630	11,747,436	11,350,418
Public works	420,554	539,784	590,386	757,503	943,016	1,014,447	1,021,587	957,819	1,098,549	1,114,716
Health and social services	124,321	115,139	101,552	168,846	147,644	139,069	169,494	151,940	230,958	190,454
Parks, recreation and cultural	284,397	279,036	276,009	300,701	326,290	324,628	405,709	467,229	696,685	660,369
Community development	160,972	122,677	136,453	1,646,552	209,847	239,367	254,771	262,336	261,114	3,085
<b>Total governmental activities</b>	<b>12,785,271</b>	<b>14,132,294</b>	<b>15,087,649</b>	<b>17,426,453</b>	<b>17,020,634</b>	<b>17,221,591</b>	<b>16,895,913</b>	<b>16,124,377</b>	<b>17,435,424</b>	<b>16,660,014</b>
Business-type activities:										
Water and sewer	2,351,194	2,809,116	4,185,848	6,644,129	4,529,423	6,921,642	6,059,169	6,075,853	5,696,405	6,044,184
Solid waste	2,606,154	2,822,581	2,405,278	2,615,464	4,667,903	3,886,218	2,784,481	2,353,901	2,572,712	3,538,098
<b>Total business-type activities</b>	<b>4,957,348</b>	<b>5,631,697</b>	<b>6,591,126</b>	<b>9,259,593</b>	<b>9,197,326</b>	<b>10,807,860</b>	<b>8,843,650</b>	<b>8,429,754</b>	<b>8,269,117</b>	<b>9,582,282</b>
<b>Total primary government</b>	<b>\$ 17,742,619</b>	<b>\$ 19,763,991</b>	<b>\$ 21,678,775</b>	<b>\$ 26,686,046</b>	<b>\$ 26,217,960</b>	<b>\$ 28,029,451</b>	<b>\$ 25,739,563</b>	<b>\$ 24,554,131</b>	<b>\$ 25,704,541</b>	<b>\$ 26,242,296</b>
Component units:										
Component unit - school board:										
Instruction	\$ 49,627,624	\$ 53,037,748	\$ 59,294,355	\$ 64,604,063	\$ 73,831,357	\$ 73,762,964	\$ 81,522,836	\$ 75,488,678	\$ 69,684,411	\$ 69,099,190
Pupil transportation services	-	-	-	-	-	-	-	760,680	-	-
Operation and maintenance services	-	-	-	-	-	-	-	13,723	-	-
School food services	3,653,635	3,840,027	4,070,809	4,260,056	4,519,893	4,636,595	5,002,137	4,931,480	4,962,060	5,105,645
<b>Total component unit - school board</b>	<b>53,281,259</b>	<b>56,877,775</b>	<b>63,365,164</b>	<b>68,864,119</b>	<b>78,351,250</b>	<b>78,399,559</b>	<b>86,524,973</b>	<b>81,194,561</b>	<b>74,646,471</b>	<b>74,204,835</b>
Component unit - HRSSD:										
Public assistance	1,708,367	2,025,719	2,305,594	2,803,610	2,886,219	3,394,896	3,851,693	4,329,056	4,351,937	4,557,975
Comprehensive services	3,433,703	3,365,709	3,639,558	4,558,941	5,096,538	5,985,528	6,500,946	6,633,186	5,960,163	5,234,401
Welfare	3,697,096	4,159,192	4,504,743	5,046,655	5,167,051	4,740,804	4,491,339	5,007,010	5,089,815	4,903,211
<b>Total component unit - HRSSD</b>	<b>8,839,166</b>	<b>9,550,620</b>	<b>10,449,895</b>	<b>12,409,206</b>	<b>13,149,808</b>	<b>14,121,228</b>	<b>14,843,978</b>	<b>15,969,252</b>	<b>15,401,915</b>	<b>14,695,587</b>
<b>Total component units</b>	<b>\$ 62,120,425</b>	<b>\$ 66,428,395</b>	<b>\$ 73,815,059</b>	<b>\$ 81,273,325</b>	<b>\$ 91,501,058</b>	<b>\$ 92,520,787</b>	<b>\$ 101,368,951</b>	<b>\$ 97,163,813</b>	<b>\$ 90,048,386</b>	<b>\$ 88,900,422</b>
<b>Total reporting entity</b>	<b>\$ 79,863,044</b>	<b>\$ 86,192,386</b>	<b>\$ 95,493,834</b>	<b>\$ 107,959,371</b>	<b>\$ 117,719,018</b>	<b>\$ 120,550,238</b>	<b>\$ 127,108,514</b>	<b>\$ 121,717,944</b>	<b>\$ 115,752,927</b>	<b>\$ 115,142,718</b>

COUNTY OF ROCKINGHAM, VIRGINIA

Table 5

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund:										
Reserved	\$ 2,205,041	\$ 1,585,765	\$ 1,081,608	\$ 839,896	\$ 772,073	\$ 1,003,102	\$ 928,288	\$ 1,097,948	\$ -	\$ -
Unreserved	22,827,035	25,574,115	26,573,025	19,866,713	18,757,693	26,580,573	22,588,259	27,255,072	-	-
Nonspendable	-	-	-	-	-	-	-	-	808,957	667,271
Assigned	-	-	-	-	-	-	-	-	2,851	7,551
Unassigned	-	-	-	-	-	-	-	-	28,661,725	28,308,023
<b>Total General Fund</b>	<b>\$ 25,032,076</b>	<b>\$ 27,159,880</b>	<b>\$ 27,654,633</b>	<b>\$ 20,706,609</b>	<b>\$ 19,529,766</b>	<b>\$ 27,583,675</b>	<b>\$ 23,516,547</b>	<b>\$ 28,353,020</b>	<b>\$ 29,473,533</b>	<b>\$ 28,982,845</b>
All Other Governmental Funds:										
Reserved	\$ 641,075	\$ 435,684	\$ 4,223,450	\$ 5,060,638	\$ 4,007,776	\$ 2,141,716	\$ 351,245	\$ 422,337	\$ -	\$ -
Unreserved	169,820	4,193,201	4,451,532	5,600,527	11,856,272	20,326,913	18,761,704	10,102,262	-	-
Nonspendable	-	-	-	-	-	-	-	-	11,143	11,143
Restricted	-	-	-	-	-	-	-	-	1,371,862	409,284
Assigned	-	-	-	-	-	-	-	-	12,822,866	14,439,666
<b>Total all other governmental funds</b>	<b>\$ 810,895</b>	<b>\$ 4,628,885</b>	<b>\$ 8,674,982</b>	<b>\$ 10,661,165</b>	<b>\$ 15,864,048</b>	<b>\$ 22,468,629</b>	<b>\$ 19,112,949</b>	<b>\$ 10,524,599</b>	<b>\$ 14,205,871</b>	<b>\$ 14,860,093</b>

Note:

- (1) In fiscal year 2011, the County implemented GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which effectively changed the classifications used to report fund balances. The terms reserved and unreserved are no longer used to describe fund balance. Fund balance is now classified as nonspendable, restricted, committed, assigned, or unassigned.

**COUNTY OF ROCKINGHAM, VIRGINIA**

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**

**Last Ten Fiscal Years**

*(modified accrual basis of accounting)*

**(Unaudited)**

	Fiscal Year		
	2003	2004	2005
<b>Revenues:</b>			
General property taxes	\$ 41,485,976	\$ 43,549,045	\$ 44,316,136
Other local taxes	7,599,937	7,874,776	8,899,746
Permits, privilege fees and licenses	566,961	883,449	1,091,022
Fines and forfeitures	280,512	272,038	341,372
Use of money and property	756,500	573,597	989,271
Charges for services	2,334,588	2,521,638	2,736,286
Miscellaneous	206,725	185,356	125,108
Recovered costs	1,439,817	1,913,080	2,138,396
Intergovernmental	14,457,379	14,858,098	14,807,578
<b>Total revenues</b>	<b>69,128,395</b>	<b>72,631,077</b>	<b>75,444,915</b>
<b>Expenditures:</b>			
General government administration	3,680,361	3,744,157	3,903,904
Judicial administration	2,374,371	2,399,019	2,401,199
Public safety	12,677,941	13,545,603	18,562,820
Public works	1,778,941	1,741,907	1,856,947
Health and social services	2,649,174	2,963,451	3,283,105
Education	33,798,748	42,671,090	33,315,177
Parks, recreation and cultural	1,424,179	1,513,347	1,696,824
Community development	1,338,739	2,164,328	2,543,545
Capital outlay	226,616	2,821,843	4,421,217
Debt service:			
Principal	4,693,313	3,930,375	3,363,146
Interest and fiscal charges	2,450,662	2,272,171	2,563,385
<b>Total expenditures</b>	<b>67,093,045</b>	<b>79,767,291</b>	<b>77,911,269</b>
<b>Revenues over (under) expenditures</b>	<b>2,035,350</b>	<b>(7,136,214)</b>	<b>(2,466,354)</b>
<b>Other financing sources (uses):</b>			
Transfers in	451,675	6,857,283	3,939,188
Transfers out	(560,934)	(7,667,850)	(4,689,188)
Issuance of debt	-	13,577,993	7,150,000
Premium on issuance debt	-	314,582	-
Insurance recoveries	-	-	14,970
Proceeds from sale of property	-	-	592,234
<b>Total other financing sources (uses), net</b>	<b>(109,259)</b>	<b>13,082,008</b>	<b>7,007,204</b>
<b>Net change in fund balance</b>	<b>\$ 1,926,091</b>	<b>\$ 5,945,794</b>	<b>\$ 4,540,850</b>

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

June 30,							
2006	2007	2008	2009	2010	2011	2012	
\$ 48,094,569	\$ 53,700,795	\$ 58,855,180	\$ 65,570,241	\$ 66,216,435	\$ 64,487,098	\$ 67,611,207	
9,964,423	10,046,832	10,343,068	9,997,187	9,719,705	9,127,961	9,512,231	
985,817	957,006	1,176,374	749,140	803,462	904,624	692,745	
345,805	207,283	155,677	148,535	238,435	274,412	274,611	
1,491,226	1,876,615	1,646,317	771,924	833,742	957,222	1,059,359	
2,846,255	2,662,046	3,288,037	2,850,575	2,801,305	3,573,280	3,406,935	
180,897	241,223	463,242	279,146	232,721	779,782	336,457	
2,194,187	2,715,669	2,480,181	3,048,135	2,759,777	3,217,501	3,381,843	
17,659,528	16,980,026	16,346,450	16,688,669	15,910,457	17,531,492	16,941,563	
83,762,707	89,387,495	94,754,526	100,103,552	99,516,039	100,853,372	103,216,951	
4,250,012	4,429,174	4,563,051	4,659,357	4,398,991	4,149,027	4,196,686	
2,927,878	3,249,146	3,173,240	3,827,879	3,343,653	3,123,597	3,188,815	
17,683,188	20,304,161	21,242,649	19,874,198	18,910,325	19,817,574	20,309,292	
2,181,679	2,480,757	2,628,117	2,482,615	2,352,738	2,522,534	2,580,230	
4,108,260	4,517,523	4,748,614	5,044,027	5,168,646	4,955,083	4,777,502	
39,932,203	60,500,234	57,109,186	78,046,276	48,129,186	40,665,573	44,255,322	
1,754,520	2,061,923	2,115,026	2,064,277	2,023,049	2,212,498	2,154,894	
3,771,777	2,355,778	3,122,860	5,783,273	4,467,357	4,211,445	3,399,091	
6,994,594	3,026,051	9,740,578	12,088,043	1,969,136	354,404	4,325,301	
12,260,303	14,179,314	4,760,106	5,173,395	6,166,108	7,781,938	7,797,795	
2,387,346	2,822,878	3,459,559	5,473,153	6,318,727	6,257,914	6,068,489	
98,251,760	119,926,939	116,662,986	144,516,493	103,247,916	96,051,587	103,053,417	
(14,489,053)	(30,539,444)	(21,908,460)	(44,412,941)	(3,731,877)	4,801,785	163,534	
10,283,452	10,517,916	19,658,172	13,556,253	-	4,000,000	4,890,000	
(10,679,072)	(10,578,916)	(19,701,898)	(16,071,679)	(20,000)	(4,000,000)	(4,890,000)	
9,404,190	33,757,200	35,494,713	37,261,410	-	-	-	
518,642	869,284	1,115,963	2,244,149	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
9,527,212	34,565,484	36,566,950	36,990,133	(20,000)	-	-	
\$ (4,961,841)	\$ 4,026,040	\$ 14,658,490	\$ (7,422,808)	\$ (3,751,877)	\$ 4,801,785	\$ 163,534	

**COUNTY OF ROCKINGHAM, VIRGINIA**

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**

**Last Ten Fiscal Years**

*(modified accrual basis of accounting)*

**(Unaudited)**

	Fiscal Year		
	2003	2004	2005
Debt Service as a percentage of noncapital expenditures:			
Primary government:			
Total debt service	\$ 7,143,975	\$ 6,202,546	\$ 5,926,531
Total expenditures	\$ 67,093,045	\$ 79,767,291	\$ 77,911,269
Less: Capital outlay - primary government	(820,817)	(2,922,826)	(7,365,247)
<b>Noncapital expenditures</b>	<b>\$ 66,272,228</b>	<b>\$ 76,844,465</b>	<b>\$ 70,546,022</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>10.78%</b>	<b>8.07%</b>	<b>8.40%</b>
Component units - School Board and HRSSD: (Notes 1, 2)			
Expenditures:			
School board	\$ 84,756,765	\$ 92,605,357	\$ 106,275,713
HRSSD	11,776,529	12,924,157	14,794,697
Less: Capital outlay - school board	(1,395,345)	(4,693,088)	(10,634,666)
Less: Capital outlay - HRSSD	(32,252)	(26,764)	(62,982)
<b>Noncapital expenditures (Note 3)</b>	<b>\$ 95,105,697</b>	<b>\$ 100,809,662</b>	<b>\$ 110,372,762</b>
Total reporting entity:			
<b>Total noncapital expenditures</b>	<b>\$ 123,802,115</b>	<b>\$ 130,560,527</b>	<b>\$ 143,047,977</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>5.77%</b>	<b>4.75%</b>	<b>4.14%</b>

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

June 30,						
2006	2007	2008	2009	2010	2011	2012
\$ 6,147,649	\$ 7,002,192	\$ 8,219,665	\$ 10,646,548	\$ 12,484,835	\$ 14,039,852	\$ 13,866,284
\$ 98,251,760	\$ 119,926,939	\$ 116,662,986	\$ 144,516,493	\$ 103,247,916	\$ 96,051,587	\$ 103,053,417
(8,292,345)	(5,178,774)	(12,251,238)	(12,330,838)	(1,012,486)	(967,936)	(4,807,614)
\$ 89,959,415	\$ 114,748,165	\$ 104,411,748	\$ 132,185,655	\$ 102,235,430	\$ 95,083,651	\$ 98,245,803
6.83%	6.10%	7.87%	8.05%	12.21%	14.77%	14.11%
\$ 112,940,930	\$ 126,615,863	\$ 140,207,962	\$ 156,426,408	\$ 138,094,883	\$ 117,956,384	\$ 120,957,761
17,507,539	19,003,775	20,551,545	21,623,271	21,729,506	21,608,529	21,028,646
(12,132,999)	(15,933,797)	(26,060,681)	(36,916,024)	(21,949,313)	(2,405,403)	(3,307,213)
(108,097)	(81,992)	(30,132)	(17,503)	(16,646)	-	-
\$ 118,207,373	\$ 129,603,849	\$ 134,668,694	\$ 141,116,152	\$ 137,858,430	\$ 137,159,510	\$ 138,679,194
\$ 163,224,530	\$ 178,316,728	\$ 176,379,713	\$ 188,815,003	\$ 185,875,702	\$ 185,478,384	\$ 186,794,179
3.77%	3.93%	4.66%	5.64%	6.72%	7.57%	7.42%

**COUNTY OF ROCKINGHAM, VIRGINIA**

**Table 6**

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**

**Page 3**

**Last Ten Fiscal Years**

*(modified accrual basis of accounting)*

**(Unaudited)**

---

Notes:

- (1) Expenditures of the School Board do not include those associated with the School Activity Funds or the Massanutten Technical Center Activity Funds.
- (2) In Virginia, the County issues debt to finance the construction of school facilities for the public schools because the public schools do not have borrowing or taxing authority. Therefore, the debt service payments related to school facilities are presented as debt service of the primary government. Debt service as a percentage of noncapital expenditures for the total reporting entity more appropriately reflects the unique Virginia school debt requirement.
- (3) For the "Total Reporting Entity" amounts, the total noncapital expenditures have been reduced by the amounts given by the primary government to the public schools, Massanutten Technical Center, and the Social Services District so those expenditures are not included twice.
- (4) In fiscal year 2006, a short-term note of \$8,500,000 was paid in full with the issuance of new debt. The amount shown as debt service has been reduced by this amount.
- (5) In fiscal year 2007, a short-term note of \$10,000,000 was paid in full with the issuance of new debt. The amount shown as debt service has been reduced by this amount.

COUNTY OF ROCKINGHAM, VIRGINIA

Table 7

TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

Fiscal Year June 30,	Property (1)	Local Sales and Use	Motor Vehicle	Consumer Utility and Communications Sales and Use (2)	Recordation and Wills	Other	Total
2003	\$ 40,899,975	\$ 3,479,862	\$ 1,102,769	\$ 1,562,062	\$ 573,736	\$ 881,508	\$ 48,499,912
2004	42,906,378	3,709,024	1,135,372	1,570,123	705,107	755,150	50,781,154
2005	43,718,481	4,173,990	1,158,694	1,552,430	1,099,537	1,089,069	52,792,201
2006	47,371,332	4,358,695	1,182,848	1,554,418	1,339,981	1,528,481	57,335,755
2007	53,030,324	4,528,481	1,194,912	2,070,502	1,229,289	1,023,648	63,077,156
2008	58,135,150	4,764,451	1,193,657	2,809,135	1,096,756	479,069	68,478,218
2009	64,951,212	4,567,854	1,176,765	2,667,992	1,091,116	493,460	74,948,399
2010	65,511,983	4,168,753	1,169,718	2,676,009	882,174	823,051	75,231,688
2011	63,822,003	4,732,665	1,179,162	1,020,285	792,313	1,403,536	72,949,964
2012	66,900,268	4,991,019	1,227,744	1,028,014	827,202	1,438,252	76,412,499
Change 2003-2012	63.57%	43.43%	11.33%	-34.19%	44.18%	63.16%	57.55%

Notes:

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

(2) In fiscal year 2011, the County implemented the Auditor of Public Accounts' requirement that communication sales and use tax be reported as non-categorical state aid instead of other local taxes.

COUNTY OF ROCKINGHAM, VIRGINIA

Table 8

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Calendar Years

(Unaudited)

Calendar Year	Residential Property	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
2002	N/A	N/A	N/A	N/A	\$ 144,077,065	\$ 3,957,473,750	\$ 3,630,296,110	13.87%	\$ 0.71	\$ 3,630,180,728	100.00%
2003	\$ 2,621,240,300	\$ 311,011,200	\$ 74,694,400	\$ 1,059,924,520	480,514,300	4,085,982,820	3,759,025,750	3.55%	0.71	3,758,922,211	100.00%
2004	2,704,721,500	339,385,200	75,199,000	980,876,800	494,591,600	4,188,863,900	3,864,864,330	2.82%	0.71	3,864,760,780	100.00%
2005	2,719,118,100	426,343,400	179,948,800	995,250,300	629,380,300	4,320,660,600	4,001,623,870	3.54%	0.71	4,001,525,015	100.00%
2006	4,175,920,000	561,138,500	199,329,900	1,563,332,100	808,595,000	6,499,720,800	5,777,597,000	44.38%	0.58	5,777,597,000	100.00%
2007	4,423,051,100	604,443,100	199,611,300	1,628,213,900	835,705,200	6,855,319,400	6,135,110,530	6.19%	0.58	6,135,110,530	100.00%
2008	4,590,978,700	610,682,700	261,590,000	1,656,580,500	847,847,400	7,119,831,900	6,393,150,330	4.21%	0.58	6,393,150,330	100.00%
2009	4,716,212,700	599,831,800	272,383,400	1,677,385,800	872,491,000	7,266,020,200	6,542,102,800	2.33%	0.60	6,542,102,800	100.00%
2010	4,879,919,700	718,626,400	277,930,600	1,915,838,000	986,695,200	7,792,314,700	6,894,241,960	5.38%	0.60	6,894,241,960	100.00%
2011	4,945,640,600	717,918,900	244,690,500	1,356,858,700	1,003,185,100	7,927,445,700	7,032,529,550	2.01%	0.60	7,032,529,550	100.00%

Source:

Rockingham County land books

Notes:

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

COUNTY OF ROCKINGHAM, VIRGINIA

Table 9

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

**Rockingham County**

Fiscal Year June 30,	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital	Farm Machinery
2003	\$ 0.71/0.71	\$ 2.80	\$ 0.71	\$ 2.55	\$ 0.87	0.44
2004	0.71/0.71	2.80	0.71	2.55	0.87	0.44
2005	0.71/0.71	2.80	0.71	2.55	0.87	0.44
2006	0.71/0.58	2.80	0.71	2.55	0.87	0.44
2007	0.58	2.80	0.58	2.55	0.87	0.44
2008	0.58/0.60	2.80	0.60	2.55	0.87	0.44
2009	0.60	2.80	0.60	2.55	0.87	0.44
2010	0.60	2.80	0.60	2.55	0.87	0.44
2011	0.60	2.80	0.60	2.55	0.87	0.44
2012	0.64	2.85	0.64	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
2003	\$ 0.05-0.16	\$ 0.20-0.75	\$ 0.07-0.16	\$ 0.30-0.75	\$ 0.30	0.30
2004	0.05-0.16	0.20-0.75	0.07-0.16	0.30-0.75	0.30	0.30
2005	0.05-0.16	0.20-0.75	0.07-0.16	0.30-0.75	0.30	0.30
2006	0.05-0.16	0.20-0.75	0.07-0.16	0.30-0.75	0.30	0.30
2007	0.07-0.12	0.30-0.75	0.07-0.12	0.30-0.75	0.30-0.46	0.30-0.46
2008	0.05-0.12	0.20-0.75	0.07-0.12	0.30-0.75	0.46	0.46
2009	0.07-0.12	0.30-0.75	0.07-0.46	0.30-0.75	0.30-0.38	0.38-0.46
2010	0.07-0.12	0.30-0.75	0.07-0.46	0.30-0.75	0.30-0.38	0.38-0.46
2011	0.07-0.12	0.30-0.75	0.07-0.46	0.30-0.75	0.30-0.38	0.38-0.46
2012	0.07-0.12	0.30-0.75	0.07-0.46	0.30-0.75	0.30-0.38	0.38-0.46

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 June 30,					
	2012			2005		
	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	\$ 351,435,530	1	5.00%	\$ 156,635,280	1	3.01%
MillerCoors	243,456,835	2	3.46%	119,220,890	2	2.29%
Merck & Company, Inc.	131,414,020	3	1.87%	87,471,790	3	1.68%
Wal-Mart Retail and Distribution Centers	100,695,525	4	1.43%	12,620,285	10	0.24%
White Wave (Morningstar Foods)	81,775,230	5	1.16%	35,976,400	7	0.69%
Marshall's	63,780,895	6	0.91%	55,756,010	4	1.07%
Sunnyside Retirement Community	53,869,760	7	0.77%	-	-	-
Cargill (formerly Rocco)	46,316,570	8	0.66%	41,528,650	5	0.80%
R.R. Donnelley & Sons Co.	41,693,175	9	0.59%	40,164,455	6	0.77%
Sysco	30,177,815	10	0.43%	25,518,930	9	0.49%
Virginia Poultry Growers	19,760,385	11	0.28%	12,513,310	11	0.24%
Perdue Products	19,676,550	12	0.28%	26,860,600	8	0.52%
<b>Total</b>	<u>\$1,184,052,290</u>		<u>16.84%</u>	<u>\$ 614,266,600</u>		<u>11.80%</u>

Note:

- (1) 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, which is the reason fiscal year 2005 is shown instead of fiscal year 2003.

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
2002	\$ 27,192,144	\$ 26,130,559	96.10%	\$ 1,061,585	\$ 27,192,144	100.00%
2003	28,095,459	27,080,003	96.39%	1,006,699	28,086,702	99.97%
2004	28,793,023	27,728,291	96.30%	1,064,732	28,793,023	100.00%
2005	29,636,444	28,599,152	96.50%	1,037,292	29,636,444	100.00%
2006	35,699,555	34,155,546	95.67%	1,544,009	35,699,555	100.00%
2007	36,959,743	35,490,137	96.02%	1,469,606	36,959,743	100.00%
2008	39,591,283	38,147,864	96.35%	1,372,925	39,520,789	99.82%
2009	40,502,223	38,979,011	96.24%	1,281,057	40,260,068	99.40%
2010	42,621,495	40,949,099	96.08%	1,101,000	42,050,099	98.66%
2011	42,997,402	41,455,415	96.41%	778,569	42,233,984	98.22%

Source:

Rockingham County Treasurer.

COUNTY OF ROCKINGHAM, VIRGINIA

Table 12

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

Fiscal Year	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Per Capita Personal Income	Debt Per Capita
	General Obligation Bonds	Literary Loans	Note Payable	Capital Leases	Revenue Bonds	Landfill Obligation			
2003	\$ 33,457,927	\$ 1,620,336	\$ -	\$ 5,966,169	\$ 2,410,071	\$ 3,174,899	\$ 46,629,402	1.72%	\$ 669
2004	35,249,675	1,378,386	8,500,000	5,563,989	6,678,696	3,755,282	61,126,028	2.17%	864
2005	32,538,064	1,147,886	8,500,000	12,292,954	6,511,479	3,889,068	64,879,451	2.16%	909
2006	39,217,840	917,386	-	11,487,565	4,576,066	4,349,794	60,548,651	1.92%	832
2007	59,865,576	686,886	-	10,648,215	10,651,873	4,816,988	86,669,538	2.42%	1,172
2008	74,169,472	493,886	-	27,271,926	17,355,181	5,490,179	124,780,644	3.35%	1,669
2009	107,351,538	315,859	-	26,355,902	19,002,480	5,733,433	158,759,212	4.30%	2,098
2010	102,318,369	142,359	-	25,396,463	18,179,882	6,073,972	152,111,045	4.04%	1,993
2011	96,488,530	68,859	-	23,517,864	17,107,858	6,388,768	143,571,879	3.76%	1,876
2012	90,685,311	-	-	21,592,147	16,003,238	6,141,390	134,422,086	N/A	1,739

General bonded debt outstanding:

Fiscal Year	General Obligation Bonds	Literary Loans	Total	Percentage of Actual Taxable Value of Property	Debt Per Capita
2003	\$ 33,457,927	\$ 1,620,336	\$ 35,078,263	0.97%	\$ 504
2004	35,249,675	1,378,386	36,628,061	0.97%	518
2005	32,538,064	1,147,886	33,685,950	0.87%	472
2006	39,217,840	917,386	40,135,226	1.00%	551
2007	59,865,576	686,886	60,552,462	1.05%	819
2008	74,169,472	493,886	74,663,358	1.22%	999
2009	107,351,538	315,859	107,667,397	1.68%	1,423
2010	102,318,369	142,359	102,460,728	1.57%	1,343
2011	96,488,530	68,859	96,557,389	1.40%	1,262
2012	90,685,311	-	90,685,311	1.29%	1,173

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, 2012**  
**(Unaudited)**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Town of Bridgewater, Virginia	\$ 1,556,720	5.66%	\$ 88,121
Town of Broadway, Virginia	500,000	4.08%	20,422
Town of Dayton, Virginia	566,552	1.87%	10,599
Town of Elkton, Virginia	-	2.70%	-
Town of Grottoes, Virginia	545,102	2.59%	14,093
Town of Timberville, Virginia	176,198	2.16%	3,811
<b>Subtotal, overlapping debt</b>			<u>137,046</u>
County Direct Debt			<u>116,177,404</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 116,314,450</u></u>

Note:

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

COUNTY OF ROCKINGHAM, VIRGINIA

Table 14

**PLEDGED-REVENUE COVERAGE**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Water and Sewer Fund							
Fiscal Year	Utility Service Charges	Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2003	\$ 2,174,747	\$ 1,566,451	\$ 608,296	\$ 26,397	\$ 65,861	\$ 92,258	6.59
2004	2,804,100	1,816,675	987,425	331,571	67,119	398,690	2.48
2005	3,499,380	1,978,876	1,520,504	85,000	91,768	176,768	8.60
2006	4,781,488	2,379,487	2,402,001	75,000	101,597	176,597	13.60
2007	4,272,477	2,781,574	1,490,903	80,000	104,124	184,124	8.10
2008	5,630,238	3,062,217	2,568,021	136,896	130,042	266,938	9.62
2009	5,125,257	3,283,073	1,842,184	190,000	194,728	384,728	4.79
2010	5,953,542	4,012,722	1,940,820	418,154	462,610	880,764	2.20
2011	5,564,105	4,198,941	1,365,164	410,000	469,502	879,502	1.55
2012	5,776,771	4,497,157	1,279,614	435,000	429,278	864,278	1.48

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
2008	227,067	32,316	194,751	104,581	105,936	210,517	0.93
2009	218,959	93,376	125,583	107,915	102,602	210,517	0.60
2010	215,848	68,805	147,043	111,357	99,160	210,517	0.70
2011	200,492	164,332	36,160	114,912	95,605	210,517	0.17
2012	332,243	133,565	198,678	110,064	125,961	236,025	0.84

Countryside Sanitary District Fund							
Fiscal Year	Utility Service Charges	Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2006	\$ 25,760	\$ 7,693	\$ 18,067	\$ -	\$ 1,392	\$ 1,392	12.98
2007	18,776	6,089	12,687	6,197	4,137	10,334	1.23
2008	18,980	5,526	13,454	6,401	5,314	11,715	1.15
2009	15,748	5,408	10,340	6,610	5,103	11,713	0.88
2010	15,124	6,199	8,925	6,827	4,888	11,715	0.76
2011	16,991	6,346	10,645	7,050	4,664	11,714	0.91
2012	14,240	6,728	7,512	7,281	4,433	11,714	0.64

Solid Waste Fund							
Fiscal Year	Utility Service	Operating Expenses	Net Available	Debt Service			Coverage
	Charges		Revenue	Principal	Interest	Total	
2007	\$ 4,823,118	\$ 2,537,100	\$ 2,286,018	\$ -	\$ 10,628	\$ 10,628	215.09
2008	3,457,788	3,157,156	300,632	121,363	17,487	138,850	2.17
2009	2,854,735	2,717,244	137,491	270,000	130,269	400,269	0.34
2010	2,774,723	2,579,332	195,391	323,561	118,902	442,463	0.44
2011	3,536,054	2,533,132	1,002,922	520,000	213,115	733,115	1.37
2012	4,412,861	2,225,688	2,187,173	535,000	188,935	723,935	3.02

Lilly Subdivision Sanitary District							
Fiscal Year	Utility Service	Operating Expenses	Net Available	Debt Service			Coverage
	Charges		Revenue	Principal	Interest	Total	
2009	\$ 37,652	\$ 20,699	\$ 16,953	\$ 54,904	\$ 10,670	\$ 65,574	0.26
2010	35,213	12,054	23,159	15,342	15,512	30,854	0.75
2011	36,812	14,721	22,091	15,813	14,829	30,642	0.72
2012	37,261	19,398	17,863	16,300	14,132	30,432	0.59

Penn Laird Sewer Authority							
Fiscal Year	Utility Service	Operating Expenses	Net Available	Debt Service			Coverage
	Charges		Revenue	Principal	Interest	Total	
2009	\$ 18,967	\$ 1,959	\$ 17,008	\$ 3,272	\$ 27,538	\$ 30,810	0.55
2010	29,628	1,222	28,406	4,072	16,051	20,123	1.41
2011	21,745	7	21,738	4,249	15,876	20,125	1.08
2012	27,445	1,349	26,096	975	25,096	26,071	1.00

Notes:

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

**COUNTY OF ROCKINGHAM, VIRGINIA**

**Table 15**

**DEMOGRAPHIC AND ECONOMIC STATISTICS**

**Last Ten Years**

**(Unaudited)**

Calendar Year	(1) Population	(2) Personal Income	(2) Per Capita Personal Income	(3) School Enrollment	(4) Unemployment Rate
2003	69,660	\$ 2,710,384,000	\$ 38,909	10,891	3.7%
2004	70,756	2,820,181,000	39,858	10,781	3.2%
2005	71,337	3,010,183,000	42,197	10,870	3.5%
2006	72,790	3,147,218,000	43,237	11,147	2.7%
2007	73,925	3,577,217,000	48,390	11,410	2.8%
2008	74,770	3,724,407,000	49,812	11,372	3.5%
2009	75,656	3,689,118,000	48,762	11,422	6.5%
2010	76,314	3,765,000,000	49,336	11,414	6.3%
2011	76,523	3,819,155,000	49,909	11,376	5.5%
2012	77,297	N/A	N/A	11,245	5.6%

Sources:

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

(2) Bureau of Economic Analysis - Harrisonburg/Rockingham County (calendar year).

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

(4) Virginia Employment Commission (fiscal year end).

N/A - Information unavailable at fiscal year end

COUNTY OF ROCKINGHAM, VIRGINIA

Table 16

**PRINCIPAL EMPLOYERS**  
**Current Year and Six Years Ago**  
**(Unaudited)**

Employer	Fiscal Year June 30,					
	2012			2006		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Rockingham County School Board	1,000 and over	1	*	1,000 and over	1	4.73%
Cargill Meat Solutions	1,000 and over	2	*	1,000 and over	2	2.57%
Great Eastern Resort Management	1,000 and over	3	*	500 to 999	7	1.28%
Wal-Mart	1,000 and over	4	*	-	-	-
Merck & Company, Inc.	500 to 999	5	*	500 to 999	3	1.28%
R.R. Donnelly & Sons Co.	500 to 999	6	*	-	-	-
Marshall's	500 to 999	7	*	500 to 999	6	1.28%
Perdue Products	500 to 999	8	*	500 to 999	4	1.28%
County of Rockingham	500 to 999	9	*	500 to 999	9	1.28%
Pilgrim's Pride	500 to 999	10	*	500 to 999	5	1.37%

Source:

Virginia Employment Commission.

Note:

Fiscal year 2006 information is available and shown here instead of fiscal year 2003 information, which is unavailable.

\* -- Not available for the current year.

**COUNTY OF ROCKINGHAM, VIRGINIA**

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

Function/Program	Fiscal Year			
	2003	2004	2005	2006
General government administration:				
Legislative	5	5	5	5
General and financial:				
Commissioner of the revenue	16	16	16	16
Treasurer	8	8	8	8
Executive administration and legal	4	6	6	6
Finance	11	10	10	10
Human resources	2	2	2	2
Information systems	12.5	12.5	10	11
Central switchboard	1.5	1.5	1.5	1.5
Board of elections	2	2	2	2
Judicial administration:				
Courts:				
Clerk of the circuit court	13	13	13	13
Court services	12	12.5	13.5	13.5
Commonwealth attorney	13	14	14	21
Public safety:				
Sheriff	159	158	166	165
Fire and rescue	39.5	41	44	57
Building inspections	23	22	26	28
Other protection	2	2	2	2
Public works:				
General administration	4	4	5	4
Garage operations	2	2	2	2
Maintenance	15	16	18	19
Parks, recreation and cultural	8	8	9.5	9.5
Community development:				
Planning and community development				
Extension	1	1	1	1
Economic development	-	-	-	-
Soil and water conservation	1	1	1	1
Water and sewer:				
Utilities/water treatment	17.5	16.5	17	21
Solid waste:				
Landfill	21	21	21	22
Container site	10	9.5	8	8
Component unit school board:				
Education:				
Instruction	1,322	1,317	1,351	1,377
Administration, attendance and health	40	40	46	46
Pupil transportation services	197	201	207	210
Operation and maintenance services	96	97	99	100
School food services	114	115	113	112
Component unit HRSSD:				
Social services:				
Services	36	37	40	43
Public assistance	31	33	37	38
Comprehensive Services Act	1	1	1	1
Administration	7	7	8	8
<b>Totals</b>	<b>2,247</b>	<b>2,253</b>	<b>2,324</b>	<b>2,384</b>

Source:

Rockingham County Department of Human Resources.

**Table 17**

June 30,					
2007	2008	2009	2010	2011	2012
5	5	5	5	5	5
18.3	18.3	18.3	14	13	13
8.3	8.3	8.3	8	6	6
7.5	7.5	8	8	8	8
9.7	10.5	10.5	9.4	9.4	9.4
2	3	2.5	2.4	2.4	2.4
11	11	11	11	11	11
1.5	1.5	1.5	1.4	1.4	1.4
2	2	2	2	2	2
15	15	15	15	13	14
11	11	8.5	6.5	8.5	9.5
24	25	26.5	24.0	27.5	25.9
174	175	173	167	161.5	161.5
58.5	62.5	65.5	66	70	71
28.5	26.8	26.8	22.5	21.0	20.0
2	2	2	2	2	2
0.8	0.8	1	0.8	0.7	0.6
2	2	2	2	2	2
18.4	18.4	19.4	16.4	15.4	16.6
9.6	10.6	10.6	12.6	9.6	8.6
1	1	1	-	-	-
-	-	0.5	0.5	0.5	1.3
6	6	6	6.5	6.5	-
24.5	25.5	27.8	24.5	22.4	19.1
20.3	23.0	21.3	20.6	19.7	19.2
12.9	12.9	12.7	13.1	13.1	13.1
1,361	1,483	1,481	1,446	1,410	1,414
47	48	63	63	61	62
215	219	223	228	229	239
104	106	110	110	114	115
115	116	114	113	116	119
50	53	52	52	53	53
44	44	44	39	40	42
2	3	3	2.8	2.8	2.8
9	9	9	9	9	10
2,421	2,565	2,586	2,524	2,486	2,499

**COUNTY OF ROCKINGHAM, VIRGINIA**

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

Function/Program	Fiscal Year		
	2003	2004	2005
Police: (1)			
Calls for service	15,654	17,807	20,505
Adult arrest	4,843	4,951	4,752
Juvenile arrest	302	322	294
Traffic citations	3,939	3,019	2,685
Fire: (2)			
Total fire runs	6,453	7,016	7,420
Total rescue runs	7,730	8,442	8,764
Public service: (3)			
Garbage collected (ton)	120,069	67,519	39,416
Recycle collected (ton)	40,891	22,709	16,750
Parks and recreation: (4)			
Recreation program attendance	13,787	14,838	15,040
Water and sewer: (3)			
New water connections	544	260	318
New wastewater connections	149	184	371
Average daily water consumption (gallons)	26,516,367	32,469,325	36,650,733
Average daily sewage treatment (gallons)	24,438,880	27,089,625	37,309,686
Transportation: (5)			
Total route miles	1,105	1,098	1,109
Education: (6)			
Average daily membership	10,891	10,782	10,860
Kindergarteners	786	774	859
Grades 1-12	10,105	10,008	10,001

Sources:

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

**Table 18**

June 30,						
2006	2007	2008	2009	2010	2011	2012
13,670	19,686	19,329	18,903	18,861	19,739	20,913
3,024	5,639	5,050	4,748	3,776	4,100	3,899
130	267	296	189	259	241	175
1,491	1,851	1,704	2,068	3,304	4,329	4,236
10,164	10,116	10,608	10,861	9,510	10,000	9,589
11,775	12,226	12,590	12,847	13,648	14,594	15,294
30,964	35,635	27,160	34,057	36,378	52,021	49,784
13,158	10,658	15,114	12,299	17,392	28,761	24,861
15,720	16,350	18,231	19,800	20,455	42,709	42,849
309	85	197	151	87	46	54
335	96	238	156	92	38	2
48,994,375	51,917,933	58,222,109	55,403,500	62,389,333	62,629,583	61,788,500
56,185,433	45,444,975	39,950,162	49,059,001	55,244,955	57,871,485	60,180,000
1,114	1,126	1,127	1,129	1,132	1,135	1,135
11,151	11,388	11,340	11,400	11,376	11,343	11,240
872	916	882	816	875	880	846
10,279	10,472	10,458	10,584	10,501	10,463	10,399

**COUNTY OF ROCKINGHAM, VIRGINIA**

**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**

**Last Ten Fiscal Years**

**(Unaudited)**

Function/Program	Fiscal Year		
	2003	2004	2005
Police Stations: (1)	1	1	1
Fire Companies (not County owned): (2)	12	12	12
Rescue Squads (not County owned): (2)	9	9	9
Streets: (4)			
Centerline Mileage:			
Interstate	58	58	58
Primary	159	159	170
Secondary	888	881	881
Number of street lights	10	10	10
Traffic signals	27	27	31
Parks and Recreation: (5)			
Parks - number of acres	28	28	28
Neighborhood parks - number of acres	28	28	28
Baseball/softball diamonds	31	31	31
Soccer/football fields	13	13	13
Basketball courts	13	13	13
Parks with playground equipment	1	1	1
Picnic shelters	4	4	4
Community centers	2	3	3
Water: (3)			
Wells (County owned)	3	3	3
Water lines (feet)	354,868	369,583	394,969
Fire hydrants	460	479	512
Storage capacity (MGPD)	4,588,000	6,588,000	6,588,000
Average daily consumption (MGPD)	871,771	1,067,484	1,204,955
Peak consumption (MGPD)	1,525,599	1,868,098	2,108,671
Wastewater: (3)			
Sanitary sewers (feet)	283,487	301,007	330,799

Sources:

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

**Table 19**

June 30,	2006	2007	2008	2009	2010	2011	2012
	1	1	1	1	1	1	1
	12	12	12	12	12	12	12
	9	9	9	10	10	10	10
	58	54	54	54	54	54	54
	170	184	184	184	184	186	186
	886	888	889	891	894	895	897
	10	16	16	16	16	16	16
	32	33	35	35	37	39	40
	28	28	28	28	22	22	22
	28	28	28	28	22	22	22
	32	32	32	32	31	31	31
	13	13	13	13	13	13	13
	13	13	13	13	13	13	13
	1	1	1	1	1	1	1
	4	4	4	4	4	4	4
	3	3	3	3	3	3	3
	3	3	3	3	3	2	2
	444,139	455,503	488,664	503,321	505,685	516,154	526,623
	576	592	643	678	684	703	778
	10,088,000	10,088,000	10,088,000	10,088,000	10,088,000	10,088,000	10,088,000
	1,610,774	1,925,997	1,940,737	1,995,682	2,079,644	2,059,054	2,031,403
	2,818,854	3,068,500	3,035,000	2,549,500	2,988,500	3,120,000	3,519,000
	409,498	429,585	466,242	495,002	552,812	560,023	567,234

# **COMPLIANCE SECTION**

COUNTY OF ROCKINGHAM, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2012

Federal Grantor/State Pass-Through Grantor/ Program Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Expenditures
DEPARTMENT OF AGRICULTURE:			
<u>Direct payments:</u>			
<u>Department of Agriculture:</u>			
Cooperative Law Enforcement		10.000	\$ 5,499
Team Nutrition Grants		10.574	1,500
			<u>6,999</u>
<u>Pass-through payments:</u>			
<u>Department of Social Services:</u>			
State Administrative Matching Grants for Food Stamp Program	Not provided	10.561	<u>731,947</u>
<u>Department of Agriculture and Consumer Services:</u>			
<u>Child Nutrition Cluster:</u>			
Commodity Distributions	40623	10.555	<u>312,028</u>
<u>Department of Education:</u>			
<u>Child Nutrition Cluster:</u>			
School Breakfast Program	40591	10.553	515,495
National School Lunch Program	40623	10.555	2,021,094
Schools and Roads - Grants to States	43841	10.665	33,929
			<u>2,570,518</u>
<b>Total Department of Agriculture</b>			<u>3,621,492</u>
DEPARTMENT OF TRANSPORTATION:			
<u>Pass-through payments:</u>			
<u>Federal Highway Administration:</u>			
Highway Planning and Construction	SRTS-082-754/SRTS-082-153	20.205	36,410
<u>Department of Motor Vehicles:</u>			
State and Community Highway Safety	154AL115180/154AL1252081	20.607	<u>35,329</u>
<b>Total Department of Transportation</b>			<u>71,739</u>
SOCIAL SECURITY ADMINISTRATION:			
<u>Direct payments:</u>			
<u>Social Security Administration:</u>			
Reward for Incarceration Notification		96.000	<u>6,600</u>
<b>Total Social Security Administration</b>			<u>6,600</u>

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2012**

Federal Grantor/State Pass-Through Grantor/ Program Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
<u>Direct payments:</u>			
<u>Centers for Medicare and Medicaid Services</u>			
Early Retiree Reinsurance Program		93.546	\$ 358,583
<u>Pass-through payments:</u>			
<u>Department of Social Services:</u>			
Promoting Safe and Stable Families	Not provided	93.556	5,069
Temporary Assistance to Needy Families	Not provided	93.558	809,434
Refugee and Entrant Assistance - State Administered Programs	Not provided	93.566	8,941
Low-Income Home Energy Assistance	Not provided	93.568	38,948
CCDF Cluster:			
Child Care and Development Block Grant	Not provided	93.575	288,192
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Not provided	93.596	267,137
Chafee Education and Training Vouchers Program (ETV)	Not provided	93.599	8,689
Child Welfare Services - State Grants	Not provided	93.645	1,907
Foster Care - Title IV-E	Not provided	93.658	1,166,062
Adoption Assistance	Not provided	93.659	725,553
Social Services Block Grant	Not provided	93.667	521,213
Chafee Foster Care Independent Living	Not provided	93.674	19,602
State Children's Insurance Program	Not provided	93.767	20,366
Medical Assistance Program (Medicaid; Title XIX)	Not provided	93.778	445,889
<b>Total Department of Health and Human Services</b>			<u>4,685,585</u>
DEPARTMENT OF JUSTICE, OFFICE OF JUSTICE PROGRAMS, BUREAU OF JUSTICE ASSISTANCE:			
<u>Direct payments:</u>			
<u>Department of Criminal Justice:</u>			
State Criminal Alien Assistance Program		16.606	59,298
Community Prosecution and Project Safe Neighborhoods		16.609	10,687
			<u>69,985</u>
<u>Pass-through payments:</u>			
<u>Department of Criminal Justice Services:</u>			
Violence Against Women Formula Grants	1109349VA10/12P9349VA11	16.588	21,392
Crime Victim Assistance - Discretionary Grants	1209573VW11	16.575	52,075
Edward Byrne Memorial Justice Assistance Grant Program	11M1172LO10/12N1172LO11 12B2121AD09/12D5782AD09	16.738	65,815
Federal Forfeiture - Equitable Sharing Program	Not provided	16.922	17,172
			<u>156,454</u>
<b>Total Department of Justice, Office of Justice Programs,     Bureau of Justice Assistance</b>			<u>226,439</u>

COUNTY OF ROCKINGHAM, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2012

Federal Grantor/State Pass-Through Grantor/ Program Title	Pass-Through Entity Identifying Number	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	\$ 396,666
<b>Total Department of Defense</b>			<u>396,666</u>
DEPARTMENT OF EDUCATION:			
<u>Pass-through payments:</u>			
<u>Department of Education:</u>			
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	42901/42999	84.010	1,602,040
Special Education Cluster:			
Special Education - Grants to States	43071/86620/87138	84.027	2,412,632
Special Education - Preschool Grants	62521	84.173	63,642
Adult Education - State Grant Program	61111/42801	84.002	177,979
Vocational Education - Basic Grants to States	61095	84.048	148,575
Education Technology State Grants	61600	84.318	12,502
English Language Acquisition Grants	60509/60512	84.365	91,755
Statewide Data Systems	47944	84.384	28,848
ARRA - State Fiscal Stabilization Fund - Education State Grants	62532	84.394	65,548
Improving Teacher Quality State Grants	61480	84.367	322,814
ARRA - Education Jobs Fund	62700	84.410	2,563,528
			<u>7,489,863</u>
<u>Office of Special Education and Rehabilitative Services:</u>			
Special Education Cluster:			
ARRA - Special Education - Grants to States	61245	84.391	21,106
<b>Total Department of Education</b>			<u>7,510,969</u>
DEPARTMENT OF HOMELAND SECURITY:			
<u>Pass-through payments:</u>			
<u>Department of Emergency Management:</u>			
State Homeland Security Program	2010 SHSP/2011 SHSP	97.073	48,000
<b>Total Department of Homeland Security</b>			<u>48,000</u>

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2012**

Federal Grantor/State Pass-Through Grantor/ Program Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Expenditures
DEPARTMENT OF THE INTERIOR:			
<u>Pass-through payments:</u>			
<u>Department of Environmental Quality:</u>			
Rents and Royalties Paid on Federal Land	Not provided	15.000	\$ 553
<b>Total Department of the Interior</b>			<u>553</u>
ELECTION ASSISTANCE COMMISSION:			
<u>Pass-through payments:</u>			
<u>Election Assistance Commission:</u>			
Help America Vote Act Requirements Payments	Not provided	90.401	<u>861</u>
<b>Total Election Assistance Commission</b>			<u>861</u>
<b>Total Federal Awards Expended</b>			<u><u>\$ 16,568,904</u></u>

See Notes to Schedule of Expenditures of Federal Awards.

## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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#### Note 1. Significant Accounting Policies

##### Basis of Presentation and Accounting

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

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

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

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

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

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

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

## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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#### **Note 2. Non-Cash Assistance**

In addition to amounts reported on the Schedule of Expenditures of Federal Awards, the County of Rockingham, Virginia consumed non-cash assistance in the form of food commodities. Commodities with a fair value of \$312,028 at the time received were consumed during the year ended June 30, 2012. These commodities were included in the determination of federal awards expended during the year ended June 30, 2012.



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

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

We have audited the financial statements of the County of Rockingham, Virginia, (County) as of and for the year ended June 30, 2012, and have issued our report thereon dated November 26, 2012. 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

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

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

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

### Compliance and Other Matters

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

We noted certain matters that we reported to management of the County in a separate letter dated November 26, 2012.

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

PBGH, LLP

Harrisonburg, Virginia  
November 26, 2012



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH REQUIREMENTS THAT COULD HAVE A DIRECT  
AND MATERIAL EFFECT ON EACH MAJOR  
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of the County of Rockingham, Virginia (County) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. The County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. 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 on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

## Internal Control Over Compliance

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

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

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

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

PBGH, LLP

Harrisonburg, Virginia  
November 26, 2012

**COUNTY OF ROCKINGHAM, VIRGINIA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2012**

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

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	_____	Yes	_____	√	No
Significant deficiencies identified?	_____	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?	_____	Yes	_____	√	None Reported

Type of auditor's 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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Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
84.410	ARRA – Education Jobs Fund
93.667	Social Services Block Grant

**Child Nutrition Cluster:**

10.553	School Breakfast Program
10.555	National School Lunch Program
10.555	Commodity Distributions

Dollar threshold used to distinguish between type A and type B programs \$497,067

Auditee qualified as low-risk auditee? \_\_\_\_\_ √ Yes \_\_\_\_\_ No

**COUNTY OF ROCKINGHAM, VIRGINIA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2012**

II. FINANCIAL STATEMENT FINDINGS

None

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**COUNTY OF ROCKINGHAM, VIRGINIA**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**Year Ended June 30, 2012**

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.