



# ***Comprehensive Annual Financial Report***



***Rockingham County, Virginia***

***Fiscal Year Ended June 30, 2017***



# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**Fiscal Year Ended June 30, 2017**



Prepared by:

Department of Finance  
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*[www.rockinghamcountyva.gov](http://www.rockinghamcountyva.gov)*

COUNTY OF ROCKINGHAM, VIRGINIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2017

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# **INTRODUCTORY SECTION**



## ROCKINGHAM COUNTY

### BOARD OF SUPERVISORS

PABLO CUEVAS

Election District No. 1

FREDERICK E. EBERLY

Election District No. 2

RICK L. CHANDLER

Election District No. 3

WILLIAM B. KYGER, JR.

Election District No. 4

MICHAEL A. BREEDEN

Election District No. 5

November 6, 2017

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, 2017. This report has been prepared in accordance with Section 15.2-2503 of the *Code of Virginia*, 1950, as amended. The report is designed to present fairly the respective financial position of the government activities, business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County in all material respects, and to demonstrate compliance with applicable finance-related legal and contractual provisions.

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

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

### ***Profile of the Government***

The County of Rockingham, located in the heart of the Shenandoah Valley, is the third largest county in Virginia in land area with 853.65 square miles and an estimated population of 79,134. The independent city of Harrisonburg, with an estimated population of 52,478 serves as the County seat, and is the largest city in western Virginia between the Roanoke and the Washington, D.C. metropolitan areas.

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Website: [rockinghamcountyva.gov](http://rockinghamcountyva.gov)

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

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

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

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

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

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

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

State law requires the County Administrator to submit a balanced budget to the Board no later than April 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, 2016 the Board approved the budget for fiscal year 2017. During the fiscal year 2017, as is customary, the Board also approved supplemental budget amendments.



## *Local Economy*

The County continues to enjoy a relatively stable and diverse local economy. The County has a varied manufacturing, industrial, distribution, services, and higher education base that adds to the relative stability of the unemployment rate (currently 3.3%). Major industries with headquarters or divisions located within the County's boundaries include a chemical manufacturer, brewery, printer, foodservice marketer and distributor, retail distributors, four-season resort, and several poultry processors. Higher education also has a major presence within the area with a state university, private university, and a private college with a combined full-time enrollment of over 26,848 students.

According to the 2012 U.S. Census of Agriculture, Rockingham County is ranked 1<sup>st</sup> in the state for total value of agricultural products sold (\$659 million) with 1,902 farms totaling 222,049 acres. Also from the census, Rockingham County is ranked 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 economy of the region remains relatively strong, influenced by the steady growth of three local universities and colleges (James Madison University, Eastern Mennonite University and Bridgewater College), and a very diverse local economy. Despite the economic challenges in other areas of Virginia and the United States which impact the funding received from other governments, the County is meeting critical service demands for its citizens. As a result of the Commonwealth's budget difficulties and continued uncertainty of federal funding, management continues a restrained, targeted strategy for local operations with close coordination with the School Board and the Constitutional Officers.

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

Significant events and actions during this past year include:

- Began Phase 1 School renovation projects at John Wayland Elementary and Pleasant Valley Elementary Schools and construction of a new Dayton Learning Center, now called Rockingham Academy.
- Implemented device deployment at all Middle Schools in the County. Fiscal Year 2018 will continue the digital technology effort with the deployment of devices at County High Schools.
- Also worked with the Virginia Department of Transportation (VDOT), to complete critical road infrastructure projects:
  - Completed acquisition of right of way and began utility relocations for the Reservoir Street widening project in coordination with the City of Harrisonburg (City) to improve Reservoir Street east from the City limits to Stone Spring Road; with construction expected to be complete early in calendar year 2018.

- Completed design of the Massanetta Springs Road improvement project in cooperation with the Preston Lake development. The project will begin from just north of the Massanetta Springs conference center and extend to Route 33, with construction expected to be initiated early in calendar year 2018.
  - Completed design of a third lane on Route 33 eastbound, between Stone Spring Road and Massanetta Springs Road and began construction with completion early in calendar year 2018.
- Opened a new Landfill entrance;
  - Began construction of a new Landfill cell;
  - Continued the phased upgrade of the County's financial management software. Payroll and Human Resources modules were implemented in early 2015. The next phases are the Commissioner of the Revenue, Treasurer, and Utilities billing systems to be implemented in Fiscal Year 2018;
  - Began design of heating, ventilation, and air conditioning (HVAC) system upgrades in the Harrisonburg-Rockingham Regional Jail.

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

These items include:

- Evaluate partnerships with the City and the seven towns in the County to develop water supply resources and related delivery infrastructure, and look to acquire additional wastewater treatment capacity to meet long-term needs in the County.
- Meet the financial commitment required by the Commonwealth to phase-in the increased cost of the local share of the school professional employee (teacher) retirement system. The increased funding is necessary to reduce the long-term unfunded liability of the system to an acceptable level. Over the past several years, the Virginia General Assembly used reduced contribution rates for teachers as a means to soften the financial burden of the economic downturn on the Commonwealth and its localities. However, the national ratings agencies are putting additional pressure on the General Assembly to increase the rate to restore the fund's fiscal integrity.
- Analyze the options provided in the Fire Programs Board evaluation to meet the increased demand for County-funded fire and rescue services.
- Plan and prepare for continued demands for General District and Juvenile and Domestic Courts space in order to accommodate the addition of judge(s) to meet case-load demands.

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

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

During the strategic planning session, public safety was identified as experiencing the greatest pressure for increased funding, including law enforcement, corrections and fire and rescue services. Law enforcement in Virginia counties is a service jointly funded by the Commonwealth and local government (in this case, 50% County/50% City). Increased calls for service resulted in the County adding three deputy sheriff positions two years ago. However, due to limited state funding, the County and City are responsible for 100% of the cost. Increasing fire and emergency medical service calls, coupled with a declining volunteer support, resulted in the County adding fire and rescue responders. The 2020 Plan includes adding up to forty public safety positions to meet an increasing call load, with the largest number of new positions (30) in fire & rescue. Staff continues to look to federal grant funding and other options to fund the cost of the new fire & rescue staffing level. The County was awarded a Staffing for Adequate Fire and Emergency Response (SAFER) grant which will provide funding to offset salary expenses for nine new positions in Fiscal Year 2017. That grant covers a two year period, which means that additional County funding will be required for the years that follow.

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

\*\*\*

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

The policies and actions by the Board of Supervisors encourage steady, sustainable growth, fostering a strong local economy. For more information on the services provided by the County, please refer to the County's website at [www.rockinghamcountyva.gov](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 thirty-four consecutive years. This award certifies the County's continuing efforts to achieve the highest standards in government accounting and financial reporting.

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

Respectfully submitted,



Stephen G. King  
County Administrator



Patricia D. Davidson  
Director of Finance

## **COUNTY OF ROCKINGHAM, VIRGINIA**

Directory of Principal Officials  
June 30, 2017

### ***Board of Supervisors***

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

### ***County Administrator***

Stephen G. King

### ***School Board***

Renee A. Reed, Chairman District 3	
Dan Breeden, Vice-Chairman District 5	
Lowell Fulk District 2	Charlette E. McQuilkin District 4
LaDonna A. Shiflet District 1	

### ***Superintendent of Schools***

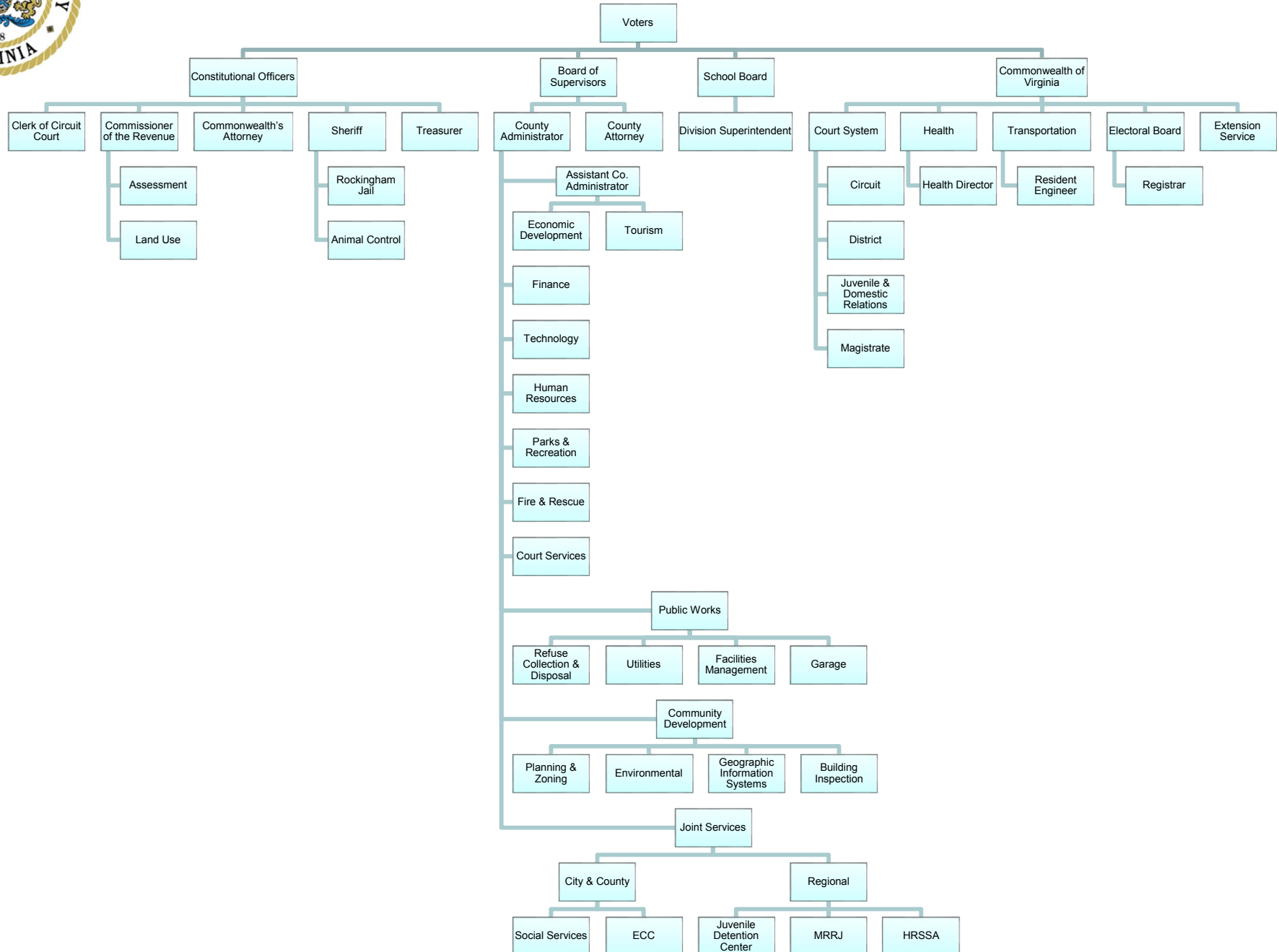
Dr. Carol Fenn

### ***Other Officials***

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



# Rockingham County, VA Government Organizational Chart





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**County of Rockingham  
Virginia**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO

## **FINANCIAL SECTION**





## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the budgetary comparison of the General Fund of the County of Rockingham, Virginia (County), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2017, the respective changes in financial position and the budgetary comparison of the General Fund and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis and the required supplementary information on pages 13-27 and 108-117, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

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

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2017 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

*PBmares, LLP*

Harrisonburg, Virginia  
November 6, 2017

## 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, 2017. We encourage readers to consider the information presented here in conjunction with the letter of transmittal in the Introductory Section of this report and the County's financial statements following this analysis. **All amounts, unless otherwise indicated, are expressed in thousands of dollars.**

### Financial Highlights

- The County's total net position, excluding component units, totaled \$48,000 at June 30, 2017. Of this amount, there was \$66,820 invested in the County's capital assets, net of related debt, \$10,802 in restricted funds assets, and a negative \$29,622 in unrestricted funds.
- The negative \$29,622 in unrestricted funds is a result of recording \$61,627 in debt for the component unit – School Board within the governmental activities. Debt is recorded within the primary government since the County is legally obligated to make payments for this debt; however, the corresponding assets are reported in the component unit – School Board statements since the School Board holds title to the assets.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$39,268. Approximately 60 percent of this total amount, \$23,537 is available for spending at the government's discretion (unassigned fund balance). There is an additional \$7,312 in the General Capital Projects Fund assigned to unspecified future capital outlays that could be returned to the General Fund at the Board of Supervisors' (Board) discretion.
- At the end of the current fiscal year, the unassigned fund balance in the General Fund was \$23,537, which represents 19 percent of total General Fund expenditures. As mentioned above, an additional \$7,312, which represents 6 percent of total General Fund expenditures, is assigned to future unspecified capital outlays in the General Capital Projects Fund.

### Overview of the Financial Statements

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

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

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

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

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

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

The government-wide financial statements can be found on pages 28-31 of this report.

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

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

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

The County maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and the General Capital Projects Fund, which are considered to be major funds and the Asset Forfeiture Fund, which is considered to be a nonmajor fund.

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

The basic governmental fund financial statements can be found on pages 32-35 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 37-40 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 41 of this report.

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

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

## **Government-wide Financial Analysis**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$48,000 at the close of the most recent fiscal year. This is an increase of \$9,442 in comparison with the prior year's net position. The explanation for this change is provided below.

By far, the largest portion of the County's net position, \$66,820, reflects its investment in capital assets (e.g. land, easements, buildings, improvements, machinery and equipment, software, and construction in progress, net of accumulated depreciation and amortization), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to its citizens; consequently, these assets are not readily available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves would not likely be used to liquidate these liabilities. The balance did not significantly change from the prior year balance of \$64,965 to \$66,820.

An additional portion of the County's net position, \$10,802, represents resources that are subject to external restrictions on how they may be used. There was an increase of \$5,060 in restricted net assets reported in connection with the County's business-type activities and governmental activities.

The unrestricted portion of the County's net position for the primary government's governmental activities increased from negative \$32,149 to negative \$29,622. This change in the unrestricted portion of the County's net position was impacted by the recording of construction in progress.

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

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

**County of Rockingham, Virginia**  
**Summary Statement of Net Position**  
**June 30, 2017 and 2016**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 58,747	\$ 61,819	\$ 29,097	\$ 22,718	\$ 87,844	\$ 84,537
Capital assets, net	50,975	48,987	57,339	50,494	108,314	99,481
<b>Total assets</b>	<b>109,722</b>	<b>110,806</b>	<b>86,436</b>	<b>73,212</b>	<b>196,158</b>	<b>184,018</b>
<b>Deferred outflows of resources</b>	<b>3,992</b>	<b>2,392</b>	<b>856</b>	<b>699</b>	<b>4,848</b>	<b>3,091</b>
Other liabilities	7,660	7,017	1,788	1,559	9,448	8,576
Noncurrent liabilities	101,436	106,690	41,884	31,162	143,320	137,852
<b>Total liabilities</b>	<b>109,096</b>	<b>113,707</b>	<b>43,672</b>	<b>32,721</b>	<b>152,768</b>	<b>146,428</b>
<b>Deferred inflows of resources</b>	<b>224</b>	<b>1,999</b>	<b>14</b>	<b>124</b>	<b>238</b>	<b>2,123</b>
Net position:						
Net investment in capital assets	38,693	34,854	28,127	30,111	66,820	64,965
Restricted	235	196	10,567	5,546	10,802	5,742
Unrestricted (deficit)	(34,534)	(37,558)	4,912	5,409	(29,622)	(32,149)
<b>Total net position</b>	<b>\$ 4,394</b>	<b>\$ (2,508)</b>	<b>\$ 43,606</b>	<b>\$ 41,066</b>	<b>\$ 48,000</b>	<b>\$ 38,558</b>

	Component Units			
	School Board		Harrisonburg- Rockingham Social Services District	
	2017	2016	2017	2016
Current and other assets	\$ 30,841	\$ 29,376	\$ 8,067	\$ 6,851
Capital assets, net	129,603	129,762	2,366	2,451
<b>Total assets</b>	<b>160,444</b>	<b>159,138</b>	<b>10,433</b>	<b>9,302</b>
<b>Deferred outflows of resources</b>	<b>18,223</b>	<b>11,394</b>	<b>1,133</b>	<b>473</b>
Other liabilities	26,061	22,821	1,348	1,342
Noncurrent liabilities	130,396	116,945	3,388	2,474
<b>Total liabilities</b>	<b>156,457</b>	<b>139,766</b>	<b>4,736</b>	<b>3,816</b>
<b>Deferred inflows of resources</b>	<b>4,426</b>	<b>9,052</b>	<b>44</b>	<b>355</b>
Net position:				
Net investment in capital assets	129,603	129,762	2,366	2,451
Restricted	-	-	2,020	1,741
Unrestricted (deficit)	(111,819)	(108,048)	2,400	1,412
<b>Total net position</b>	<b>\$ 17,784</b>	<b>\$ 21,714</b>	<b>\$ 6,786</b>	<b>\$ 5,604</b>



**County of Rockingham, Virginia**  
**Summary Statement of Changes in Net Position**  
**Years Ended June 30, 2017 and 2016**

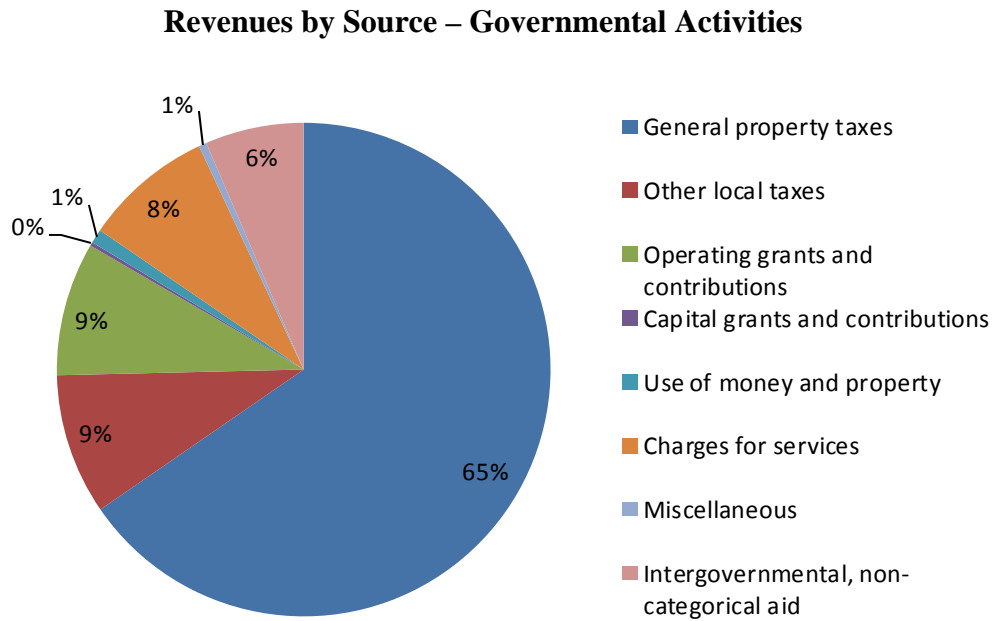
	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 10,574	\$ 9,415	\$ 12,601	\$ 12,059	\$ 23,175	\$ 21,474
Operating grants and contributions	10,897	9,818	2,192	953	13,089	10,771
Capital grants and contributions	306	254	-	-	306	254
General revenues:						
General property taxes	81,434	77,183	-	-	81,434	77,183
Other local taxes	11,484	11,217	-	-	11,484	11,217
Intergovernmental non-categorical aid	8,051	8,984	-	27	8,051	9,011
Use of money and property	1,133	1,720	172	60	1,305	1,780
Miscellaneous	628	681	763	850	1,391	1,531
<b>Total revenues</b>	<b>124,507</b>	<b>119,272</b>	<b>15,728</b>	<b>13,949</b>	<b>140,235</b>	<b>133,221</b>
Expenses:						
General government administration	5,933	5,437	-	-	5,933	5,437
Judicial administration	4,107	3,884	-	-	4,107	3,884
Public safety	27,124	36,779	-	-	27,124	36,779
Public works	3,365	4,340	13,188	11,340	16,553	15,680
Health and social services	5,786	5,762	-	-	5,786	5,762
Education	60,962	55,512	-	-	60,962	55,512
Parks, recreation and cultural	2,434	2,343	-	-	2,434	2,343
Community development	4,745	3,904	-	-	4,745	3,904
Interest	3,149	3,624	-	-	3,149	3,624
<b>Total expenses</b>	<b>117,605</b>	<b>121,585</b>	<b>13,188</b>	<b>11,340</b>	<b>130,793</b>	<b>132,925</b>
<b>Change in net position</b>	<b>6,902</b>	<b>(2,313)</b>	<b>2,540</b>	<b>2,609</b>	<b>9,442</b>	<b>296</b>
Net position, beginning	(2,508)	(195)	41,066	38,457	38,558	38,262
Net position, ending	\$ 4,394	\$ (2,508)	\$ 43,606	\$ 41,066	\$ 48,000	\$ 38,558

**County of Rockingham, Virginia**  
**Summary Statement of Changes in Net Position (Continued)**  
**Years Ended June 30, 2017 and 2016**

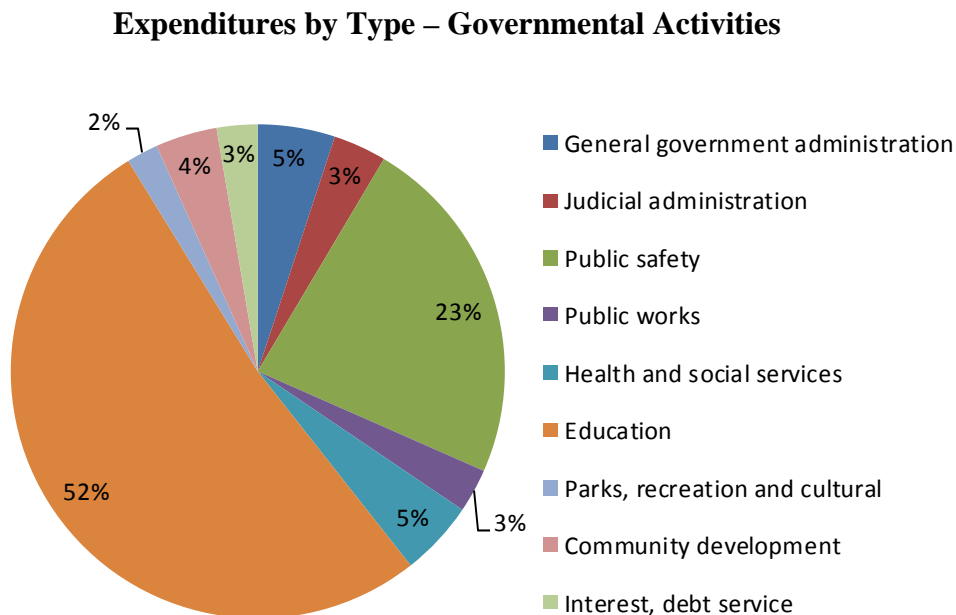
	Component Units			
	School Board		Harrisonburg-Rockingham Social Services District	
	2017	2016	2017	2016
Revenues:				
Program revenues:				
Charges for services	\$ 5,596	\$ 5,426	\$ -	\$ -
Operating grants and contributions	76,639	72,855	17,128	16,034
Capital grants and contributions	176	83	-	-
General revenues:				
Grants and contributions not restricted to specific programs	60,962	55,512	8,092	7,723
Intergovernmental non-categorical aid	77	75	-	-
Use of money and property	44	36	32	12
Miscellaneous	543	586	50	49
<b>Total revenues</b>	<b>144,037</b>	<b>134,573</b>	<b>25,302</b>	<b>23,818</b>
Expenses:				
Health and social services	-	-	24,120	22,880
Education	147,967	138,710	-	-
<b>Total expenses</b>	<b>147,967</b>	<b>138,710</b>	<b>24,120</b>	<b>22,880</b>
<b>Change in net position</b>	<b>(3,930)</b>	<b>(4,137)</b>	<b>1,182</b>	<b>938</b>
Net position, beginning	21,714	25,851	5,604	4,666
Net position, ending	\$ 17,784	\$ 21,714	\$ 6,786	\$ 5,604

**Governmental activities.** Governmental activities decreased the deficit in the County’s net position by \$6,902 compared to a decrease in net position of \$2,313 in fiscal year 2016. Key factors for this change are as follows:

Total revenues increased \$5,235 (from \$119,272 to \$124,507) compared to last year. Revenues by source are shown in the chart below. Revenues from general property taxes make up 65% of total revenues.



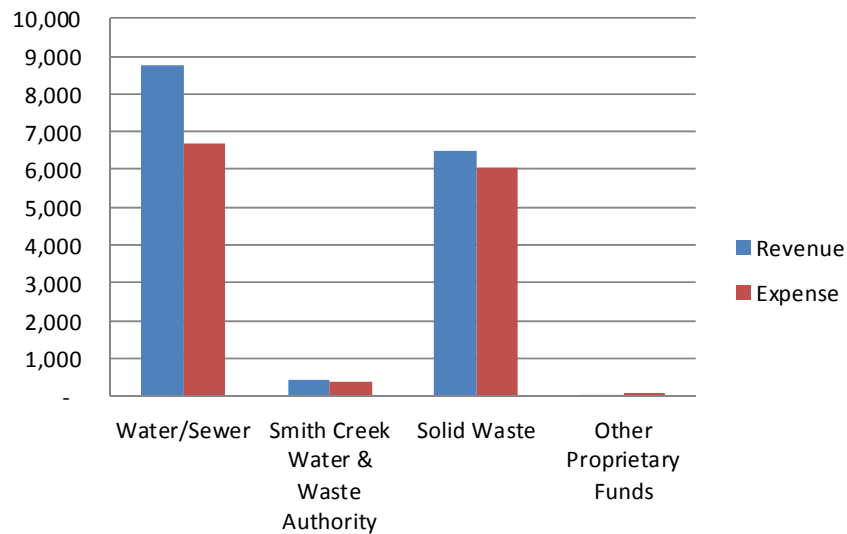
Total expenses decreased by \$3,980 (from \$121,585 to \$117,605) compared to last year. The local transfer to Education in the amount of \$60,962 makes up 52% of total Governmental activities with Public Safety coming in second at 23% of the total.



A detailed explanation of the key components for the revenue and expense changes is outlined on pages 21-22 under the Financial Analysis of the Government’s Funds.

**Business-type activities.** Business-type activities increased the County's net position by \$2,540 compared to an increase of \$2,609 last fiscal year. Each of these businesses is monitored on a regular basis to assure that they are operating as a self-sustaining enterprise.

### Revenues and Expenses – Business-type Activities



**Component Unit – School Board.** The School Board's net position decreased by \$3,930 this fiscal year compared to a decrease of \$4,137 in fiscal year 2016. Key elements of this decrease are as follows:

1. Revenues increased by \$9,464 (from \$134,573 to \$144,037) primarily due to an increase in the grants and contributions not restricted to specific programs (from \$55,512 to \$60,962).
2. Expenses also increased by a total of \$9,257 (from \$138,710 to \$147,967) due to modestly higher operating costs as follows:

Instruction	\$ 6,879
Administration, attendance and health	(607)
Pupil transportation services	216
Operation and maintenance services	2,692
School food services	77
	<hr/>
	\$ 9,257

3. Included in 2017 Expenses listed above are depreciation and amortization totaling \$8,753 which are a non-cash reduction in net position.

### Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$39,268, a decrease of \$5,715 in comparison with the prior year.

Approximately 60 percent of this total amount (\$23,537) constitutes unassigned general fund balance, which is available for spending at the government's discretion. In addition, another 19 percent of this total amount (\$7,312) 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 \$23,537, while total fund balance reached \$27,431. 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 19 percent of total General Fund expenditures, while total fund balance represents 22 percent of that same amount.

The fund balance of the County's General Fund decreased \$2,900 during the current fiscal year compared to an increase of \$2,044 for fiscal year 2016. This \$2,900 decrease is significantly better than the original budget which projected a \$4,711 decrease, and the final budget projecting a \$11,362 decrease. The key factors influencing these results are as follows:

- Total revenues increased by \$5,245 compared to last year. The largest revenue changes were:
  - General property taxes increased \$4,336 primarily due to an increase in the real estate tax rate of 4 cents in June 2017. Other local taxes increased \$267. Local sales and use tax makes up \$219 of the increase due to additional businesses locating to the County.
- Total expenditures increased by \$10,188 compared to last year. Many of the expenditure categories remained relatively flat. The key components with changes were:
  - General government administration increased \$340 compared to the prior fiscal year total of \$5,204.
  - Judicial administration increased \$384 compared to the prior fiscal year total of \$3,773.
  - Public safety increased \$2,425 compared to the prior fiscal year total of \$26,210.
  - Health and social services increased \$364 compared to the prior fiscal year total of \$5,808.
  - Education increased \$5,808 compared to the prior fiscal year increase of \$2,754.
  - Community development increased \$869 compared to prior fiscal year total of \$3,091.

The General Capital Projects Fund has a total fund balance of \$11,601, of which the entire amount is committed to specified future capital outlays or assigned to unspecified future capital outlays. The County had capital outlays of \$4,099 during the current fiscal year which were funded by revenues and the fund balance.

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

Net position of these funds increased \$2,540 this fiscal year to \$43,606. The largest portion of the net position, \$28,127, continues to reflect the County's net investment in capital assets.

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

## **General Fund Budgetary Highlights**

During the year there was a \$7,196, increase in appropriations between the original and final amended budget. The following are the largest components of the increase:

- \$4,485 supplemental appropriation for a transfer to the School Capital Projects Fund for the purchase of radios for school transportation and building renovations at John Wayland Elementary School, Pleasant Valley Elementary School and Dayton Learning Center, and for HVAC repairs.
- \$1,016 supplemental appropriation for public safety on areas to include personnel, vehicles and machinery & equipment.
- \$352 supplemental appropriation for judicial administration for Technology Trust Funds and video equipment for building maintenance and repairs projects.
- \$711 supplemental appropriation for expenses related to children's services programs.
- \$625 supplemental appropriation for community development for grants in regards to economic development.

Total revenues were \$1,123 over the final budgeted amounts and the key factors for this were:

- General property taxes were \$1,897 over the final budget amount. Real property taxes were \$434 over the final budget due to an increase in the real property rate of 4 cents in commercial property values of one commercial tax payer. This is not expected to repeat in fiscal year 2018.
- Other local taxes were \$492 over the final budget amount due to sales and use tax, or being higher due to the improved economy.
- Intergovernmental revenue was \$766 less than budgeted due to the timing of expected grants.

Total expenditures were \$7,320 under the final budgeted amounts and the key factors were:

- The appropriation to the Rockingham County School Board for general operations was less than the final budget by \$3,082. The remaining funds were left unspent at year-end by the School Board in recognition of the need to conserve resources.
- Most of the other expenditure categories were less than the final budget amounts to varying degrees, but primarily due to containment of costs.

## Capital Asset and Debt Administration

**Capital assets.** The County's investment in capital assets for its governmental and business-type activities as of June 30, 2017, amounted to \$108,314 (net of accumulated depreciation and amortization). This investment in capital assets includes land, easements, construction in progress, buildings, improvements, machinery and equipment, and software. The County's investment in capital assets for the current fiscal year increased to \$108,314 compared to \$99,481 last year.

### County of Rockingham, Virginia Summary Statement of Capital Assets June 30, 2017 and 2016

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Non-depreciable assets:						
Land	\$ 3,226	\$ 3,226	\$ 2,449	\$ 2,449	\$ 5,675	\$ 5,675
Easements	-	-	227	227	227	227
Construction in progress	4,778	1,971	4,443	5,255	9,221	7,226
Depreciable capital assets:						
Buildings	49,279	48,508	929	412	50,208	48,920
Improvements	11,774	11,541	77,043	67,848	88,817	79,389
Machinery and equipment	19,378	18,570	5,945	5,469	25,323	24,039
Software	1,803	1,612	44	44	1,847	1,656
Accumulated depreciation and amortization	(39,263)	(36,441)	(33,741)	(31,210)	(73,004)	(67,651)
<b>Capital assets, net</b>	<b>\$ 50,975</b>	<b>\$ 48,987</b>	<b>\$ 57,339</b>	<b>\$ 50,494</b>	<b>\$ 108,314</b>	<b>\$ 99,481</b>

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

- Construction in progress under Governmental Activities of \$2,024 for the Rockingham Park.
- Machinery and equipment under Governmental Activities of \$668 for 120 self-contained breathing apparatuses for firefighters.
- Improvements and construction in progress under Business-type Activities of \$8,080 for new landfill entrance and earthwork for a new landfill cell.
- Improvements under Business-type Activities of \$1,972 for water and sewer lines along Pleasant Valley Road.

**County of Rockingham, Virginia**  
**Summary Statement of Capital Assets (Continued)**  
**June 30, 2017 and 2016**

	Component Units			
	School Board		Harrisonburg-Rockingham Social Services District	
	2017	2016	2017	2016
Non-depreciable assets:				
Land	\$ 5,470	\$ 5,470	\$ 202	\$ -
Easements	37	37	-	-
Construction in progress	5,813	243	-	-
Depreciable capital assets:				
Buildings	176,685	176,685	501	703
Improvements	54,032	52,624	1,929	1,929
Machinery and equipment	40,826	39,332	625	582
Software	49	49	-	-
Accumulated depreciation and amortization	(153,309)	(144,678)	(891)	(763)
<b>Capital assets, net</b>	<b>\$ 129,603</b>	<b>\$ 129,762</b>	<b>\$ 2,366</b>	<b>\$ 2,451</b>

The increase in construction in progress for the component unit School Board of \$5,508 was the renovation of John Wayland Elementary School, Pleasant Valley Elementary School and construction of Rockingham Academy.

The increase in improvements for the component unit School Board was the purchase of \$1,207 for the replacement of chillers in several schools and replacement of bleachers at Spotswood High School.

The increase in machinery and equipment for the component unit School Board was the purchase of \$1,313 for the replacement of 12 passenger buses and 10 other vehicles during the current fiscal year.

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

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



**Long-term obligations.** At the end of the current fiscal year, the County had total net bonded debt outstanding of \$64,261. All general obligation bonds issued by the County are for educational purposes, primarily for the construction of school facilities.

**County of Rockingham, Virginia**  
**Summary Statement of Long-Term Obligations**  
**June 30, 2017 and 2016**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$ 61,627	\$ 67,585	\$ -	\$ -	\$ 61,627	\$ 67,585
Unamortized premiums	2,634	2,888	3,118	2,003	5,752	4,891
Capital leases	12,283	14,133	-	-	12,283	14,133
Note payable	7,827	8,714	-	-	7,827	8,714
Revenue bonds	-	-	26,594	18,380	26,594	18,380
Landfill obligation	-	-	10,833	9,699	10,833	9,699
Compensated absences	910	760	197	180	1,107	940
Net pension liability	13,902	10,556	872	658	14,774	11,214
Other postemployment benefits	2,253	2,054	270	242	2,523	2,296
	<u>\$ 101,436</u>	<u>\$ 106,690</u>	<u>\$ 41,884</u>	<u>\$ 31,162</u>	<u>\$ 143,320</u>	<u>\$ 137,852</u>

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

The ratio of net bonded debt to assessed valuation and the amount of bonded debt per capita are useful indicators of the County's debt position to management, citizens, and investors. Data for the County at the end of the 2017 fiscal year is presented as actual amounts as follows:

Estimated Population	Assessed Valuation of All Taxable Property	Net Bonded Debt	Ratio of Debt to Assessed Valuation	Net Bonded Debt per Capita
79,735	\$ 9,360,695,786	\$ 62,260,913	0.0067	\$ 781

More detailed information about the County's long-term obligations is presented in Note 7 of the financial statements.

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

- The unemployment rate for August 2017 in Rockingham County was 3.9 percent, which is slightly higher than the 3.4 percent rate a year ago. This compares close to the Virginia statewide unemployment rate of 3.8 percent and the United States national average of 4.2 percent.
- Fiscal year 2018 General Fund Revenue is budgeted to increase 6.3 percent to \$130,580 in comparison to the fiscal year 2017 Amended Budget of \$122,842.
- 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 2018 General Fund Expenditures are budgeted to decrease in 2.1 percent to \$130,580 in comparison to the fiscal year 2017 Amended Budget of \$133,385.
- The unassigned fund balance in the General Fund at fiscal year-end was \$23,620. The County has appropriated \$2,960 of this amount for spending in the fiscal year 2018 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 2018.

### **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 POSITION

June 30, 2017

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Totals	School Board	Harrisonburg- Rockingham Social Services District	Nonmajor Discretely Presented
<b>ASSETS</b>						
Cash and cash equivalents	\$ 21,070,105	\$ 9,295,983	\$ 30,366,088	\$ 12,319,729	\$ 2,001,085	\$ 46,850
Investments	18,350,227	7,888,102	26,238,329	8,682,006	1,838,747	2,724
Receivables, net:						
Property taxes	3,573,156	-	3,573,156	-	-	-
Utility taxes	168,080	-	168,080	-	-	-
Trade and other accounts	898,118	1,253,478	2,151,596	258,553	23,098	3,019
Accrued interest	116,715	60,558	177,273	31,648	11,630	-
Due from other governments	9,013,297	-	9,013,297	5,790,105	4,037,186	-
Internal balances	223,472	(223,472)	-	-	-	-
Prepaid items	529,676	79,517	609,193	3,597,042	155,226	-
Inventory	37,632	176,453	214,085	162,061	-	-
Restricted cash	-	10,566,691	10,566,691	-	-	-
Investment in Harrisonburg-Rockingham Social Services District	4,766,217	-	4,766,217	-	-	-
Capital assets, net of accumulated depreciation and amortization:						
Land	3,225,766	2,449,023	5,674,789	5,469,535	202,036	-
Easements	-	227,156	227,156	36,654	-	-
Buildings	49,279,517	929,335	50,208,852	176,685,780	500,979	-
Improvements other than buildings	11,774,542	77,043,044	88,817,586	54,031,695	1,929,189	-
Machinery and equipment	19,377,964	5,945,181	25,323,145	40,826,316	624,956	-
Software	1,802,762	44,004	1,846,766	49,407	-	-
Construction in progress	4,777,700	4,442,583	9,220,283	5,813,081	-	-
Less: accumulated depreciation and amortization	(39,263,250)	(33,740,772)	(73,004,022)	(153,309,347)	(890,844)	-
<b>Total assets</b>	<b>109,721,696</b>	<b>86,436,864</b>	<b>196,158,560</b>	<b>160,444,265</b>	<b>10,433,288</b>	<b>52,593</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred charge on refunding	-	499,726	499,726	-	-	-
Pension plan	3,991,937	356,357	4,348,294	18,223,469	1,133,373	-
<b>Total deferred outflows of resources</b>	<b>3,991,937</b>	<b>856,083</b>	<b>4,848,020</b>	<b>18,223,469</b>	<b>1,133,373</b>	<b>-</b>

<b>LIABILITIES</b>						
Accounts payable	1,241,775	1,460,446	2,702,221	4,853,796	1,084,376	-
Accrued payroll	1,040,571	102,466	1,143,037	17,727,133	264,364	-
Accrued liabilities	395,350	-	395,350	-	-	-
Accrued interest	1,529,741	225,687	1,755,428	-	-	-
Unearned revenue	2,932,871	-	2,932,871	1,722,797	-	-
Insurance and benefit claims	519,162	-	519,162	1,557,487	-	-
Due to other governments	-	-	-	200,000	-	-
Noncurrent liabilities:						
Due within one year:						
Bonds payable	5,105,034	1,778,061	6,883,095	-	-	-
Capital leases	1,870,938	-	1,870,938	-	-	-
Note payable	906,453	-	906,453	-	-	-
Compensated absences	612,199	111,940	724,139	2,373,070	27,845	-
Due in more than one year:						
Bonds payable, net	59,155,879	27,933,479	87,089,358	-	-	-
Capital leases	10,411,515	-	10,411,515	-	-	-
Note payable	6,920,499	-	6,920,499	-	-	-
Landfill obligation	-	10,833,464	10,833,464	-	-	-
Compensated absences	298,125	85,103	383,228	914,778	15,658	-
Net pension liability	13,902,280	872,531	14,774,811	117,768,632	2,751,524	-
Other postemployment benefits	2,253,167	269,571	2,522,738	9,339,622	592,748	-
<b>Total liabilities</b>	<b>109,095,559</b>	<b>43,672,748</b>	<b>152,768,307</b>	<b>156,457,315</b>	<b>4,736,515</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pension plan	223,912	14,054	237,966	4,426,036	44,316	-
<b>NET POSITION</b>						
Net investment in capital assets	38,692,548	28,127,740	66,820,288	129,603,121	2,366,316	-
Restricted:						
Nonexpendable minority interest	-	-	-	-	2,019,613	-
Capital projects	-	10,566,691	10,566,691	-	-	-
Judicial administration	94,509	-	94,509	-	-	-
Public safety	140,599	-	140,599	-	-	-
Unrestricted (deficit)	(34,533,494)	4,911,714	(29,621,780)	(111,818,738)	2,399,901	52,593
<b>Total net position</b>	<b>\$ 4,394,162</b>	<b>\$ 43,606,145</b>	<b>\$ 48,000,307</b>	<b>\$ 17,784,383</b>	<b>\$ 6,785,830</b>	<b>\$ 52,593</b>

# COUNTY OF ROCKINGHAM, VIRGINIA

## STATEMENT OF ACTIVITIES Year Ended June 30, 2017

					Net (Expense) Revenue and Changes in Net Position				
								Component Units	
					Primary Government			Harrisonburg-Rockingham	Nonmajor
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals	School Board	Discretely Presented
<b>Primary Government:</b>									
Governmental activities:									
General government administration	\$ 5,932,529	\$ 1,768	\$ 426,233	\$ -	\$ (5,504,528)	\$ -	\$ (5,504,528)	\$ -	\$ -
Judicial administration	4,107,387	1,304,471	2,349,172	-	(453,744)	-	(453,744)	-	-
Public safety	27,123,823	7,298,651	7,630,019	-	(12,195,153)	-	(12,195,153)	-	-
Public works	3,365,230	1,085,426	-	306,062	(1,973,742)	-	(1,973,742)	-	-
Health and social services	5,786,160	18,565	237,994	-	(5,529,601)	-	(5,529,601)	-	-
Education	60,961,694	-	-	-	(60,961,694)	-	(60,961,694)	-	-
Parks, recreation and cultural	2,433,990	863,175	-	-	(1,570,815)	-	(1,570,815)	-	-
Community development	4,744,578	1,855	254,000	-	(4,488,723)	-	(4,488,723)	-	-
Interest	3,148,719	-	-	-	(3,148,719)	-	(3,148,719)	-	-
<b>Total governmental activities</b>	<b>117,604,110</b>	<b>10,573,911</b>	<b>10,897,418</b>	<b>306,062</b>	<b>(95,826,719)</b>	<b>-</b>	<b>(95,826,719)</b>	<b>-</b>	<b>-</b>
Business-type activities:									
Water and sewer	7,160,783	6,837,014	2,168,073	-	-	1,844,304	1,844,304	-	-
Solid waste	6,026,658	5,764,198	23,830	-	-	(238,630)	(238,630)	-	-
<b>Total business-type activities</b>	<b>13,187,441</b>	<b>12,601,212</b>	<b>2,191,903</b>	<b>-</b>	<b>-</b>	<b>1,605,674</b>	<b>1,605,674</b>	<b>-</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 130,791,551</b>	<b>\$ 23,175,123</b>	<b>\$ 13,089,321</b>	<b>\$ 306,062</b>	<b>(95,826,719)</b>	<b>1,605,674</b>	<b>(94,221,045)</b>	<b>-</b>	<b>-</b>
<b>Component Units:</b>									
Rockingham County School Board:									
Education:									
Instruction	\$ 113,232,867	\$ 3,602,360	\$ 73,217,551	\$ 175,791	-	-	-	(36,237,165)	-
Administration, attendance and health	5,824,903	-	-	-	-	-	-	(5,824,903)	-
Pupil transportation services	9,555,551	-	-	-	-	-	-	(9,555,551)	-
Operation and maintenance services	14,110,378	-	-	-	-	-	-	(14,110,378)	-
School food services	5,243,049	1,994,181	3,421,109	-	-	-	-	172,241	-
<b>Total school board</b>	<b>147,966,748</b>	<b>5,596,541</b>	<b>76,638,660</b>	<b>175,791</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(65,555,756)</b>	<b>-</b>

Harrisonburg-Rockingham Social

Services District:

Social Services:

Public assistance	6,816,763	-	4,961,568	-	-	-	-	-	(1,855,195)	-
Children's services	9,573,881	-	5,215,483	-	-	-	-	-	(4,358,398)	-
Administration:										
Welfare	7,642,598	-	6,868,035	-	-	-	-	-	(774,563)	-
VJCCA	87,171	-	83,534	-	-	-	-	-	(3,637)	-

<b>Total social services district</b>	<b>24,120,413</b>	<b>-</b>	<b>17,128,620</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,991,793)</b>	<b>-</b>
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Economic Development Authority:

Economic development	1,416,948	10,000	-	1,412,058	-	-	-	-	-	5,110
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Rockingham County Recreation Foundation:

Parks and recreation	29,580	-	-	-	-	-	-	-	-	(29,580)
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<b>Total component units</b>	<b>\$ 173,533,689</b>	<b>\$ 5,606,541</b>	<b>\$ 93,767,280</b>	<b>\$ 1,587,849</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(65,555,756)</b>	<b>(6,991,793)</b>	<b>(24,470)</b>
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General Revenues:

Taxes:

General property taxes	81,433,734	-	81,433,734	-	-	-
Other local taxes:						
Local sales and use	6,324,892	-	6,324,892	-	-	-
Consumer utility	1,058,481	-	1,058,481	-	-	-
Motor vehicle licenses	1,278,070	-	1,278,070	-	-	-
Food and beverage	1,155,637	-	1,155,637	-	-	-
Other	1,666,630	-	1,666,630	-	-	-
Grants and contributions not restricted to specific programs	-	-	-	60,961,694	8,091,663	-
Intergovernmental, non-categorical aid	8,050,669	-	8,050,669	77,475	-	-
Use of money and property	1,133,428	171,908	1,305,336	44,232	32,086	37
Miscellaneous	627,835	762,982	1,390,817	542,927	50,286	73,221

<b>Total general revenues</b>	<b>102,729,376</b>	<b>934,890</b>	<b>103,664,266</b>	<b>61,626,328</b>	<b>8,174,035</b>	<b>73,258</b>
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<b>Change in net position</b>	<b>6,902,657</b>	<b>2,540,564</b>	<b>9,443,221</b>	<b>(3,929,428)</b>	<b>1,182,242</b>	<b>48,788</b>
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Net position, beginning	(2,508,495)	41,065,581	38,557,086	21,713,811	5,603,588	3,805
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Net position, ending	<u>\$ 4,394,162</u>	<u>\$ 43,606,145</u>	<u>\$ 48,000,307</u>	<u>\$ 17,784,383</u>	<u>\$ 6,785,830</u>	<u>\$ 52,593</u>
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# COUNTY OF ROCKINGHAM, VIRGINIA

## BALANCE SHEET GOVERNMENTAL FUNDS June 30, 2017

	General	General Capital Projects	Nonmajor Governmental Fund - Asset Forfeiture	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 12,683,469	\$ 6,559,030	\$ 200,313	\$ 19,442,812
Investments	9,471,883	5,565,308	169,963	15,207,154
Receivables, net:				
Property taxes	3,573,156	-	-	3,573,156
Utility taxes	168,080	-	-	168,080
Trade and other accounts	878,633	14,230	-	892,863
Accrued interest	71,656	35,477	1,061	108,194
Due from other governments	4,046,407	279,671	-	4,326,078
Prepaid items	529,676	-	-	529,676
Inventory	31,992	-	-	31,992
Advance to other funds	223,472	-	-	223,472
Investment in Harrisonburg-Rockingham Social Services District	3,026,483	-	-	3,026,483
<b>Total assets</b>	<b>\$ 34,704,907</b>	<b>\$ 12,453,716</b>	<b>\$ 371,337</b>	<b>\$ 47,529,960</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 758,189	\$ 462,509	\$ 1,394	\$ 1,222,092
Accrued payroll	1,039,262	-	1,309	1,040,571
Accrued liabilities	-	389,998	-	389,998
Unearned revenue	2,225,079	-	133,526	2,358,605
<b>Total liabilities</b>	<b>4,022,530</b>	<b>852,507</b>	<b>136,229</b>	<b>5,011,266</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	3,251,189	-	-	3,251,189
<b>Total deferred inflows of resources</b>	<b>3,251,189</b>	<b>-</b>	<b>-</b>	<b>3,251,189</b>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid items	529,676	-	-	529,676
Inventory	31,992	-	-	31,992
Advance to other funds	223,472	-	-	223,472
Restricted for:				
Harrisonburg-Rockingham Social Services District	3,026,483	-	-	3,026,483
Judicial administration	-	-	94,509	94,509
Public safety	-	-	140,599	140,599
Committed to:				
General government administration	30,000	-	-	30,000
Public safety	52,374	-	-	52,374
Parks, recreation and cultural	-	4,288,809	-	4,288,809
Assigned to:				
Capital outlay	-	7,312,400	-	7,312,400
Unassigned:				
General fund	23,537,191	-	-	23,537,191
<b>Total fund balances</b>	<b>27,431,188</b>	<b>11,601,209</b>	<b>235,108</b>	<b>39,267,505</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 34,704,907</b>	<b>\$ 12,453,716</b>	<b>\$ 371,337</b>	<b>\$ 47,529,960</b>



# COUNTY OF ROCKINGHAM, VIRGINIA

## RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION June 30, 2017

	Governmental Funds
Total fund balances - total governmental funds	\$ 39,267,505
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	
Governmental capital assets	\$ 90,238,251
Less accumulated depreciation and amortization	<u>(39,263,250)</u>
Net capital assets	50,975,001
Unearned revenue represents amounts that were not available to fund current expenditures and, therefore, is not reported as revenue in the governmental funds.	3,251,189
Other assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
Investment in Harrisonburg-Rockingham Social Services District	1,739,734
Deferred outflows of resources - pension plan represent a consumption of net position that applies to a future period and are not recognized as deferred outflows of resources in the governmental funds.	3,991,937
Internal service funds are used by management to charge the costs of goods provided to other departments or funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.	3,676,671
Long-term due from other government - pension	4,112,116
Long-term due from other government - other postemployment benefits	575,103
Long-term liabilities, including bonds payable, are not due and payable in the funds.	
General obligation bonds, including unamortized premiums	(64,260,913)
Capital leases	(12,282,453)
Note payable	(7,826,952)
Compensated absences	(910,324)
Arbitrage payable	(5,352)
Interest payable	(1,529,741)
Other postemployment benefits	(2,253,167)
Net pension liability	<u>(13,902,280)</u>
	(102,971,182)
Deferred inflows of resources - pension plan represent an acquisition of net position that applies to a future period and are not recognized as deferred inflows of resources in the governmental funds.	<u>(223,912)</u>
<b>Net position of governmental activities</b>	<b><u>\$ 4,394,162</u></b>

# COUNTY OF ROCKINGHAM, VIRGINIA

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS Year Ended June 30, 2017

	General	General Capital Projects	Nonmajor Governmental Fund - Asset Forfeiture	Total Governmental Funds
Revenues:				
General property taxes	\$ 81,459,657	\$ -	\$ -	\$ 81,459,657
Other local taxes	11,483,710	-	-	11,483,710
Permits, privilege fees and regulatory licenses	1,730,059	-	-	1,730,059
Fines and forfeitures	160,451	-	79,945	240,396
Use of money and property	1,013,002	96,344	2,150	1,111,496
Charges for services	3,645,601	-	-	3,645,601
Miscellaneous	586,349	41,486	-	627,835
Recovered costs	4,957,855	-	-	4,957,855
Intergovernmental	18,928,268	306,062	19,819	19,254,149
<b>Total revenues</b>	<b>123,964,952</b>	<b>443,892</b>	<b>101,914</b>	<b>124,510,758</b>
Expenditures:				
Current:				
General government administration	5,543,460	-	-	5,543,460
Judicial administration	4,156,703	-	31,287	4,187,990
Public safety	28,634,443	-	31,319	28,665,762
Public works	3,108,156	-	-	3,108,156
Health and social services	6,171,569	-	-	6,171,569
Education	60,756,694	205,000	-	60,961,694
Parks, recreation and cultural	2,365,854	-	-	2,365,854
Community development	3,959,791	-	-	3,959,791
Capital outlay	-	3,894,304	-	3,894,304
Debt service:				
Principal	7,809,066	-	-	7,809,066
Interest and fiscal charges	3,558,960	-	-	3,558,960
<b>Total expenditures</b>	<b>126,064,696</b>	<b>4,099,304</b>	<b>62,606</b>	<b>130,226,606</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(2,099,744)</b>	<b>(3,655,412)</b>	<b>39,308</b>	<b>(5,715,848)</b>
Other financing sources (uses):				
Transfers in	-	800,000	-	800,000
Transfers out	(800,000)	-	-	(800,000)
<b>Other financing sources (uses), net</b>	<b>(800,000)</b>	<b>800,000</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(2,899,744)</b>	<b>(2,855,412)</b>	<b>39,308</b>	<b>(5,715,848)</b>
Fund balance, beginning	30,330,932	14,456,621	195,800	44,983,353
Fund balance, ending	\$ 27,431,188	\$ 11,601,209	\$ 235,108	\$ 39,267,505

# 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, 2017

		Governmental Funds
Net change in fund balances - total governmental funds		\$ (5,715,848)
Reconciliation of amounts reported for governmental activities in the Statement of Activities:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlays exceeded depreciation and amortization in the current period.		
Expenditures for capital assets	\$ 5,626,572	
Less depreciation and amortization expense	(3,556,170)	
Excess of capital outlays over depreciation and amortization		2,070,402
The net effect of miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to decrease net position.		(82,452)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Unearned revenue	(25,923)	
Investment in Harrisonburg-Rockingham Social Services District	428,607	
Due from other government - pension	1,048,587	
Long-term due from other government - other postemployment benefits	52,736	
		1,504,007
Deferred outflows of resources - pension plan contributions subsequent to measurement date		(422,032)
The issuance of long-term debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Principal repayments:		
General obligation debt	7,809,066	
Note payable - payment recorded in public safety	887,201	
		8,696,267
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Accrued interest	157,323	
Compensated absences	(150,085)	
Arbitrage	(213)	
Other postemployment benefits	(198,687)	
Amortization of premium	253,131	
Pension expense	450,318	
		511,787
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net income of the internal service funds are reported with governmental activities.		
Total revenues	6,989,146	
Total expenses	(6,648,620)	
		340,526
<b>Change in net position of governmental activities</b>		<b>\$ 6,902,657</b>

# COUNTY OF ROCKINGHAM, VIRGINIA

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND Year Ended June 30, 2017

	General Fund				Variance with Final Budget Over (Under)
	Budgeted Amounts		Actual		
	Original	Final	Amounts		
Revenues:					
General property taxes	\$ 79,562,500	\$ 79,562,500	\$ 81,459,657	\$	1,897,157
Other local taxes	10,991,300	10,991,300	11,483,710		492,410
Permits, privilege fees and regulatory licenses	1,310,230	1,310,230	1,730,059		419,829
Fines and forfeitures	111,500	111,500	160,451		48,951
Use of money and property	1,483,502	1,483,502	1,013,002		(470,500)
Charges for services	3,916,607	3,925,107	3,645,601		(279,506)
Miscellaneous	272,822	329,922	586,349		256,427
Recovered costs	5,396,243	5,433,915	4,957,855		(476,060)
Intergovernmental	18,451,804	19,693,894	18,928,268		(765,626)
<b>Total revenues</b>	121,496,508	122,841,870	123,964,952		1,123,082
Expenditures:					
Current:					
General government administration	5,821,820	5,828,720	5,543,460		(285,260)
Judicial administration	3,953,594	4,306,460	4,156,703		(149,757)
Public safety	29,168,741	30,184,647	28,634,443		(1,550,204)
Public works	4,190,039	4,190,039	3,108,156		(1,081,883)
Health and social services	5,870,326	6,581,474	6,171,569		(409,905)
Education	59,353,791	63,839,053	60,756,694		(3,082,359)
Parks, recreation and cultural	2,407,827	2,407,827	2,365,854		(41,973)
Community development	3,926,553	4,551,401	3,959,791		(591,610)
Debt service:					
Principal	7,929,176	7,929,176	7,809,066		(120,110)
Interest and fiscal charges	3,566,288	3,566,288	3,558,960		(7,328)
<b>Total expenditures</b>	126,188,155	133,385,085	126,064,696		(7,320,389)
<b>Deficiency of revenues under expenditures</b>	(4,691,647)	(10,543,215)	(2,099,744)		8,443,471
Other financing uses:					
Transfers out	(18,958)	(818,958)	(800,000)		18,958
<b>Total other financing uses</b>	(18,958)	(818,958)	(800,000)		18,958
<b>Net change in fund balance</b>	(4,710,605)	(11,362,173)	(2,899,744)		8,462,429
Fund balance, beginning	4,710,605	11,362,173	30,330,932		18,968,759
Fund balance, ending	\$ -	\$ -	\$ 27,431,188	\$	27,431,188

# COUNTY OF ROCKINGHAM, VIRGINIA

## STATEMENT OF NET POSITION PROPRIETARY FUNDS June 30, 2017

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water and Sewer	Smith Creek Water & Waste Authority	Solid Waste	Nonmajor Proprietary Funds	Totals	
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 6,307,986	\$ -	\$ 2,929,103	\$ 58,894	\$ 9,295,983	\$ 6,485,533
Investments	5,352,299	-	2,485,831	49,972	7,888,102	5,502,947
Trade and other accounts receivable	654,174	39,693	552,750	6,861	1,253,478	8,326
Accrued interest	33,146	-	27,106	306	60,558	34,083
Prepaid items	29,410	-	50,107	-	79,517	-
Inventory	176,453	-	-	-	176,453	5,640
Restricted cash	-	-	10,566,691	-	10,566,691	-
<b>Total current assets</b>	<b>12,553,468</b>	<b>39,693</b>	<b>16,611,588</b>	<b>116,033</b>	<b>29,320,782</b>	<b>12,036,529</b>
Noncurrent assets:						
Capital assets:						
Land	262,198	-	2,166,225	20,600	2,449,023	-
Easements	206,525	-	-	20,631	227,156	-
Buildings	12,995	-	916,340	-	929,335	-
Improvements other than buildings	41,649,206	6,616,233	26,754,684	2,022,921	77,043,044	-
Machinery and equipment	1,316,642	361,546	4,232,631	34,362	5,945,181	-
Software	-	-	44,004	-	44,004	-
Construction in progress	326,554	-	4,116,029	-	4,442,583	-
Less accumulated depreciation and amortization	(14,654,936)	(2,104,582)	(16,525,078)	(456,176)	(33,740,772)	-
<b>Total capital assets, net of accumulated depreciation and amortization</b>	<b>29,119,184</b>	<b>4,873,197</b>	<b>21,704,835</b>	<b>1,642,338</b>	<b>57,339,554</b>	<b>-</b>
<b>Total noncurrent assets</b>	<b>29,119,184</b>	<b>4,873,197</b>	<b>21,704,835</b>	<b>1,642,338</b>	<b>57,339,554</b>	<b>-</b>
<b>Total assets</b>	<b>41,672,652</b>	<b>4,912,890</b>	<b>38,316,423</b>	<b>1,758,371</b>	<b>86,660,336</b>	<b>12,036,529</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred charge on refunding	499,726	-	-	-	499,726	-
Pension plan	166,974	-	189,383	-	356,357	-
<b>Total deferred outflows of resources</b>	<b>666,700</b>	<b>-</b>	<b>189,383</b>	<b>-</b>	<b>856,083</b>	<b>-</b>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable and deposits	250,692	14,140	1,192,942	2,672	1,460,446	77,133
Compensated absences	51,147	-	60,793	-	111,940	-
Accrued payroll	45,482	-	56,984	-	102,466	-
Accrued interest	110,261	17,222	89,705	8,499	225,687	-
Advance from other funds	-	98,867	-	124,605	223,472	-
Unearned revenue	-	-	-	-	-	2,297,063
Insurance and benefit claims	-	-	-	-	-	2,076,649
Revenue bonds	610,000	193,305	925,000	49,756	1,778,061	-
<b>Total current liabilities</b>	<b>1,067,582</b>	<b>323,534</b>	<b>2,325,424</b>	<b>185,532</b>	<b>3,902,072</b>	<b>4,450,845</b>
Noncurrent liabilities:						
Compensated absences	39,604	-	45,499	-	85,103	-
Other postemployment benefits	119,085	-	150,486	-	269,571	-
Revenue bonds	10,564,565	1,430,262	15,363,289	575,363	27,933,479	-
Net pension liability	422,978	-	449,553	-	872,531	-
Landfill obligation	-	-	10,833,464	-	10,833,464	-
<b>Total noncurrent liabilities</b>	<b>11,146,232</b>	<b>1,430,262</b>	<b>26,842,291</b>	<b>575,363</b>	<b>39,994,148</b>	<b>-</b>
<b>Total liabilities</b>	<b>12,213,814</b>	<b>1,753,796</b>	<b>29,167,715</b>	<b>760,895</b>	<b>43,896,220</b>	<b>4,450,845</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pension plan	6,813	-	7,241	-	14,054	-
<b>NET POSITION</b>						
Net investment in capital assets	18,444,345	3,249,630	5,416,546	1,017,219	28,127,740	-
Restricted	-	-	10,566,691	-	10,566,691	-
Unrestricted (deficit)	11,674,380	(90,536)	(6,652,387)	(19,743)	4,911,714	7,585,684
<b>Total net position</b>	<b>\$ 30,118,725</b>	<b>\$ 3,159,094</b>	<b>\$ 9,330,850</b>	<b>\$ 997,476</b>	<b>\$ 43,606,145</b>	<b>\$ 7,585,684</b>

# COUNTY OF ROCKINGHAM, VIRGINIA

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUNDS Year Ended June 30, 2017

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water and Sewer	Smith Creek Water & Waste Authority	Solid Waste	Nonmajor Proprietary Funds	Totals	
Operating revenues:						
Charges for services	\$ 6,321,788	\$ 300,770	\$ 5,764,198	\$ 55,279	\$ 12,442,035	\$ 27,740,744
Sale of processed gas	-	-	497,732	-	497,732	-
Connection fees	151,557	7,620	-	-	159,177	-
Other revenue	160,595	150	104,452	53	265,250	-
<b>Total operating revenues</b>	<b>6,633,940</b>	<b>308,540</b>	<b>6,366,382</b>	<b>55,332</b>	<b>13,364,194</b>	<b>27,740,744</b>
Operating expenses:						
Personal services	870,578	-	1,096,824	-	1,967,402	-
Fringe benefits	357,037	-	423,285	-	780,322	-
Contractual services	418,309	79,313	882,617	10,021	1,390,260	2,696,527
Regional Sewer Authority assessment:						
Operations and maintenance	1,107,402	-	-	-	1,107,402	-
Debt service	1,576,441	-	-	-	1,576,441	-
Risk financing and benefit payments	-	-	-	-	-	23,745,763
Internal services	67,102	-	35,786	-	102,888	-
Electrical services	320,147	11,923	60,356	-	392,426	-
Repairs and maintenance	-	-	216,227	-	216,227	-
Landfill closure	-	-	1,133,978	-	1,133,978	-
Other charges	567,913	112,993	383,892	17,553	1,082,351	38,048
Loss on disposal of capital assets	41,311	-	87,171	-	128,482	-
Depreciation and amortization	1,001,904	138,907	1,585,507	42,229	2,768,547	-
<b>Total operating expenses</b>	<b>6,328,144</b>	<b>343,136</b>	<b>5,905,643</b>	<b>69,803</b>	<b>12,646,726</b>	<b>26,480,338</b>
<b>Operating income (loss)</b>	<b>305,796</b>	<b>(34,596)</b>	<b>460,739</b>	<b>(14,471)</b>	<b>717,468</b>	<b>1,260,406</b>
Nonoperating revenues (expenses):						
Connection availability fees	2,013,543	144,780	-	-	2,158,323	-
Intergovernmental	9,750	-	23,830	-	33,580	-
Interest revenue	86,609	-	82,866	2,433	171,908	87,727
Interest expense	(352,156)	(47,242)	(121,015)	(20,302)	(540,715)	-
<b>Total nonoperating revenues (expenses), net</b>	<b>1,757,746</b>	<b>97,538</b>	<b>(14,319)</b>	<b>(17,869)</b>	<b>1,823,096</b>	<b>87,727</b>
<b>Change in net position</b>	<b>2,063,542</b>	<b>62,942</b>	<b>446,420</b>	<b>(32,340)</b>	<b>2,540,564</b>	<b>1,348,133</b>
Total net position, beginning	28,055,183	3,096,152	8,884,430	1,029,816	41,065,581	6,237,551
Total net position, ending	\$ 30,118,725	\$ 3,159,094	\$ 9,330,850	\$ 997,476	\$ 43,606,145	\$ 7,585,684

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**Year Ended June 30, 2017**

	Business-type Activities - Enterprise Funds					Governmental Activity - Internal Service Funds
	Water and Sewer	Smith Creek Water & Waste Authority	Solid Waste	Nonmajor Proprietary Funds	Totals	
Cash flows from operating activities:						
Receipts from interfund services provided	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,893,834
Receipts from customers	6,387,106	294,793	5,725,689	65,602	12,473,190	-
Claims and benefits paid	-	-	-	-	-	(24,185,917)
Payments to suppliers for goods and services	(4,240,264)	(204,813)	(2,168,626)	(27,343)	(6,641,046)	(3,270,791)
Payments to employees for services	(1,236,956)	-	(1,550,708)	-	(2,787,664)	-
Internal activity - payments to other funds	(67,102)	-	(35,786)	-	(102,888)	-
Other receipts, net	160,595	150	602,184	53	762,982	-
<b>Net cash provided by operating activities</b>	<b>1,003,379</b>	<b>90,130</b>	<b>2,572,753</b>	<b>38,312</b>	<b>3,704,574</b>	<b>437,126</b>
Cash flows from noncapital financing activities:						
Intergovernmental - grants	9,750	-	23,830	-	33,580	-
<b>Net cash provided by noncapital financing activities</b>	<b>9,750</b>	<b>-</b>	<b>23,830</b>	<b>-</b>	<b>33,580</b>	<b>-</b>
Cash flows from capital and related financing activities:						
Advance from other funds	-	2,145	-	17,151	19,296	-
Connection availability fees	2,013,543	144,780	-	-	2,158,323	-
Proceeds from issuance of bond	-	-	9,845,000	-	9,845,000	-
Premium on issuance of bond	-	-	1,272,191	-	1,272,191	-
Principal paid on bonds	(585,000)	(187,858)	(810,000)	(48,331)	(1,631,189)	-
Interest paid and fiscal charges on outstanding debt	(387,667)	(49,197)	(142,265)	(21,020)	(600,149)	-
Deferred charge on refunding	-	-	-	-	-	-
Acquisition and construction of capital assets	(458,124)	-	(8,303,884)	-	(8,762,008)	-
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>582,752</b>	<b>(90,130)</b>	<b>1,861,042</b>	<b>(52,200)</b>	<b>2,301,464</b>	<b>-</b>
Cash flows from investing activities:						
Proceeds on sale of investments, net	3,725,448	-	4,325,848	70,323	8,121,619	5,964,345
Interest received on investment securities	78,249	-	74,872	2,459	155,580	84,062
<b>Net cash provided by investing activities</b>	<b>3,803,697</b>	<b>-</b>	<b>4,400,720</b>	<b>72,782</b>	<b>8,277,199</b>	<b>6,048,407</b>
<b>Net change in cash and cash equivalents</b>	<b>5,399,578</b>	<b>-</b>	<b>8,858,345</b>	<b>58,894</b>	<b>14,316,817</b>	<b>6,485,533</b>
Cash and cash equivalents:						
Beginning	908,408	-	4,637,449	-	5,545,857	-
Ending	\$ 6,307,986	\$ -	\$ 13,495,794	\$ 58,894	\$ 19,862,674	\$ 6,485,533

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**Year Ended June 30, 2017**

	Business-type Activities - Enterprise Funds					Governmental Activity - Internal Service Funds
	Water and Sewer	Smith Creek Water & Waste Authority	Solid Waste	Nonmajor Proprietary Funds	Totals	
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ 305,796	\$ (34,596)	\$ 460,739	\$ (14,471)	\$ 717,468	\$ 1,260,406
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation and amortization	1,001,904	138,907	1,585,507	42,229	2,768,547	-
Pension expense	(26,243)	-	(49,759)	-	(76,002)	-
Loss on disposal of assets	41,311	-	87,171	-	128,482	-
Change in assets and liabilities:						
Decrease (increase) in:						
Accounts receivable	(86,239)	(13,597)	(38,509)	10,323	(128,022)	(4,569)
Prepaid items	(7,144)	-	(6,567)	-	(13,711)	-
Inventory	(45,234)	-	-	-	(45,234)	(126)
Increase (decrease) in:						
Accounts payable and deposits	(197,674)	(584)	(618,967)	231	(816,994)	(536,090)
Accrued liabilities	26,527	-	35,272	-	61,799	-
Unearned revenue	-	-	-	-	-	157,659
Insurance and benefit claims	-	-	-	-	-	(440,154)
Deferred outflows	(9,625)	-	(16,112)	-	(25,737)	-
Landfill obligation	-	-	1,133,978	-	1,133,978	-
<b>Net cash provided by operating activities</b>	<b>\$ 1,003,379</b>	<b>\$ 90,130</b>	<b>\$ 2,572,753</b>	<b>\$ 38,312</b>	<b>\$ 3,704,574</b>	<b>\$ 437,126</b>
Schedule of noncash capital and related financing activities:						
Capital assets acquired through incurrence of accounts payable	\$ 76,457	\$ -	\$ 904,105	\$ -	\$ 980,562	\$ -



**COUNTY OF ROCKINGHAM, VIRGINIA**

**STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
June 30, 2017**

	Agency Funds
<hr/>	
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,360,467
Accounts receivable	<u>160,123</u>
<b>Total assets</b>	<u><u>\$ 1,520,590</u></u>
<b>LIABILITIES</b>	
Accounts payable	<u>\$ 1,520,590</u>
<b>Total liabilities</b>	<u><u>\$ 1,520,590</u></u>

# 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.

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

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

#### A. Reporting Entity

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

#### *Blended Component Units:*

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

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

# COUNTY OF ROCKINGHAM, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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

#### A. Reporting Entity (Continued)

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

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

##### 1) School Board

The School Board is responsible for elementary and secondary education within the County's jurisdiction and is elected by the voters of the County. The School Board is fiscally dependent upon the government because the County's Board of Supervisors approves the School Board's budget, levies taxes and must approve any debt issuances of the School Board. School Board related debt, including leases, is expected to be repaid entirely or almost entirely with the resources of the primary government. The School Board is presented as a governmental fund type and consists of three special revenue funds and one capital projects fund which include the following:

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

School Cafeteria Fund accounts for the centralized school cafeteria operations.

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

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

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

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

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

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

Massanutten Technical Center  
325 Pleasant Valley Road  
Harrisonburg, Virginia 22801

# COUNTY OF ROCKINGHAM, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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

#### A. Reporting Entity (Continued)

##### *Discretely Presented Component Units: (Continued)*

#### 2) Harrisonburg-Rockingham Social Services District

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

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

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

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

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

#### 1) Economic Development Authority

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

# COUNTY OF ROCKINGHAM, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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

#### A. Reporting Entity (Continued)

##### *Discretely Presented Component Units:* (Continued)

##### 1) Economic Development Authority (Continued)

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

The Authority is reported as a discretely presented component unit because the voting majority of the Authority's governing body is appointed by the Board of Supervisors and there is a benefit and burden relationship. The Authority is fiscally dependent on the County. The Authority does not issue separate financial statements but is included in the County's financial statements for fiscal year ended June 30, 2017 as a discretely presented component unit.

##### 2) Rockingham County Recreation Foundation

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

The Foundation is reported as a discretely presented component unit because the voting majority of the Foundation's governing body is appointed by the Board of Supervisors and there is a benefit and burden relationship. The Foundation does not issue separate financial statements but is included in the County's financial statements for fiscal year ended June 30, 2017 as a discretely presented component unit.

# 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

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

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

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

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

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

# COUNTY OF ROCKINGHAM, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items.

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

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

The County reports the following major governmental funds:

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

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

The County reports the following major enterprise funds:

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

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

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

# COUNTY OF ROCKINGHAM, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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

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

The County reports the following internal service funds:

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

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

The County also reports the following fund type:

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

#### D. Budgetary Data

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.



# COUNTY OF ROCKINGHAM, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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

#### D. Budgetary Data (Continued)

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.

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

##### 1. Deposits and Investments

###### Cash and Cash Equivalents

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

###### Investments

Cash of individual funds other than the Special Welfare, School Activity, and the Massanutten Technical Center Activity Fund is combined to form a pool of cash and investments. The pool consists primarily of government and corporate obligations, money market mutual funds, and an external local government investment pool. The government and corporate securities are stated at fair value based on quoted market prices (level 1 inputs). The external local government investment pool is reported at amortized cost and classified as cash and cash equivalents. The money market mutual funds are reported at fair value based on quoted market prices and classified as cash and cash equivalents. Interest earned as a result of pooling is distributed to the appropriate funds utilizing a formula based on average monthly balances.

##### 2. Property Taxes

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

# COUNTY OF ROCKINGHAM, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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

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

##### 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.

##### 5. Restricted Cash

A portion of the Solid Waste Funds' cash balance is restricted in accordance with bond agreements.

##### 6. Capital Assets

Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and are accounted for at cost. Assets acquired by gift are accounted for at the asset's acquisition value at the date the property was received. The Commonwealth of Virginia, not the County, has primary responsibility to construct and maintain infrastructure, such as streets, roads, and bridges, within the County. The County may, at its option, contribute to improvements to the road system. Such expenditures would be expensed during the year incurred. Interest incurred during construction on governmental activities' capital assets is not capitalized. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Capitalized interest is amortized using the straight-line method over the useful life of the asset. In the current year \$202,830 and \$66,154 was capitalized in the Solid Waste Fund and Water and Sewer Fund, respectively.

The County's intangible assets include land easements and software. Land easements have indefinite useful lives and thus are not subject to amortization.

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

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

# COUNTY OF ROCKINGHAM, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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

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

##### 7. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditure) until then. The County and discretely presented component units, the School Board and the District, have five items that qualify for reporting in this category. The first item is a deferred charge on refunding resulting from the difference in carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunded or refunding debt. The four additional items are the employer's fiscal year 2017 Virginia Retirement System contributions, the changes in proportion and differences between employer contributions and proportionate share of contributions, the net difference between projected and actual earnings on pension plan investments and differences between expected and actual experience and are reported in the government-wide Statement of Net Position for the County, School Board, and District, the Water and Sewer Fund and Solid Waste Fund.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Three types of items qualify for reporting in this category. Accordingly, one item, unavailable revenue, which arises under the modified accrual basis of accounting, is reported only in the governmental funds Balance Sheet. The governmental funds report unavailable revenue from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The two additional items, the difference between expected and actual experience plus the changes in proportion and differences between employer contributions and proportionate share of contributions, are reported in the government-wide Statement of Net Position for the County, School Board, and District, the Water and Sewer Fund and Solid Waste Fund.

##### 8. Compensated Absences

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

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

# COUNTY OF ROCKINGHAM, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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

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

##### 8. Compensated Absences (Continued)

Also, in the primary government, compensatory time can be earned at 1 ½ hours in lieu of overtime pay. Accumulated compensatory time will be paid out to the employee in the months of June and December. The County receives payment from the State Compensation Board for certain employees. For those employees, compensated absences balances are not accrued by the County, as the County's policy is to not pay for those employees' compensated absences balances from local revenue sources.

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 current salary.

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

##### 9. Long-Term Obligations

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

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

# COUNTY OF ROCKINGHAM, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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

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

##### 10. Net Position

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

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

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

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

##### 11. Fund Balance

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

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

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

# COUNTY OF ROCKINGHAM, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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

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

##### 11. Fund Balance (Continued)

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

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

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

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

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

#### F. Pensions

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

# COUNTY OF ROCKINGHAM, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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

#### G. Use of Estimates

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

#### H. Subsequent Events

The County has evaluated subsequent events through November 6, 2017, the date on which the financial statements were available to be issued.

### Note 2. Deposits and Investments

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

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

Investments. The State Treasurer's Local Government Investment Pool (LGIP) is a professionally managed money market fund which invests in qualifying obligations and securities as permitted by Virginia statutes. Pursuant to Section 2.2-4605 of the *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. The County’s investments in the LGIP, totaling \$43,170,268, are stated at amortized cost and classified as cash and cash equivalents. The LGIP has been assigned an “AAAm” rating by Standard & Poor’s. The maturity of the LGIP is less than one year.

#### **Investment Policy:**

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

## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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

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

As of June 30, 2017, the County's investment policy establishes the maximum percentages of the portfolio permitted in each of the following instruments:

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

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

#### Credit Risk:

As of June 30, 2017, as required by state statute, the Policy requires commercial paper, with a maturity of 270 days or less, have a short-term debt rating of no less than "A-1" (or its equivalent) by at least two of the Nationally Recognized Statistical Rating Organizations (NRSROs). Corporate notes with final maturity of less than five years must have a rating of at least "AA" by Standard & Poor's and "Aa" by Moody's Investors Service. Negotiable certificates of deposit and negotiable bank deposit notes of domestic banks and domestic offices of foreign banks, maturing in one year or less, must have a rating of at least "A-1" by Standard & Poor's and "P-1" by Moody's Investors Service. Negotiable certificates of deposit and negotiable bank deposit notes of domestic banks and domestic offices of foreign banks, maturing over one year but less than five years, must have a rating of at least "AA" by Standard & Poor's and "Aa" by Moody's Investors Service. Federal agency obligations, with final maturity less than five years, must have a rating of at least "AA" (or its equivalent) by at least two of the NRSROs, one of which will be either Moody's Investors Service or Standard & Poor's. Municipal obligations, with final maturity less than five years, must have a rating of at least "AA" by Standard & Poor's and/or "Aa" by Moody's Investors Service. Bankers' Acceptances, with a maturity of 180 days or less, must have a short-term debt rating of no less than "A-1" (or its equivalent) by at least two of the NRSROs. Money market mutual funds must be rated at least "AAA" or the equivalent by at least two of the following: Moody's Investors Service, Standard & Poor's, Fitch Investors Service, or Duff and Phelps, Inc.

As of June 30, 2017, 71% was invested in "AA+" U. S. Agency Securities, 23% was invested in "AAA, AA+, AA-, AA, A-1+, and A-" Corporate obligations, and 6% was invested in "AAAm" rated Short-Term Investment Funds (STIF) and Money Market Funds. All credit ratings presented in this paragraph are Standard & Poor's ratings.



## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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

##### Concentration of Credit Risk:

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. If certain investments in any one issuer represent 5% of total investments, there must be a disclosure for the amount and issuer. At June 30, 2017, 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:

Corporate Notes (no one issuer represents 5% or more of total investments)	11%
Federal Home Loan Mortgage Corporation	4%
Federal National Mortgage Association	3%
Federal Home Loan Bank	8%

##### Interest Rate Risk:

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

	Fair Value	Investment Maturities	
		Less Than 1 Year	1 - 5 Years
U.S. Treasury Obligations	\$ 11,970,636	\$ -	\$ 11,970,636
STIF and money market mutual funds	2,040,080	2,040,080	-
Corporate notes	7,539,432	2,503,290	5,036,142
Federal Agency Obligations	11,103,160	13,750	11,089,410
LGIP	43,170,268	43,170,268	-
	<u>\$ 75,823,576</u>		

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

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

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

The County has the following recurring fair value measurements as of June 30, 2017:

- U.S. Treasury obligations of \$11,970,636 are valued using quoted market prices (Level 1 inputs).
- Federal agency obligations of \$11,103,160 are valued using quoted market prices (Level 1 inputs).
- Money market mutual funds of \$2,040,080 are valued using quoted market prices (Level 1 inputs).
- Corporate notes of \$7,539,432 are valued using quoted market prices (Level 1 inputs).

# COUNTY OF ROCKINGHAM, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 3. Receivables, Unavailable and Unearned Revenues

Receivables at June 30, 2017 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	\$ 4,373,156	\$ -	\$ -	\$ -
Utility taxes	168,080	-	-	-
Trade and other accounts	878,633	14,230	666,374	41,193
<b>Gross receivables</b>	<b>5,419,869</b>	<b>14,230</b>	<b>666,374</b>	<b>41,193</b>
Less allowance for uncollectable accounts	800,000	-	12,200	1,500
<b>Net receivables</b>	<b>\$ 4,619,869</b>	<b>\$ 14,230</b>	<b>\$ 654,174</b>	<b>\$ 39,693</b>

	Solid Waste Fund	Nonmajor Proprietary Funds	Internal Service Funds	Totals
Property taxes	\$ -	\$ -	\$ -	\$ 4,373,156
Utility taxes	-	-	-	168,080
Trade and other accounts	553,750	8,261	8,326	2,170,767
<b>Gross receivables</b>	<b>553,750</b>	<b>8,261</b>	<b>8,326</b>	<b>6,712,003</b>
Less allowance for uncollectable accounts	1,000	1,400	-	816,100
<b>Net receivables</b>	<b>\$ 552,750</b>	<b>\$ 6,861</b>	<b>\$ 8,326</b>	<b>\$ 5,895,903</b>

The County determines its allowance for uncollectible accounts using historical collection data and specific account analysis. The total allowance for uncollectible accounts amounted to \$816,100 as of June 30, 2017.

## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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

##### *Primary Government (Continued)*

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

	Unavailable	Unearned
Delinquent property taxes receivable (General Fund)	\$ 3,251,189	\$ -
Advance collection of 2017-2018 taxes (General Fund)	-	1,030,264
Personal Property Tax Relief Act – state reimbursement (General Fund)	-	1,158,676
Advance collection of 2017-2018 rent (General Fund)	-	36,139
Equitable Sharing Program (Asset Forfeiture Fund)	-	133,526
	<u>\$ 3,251,189</u>	<u>\$ 2,358,605</u>

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

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

##### *Internal Service Funds – Self-Insurance*

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

Health insurance premiums	<u>\$ 2,297,063</u>
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# 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:

Governmental Funds:

General Fund:

Commonwealth of Virginia:

Local sales and use taxes \$ 1,168,625

Communications sales and use taxes 247,201

Categorical aid:

Shared costs:

Commissioner of the Revenue 16,666

Commonwealth Attorney 71,989

Sheriff 513,245

Clerk of Circuit Court 49,167

Treasurer 15,365

Other 87,966

Federal government:

Boarding and care of prisoners 16,632

Categorical aid:

Homeland Security Program - AFG 679,153

Homeland Security Program - SAFER 213,496

Ground transportation 9,254

Emergency Management Performance 18,094

Bureau of Justice Assistance 21,358

Other 3,680

City of Harrisonburg 914,516

**Total General Fund** 4,046,407

General Capital Projects Fund:

Commonwealth of Virginia:

Revenue sharing 279,671

**Total General Capital Projects Fund** 279,671

**Total Governmental Funds** 4,326,078

Government-wide:

Governmental Activities:

City of Harrisonburg – pension plan 4,112,116

City of Harrisonburg – other postemployment benefits 575,103

**Total Governmental Activities** 4,687,219

**Total Primary Government** \$ 9,013,297

## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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

Component Unit - School Board:

Governmental Funds:

School Operating Fund:

Commonwealth of Virginia:

State sales tax receipts

\$ 2,448,125

Other

104,714

Federal government:

Education grants

843,055

**Total School Operating Fund**

3,395,894

School Cafeteria Fund:

Commonwealth of Virginia:

School food program

21,357

Federal government:

School food program

69,097

**Total School Cafeteria Fund**

90,454

Massanutten Technical Center:

Federal government:

Education grants

51,901

**Total Massanutten Technical Center**

51,901

**Total Component Unit - School Board - Governmental Funds**

3,538,249

Government-wide:

Governmental Activities:

City of Harrisonburg – pension plan

2,176,965

City of Harrisonburg – other postemployment benefits

74,891

**Total Component Unit – School Board - Governmental Activities**

\$ 5,790,105

## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

---

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

Component Unit - Harrisonburg-Rockingham Social Services District:

Governmental Funds:

Operating Fund:

Commonwealth of Virginia:

Public assistance and administration \$ 516,812

Federal government:

Public assistance and administration 764,988

**Total Operating Fund** 1,281,800

Special Revenue – Children's Services Act Fund:

Commonwealth of Virginia:

Children's Services Act 1,083,250

**Total Special Revenue Fund** 1,083,250

**Total Component Unit – Harrisonburg-Rockingham**

**Social Services District – Governmental Funds** 2,365,050

Government-wide:

Governmental Activities:

City of Harrisonburg – pension plan 1,375,762

City of Harrisonburg – other postemployment benefits 296,374

**Total Component Unit – Harrisonburg-Rockingham**

**Social Services District - Governmental Activities** \$ 4,037,186

# COUNTY OF ROCKINGHAM, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2017 is as follows:

#### Primary Government:

	Beginning Balance	Increases	(Deletions)/ Reclassifications/ Transfers	Ending Balance
Governmental activities:				
Capital assets not being depreciated or amortized:				
Land	\$ 3,225,766	\$ -	\$ -	\$ 3,225,766
Construction in progress	1,971,484	3,002,396	(196,180)	4,777,700
<b>Total capital assets not being depreciated or amortized</b>	<b>5,197,250</b>	<b>3,002,396</b>	<b>(196,180)</b>	<b>8,003,466</b>
Capital assets being depreciated or amortized:				
Buildings and improvements	48,508,579	745,938	25,000	49,279,517
Improvements other than buildings	11,540,744	212,933	20,865	11,774,542
Machinery and equipment	18,570,012	1,584,136	(776,184)	19,377,964
Software	1,611,529	81,169	110,064	1,802,762
<b>Total capital assets being depreciated or amortized</b>	<b>80,230,864</b>	<b>2,624,176</b>	<b>(620,255)</b>	<b>82,234,785</b>
Less accumulated depreciation and amortization for:				
Buildings and improvements	(21,380,971)	(1,608,078)	-	(22,989,049)
Improvements other than buildings	(4,539,399)	(536,824)	40,251	(5,035,972)
Machinery and equipment	(9,008,774)	(1,301,688)	693,732	(9,616,730)
Software	(1,511,919)	(109,580)	-	(1,621,499)
<b>Total accumulated depreciation and amortization</b>	<b>(36,441,063)</b>	<b>(3,556,170)</b>	<b>733,983</b>	<b>(39,263,250)</b>
<b>Total capital assets being depreciated or amortized, net</b>	<b>43,789,801</b>	<b>(931,994)</b>	<b>113,728</b>	<b>42,971,535</b>
Governmental activities capital assets, net	\$ 48,987,051	\$ 2,070,402	\$ (82,452)	\$ 50,975,001

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

Governmental activities:	
General government administration	\$ 572,382
Judicial administration	328,003
Public safety	1,543,470
Public works	151,472
Health and social services	43,730
Parks, recreation and cultural	81,182
Community development	835,931
<b>Total depreciation and amortization expense - governmental activities</b>	<b>\$ 3,556,170</b>

# COUNTY OF ROCKINGHAM, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 5. Capital Assets (Continued)

#### Primary Government: (Continued)

	Beginning Balance	Increases	(Deletions)/ Reclassifications/ Transfers	Ending Balance
Business-type activities:				
Capital assets not being depreciated or amortized:				
Land	\$ 2,449,023	\$ -	\$ -	\$ 2,449,023
Easements	227,156	-	-	227,156
Construction in progress	5,254,929	2,815,407	(3,627,753)	4,442,583
<b>Total capital assets not being depreciated or amortized</b>	<b>7,931,108</b>	<b>2,815,407</b>	<b>(3,627,753)</b>	<b>7,118,762</b>
Capital assets being depreciated or amortized:				
Buildings	411,606	517,729	-	929,335
Improvements other than buildings	67,848,546	5,622,570	3,571,928	77,043,044
Machinery and equipment	5,468,702	786,864	(310,385)	5,945,181
Software	44,004	-	-	44,004
<b>Total capital assets being depreciated or amortized</b>	<b>73,772,858</b>	<b>6,927,163</b>	<b>3,261,543</b>	<b>83,961,564</b>
Less accumulated depreciation and amortization for:				
Buildings	(189,313)	(37,949)	-	(227,262)
Improvements other than buildings	(27,398,398)	(2,248,156)	14,513	(29,632,041)
Machinery and equipment	(3,600,240)	(467,774)	223,215	(3,844,799)
Software	(22,002)	(14,668)	-	(36,670)
<b>Total accumulated depreciation and amortization</b>	<b>(31,209,953)</b>	<b>(2,768,547)</b>	<b>237,728</b>	<b>(33,740,772)</b>
<b>Total capital assets being depreciated and amortized, net</b>	<b>42,562,905</b>	<b>4,158,616</b>	<b>3,499,271</b>	<b>50,220,792</b>
Business-type activities capital assets, net	<u>\$ 50,494,013</u>	<u>\$ 6,974,023</u>	<u>\$ (128,482)</u>	<u>\$ 57,339,554</u>

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

Business-type activities:	
Water and Sewer	\$ 1,001,904
Solid Waste	1,585,507
Smith Creek Water & Waste Authority	138,907
Lilly Subdivision Sanitary District	10,820
Countryside Sanitary District	6,120
Penn Laird Sewer Authority	25,289
<b>Total depreciation and amortization expense - business-type activities</b>	<u><u>\$ 2,768,547</u></u>



# COUNTY OF ROCKINGHAM, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 5. Capital Assets (Continued)

#### Component Unit – School Board:

	Beginning Balance	Increases	(Deletions)/ Reclassifications/ Transfers	Ending Balance
Capital assets not being depreciated or amortized:				
Land	\$ 5,469,535	\$ -	\$ -	\$ 5,469,535
Easements	36,654	-	-	36,654
Construction in progress	243,066	5,570,015	-	5,813,081
<b>Total capital assets not being depreciated or amortized</b>	<b>5,749,255</b>	<b>5,570,015</b>	<b>-</b>	<b>11,319,270</b>
Capital assets being depreciated or amortized:				
Buildings	176,685,780	-	-	176,685,780
Improvements other than buildings	52,623,784	1,442,575	(34,664)	54,031,695
Machinery and equipment	39,331,788	1,591,250	(96,722)	40,826,316
Software	49,407	-	-	49,407
<b>Total capital assets being depreciated or amortized</b>	<b>268,690,759</b>	<b>3,033,825</b>	<b>(131,386)</b>	<b>271,593,198</b>
Less accumulated depreciation and amortization for:				
Buildings	(91,257,736)	(5,161,603)	-	(96,419,339)
Improvements other than buildings	(21,897,048)	(2,122,600)	25,790	(23,993,858)
Machinery and equipment	(31,473,621)	(1,468,732)	95,610	(32,846,743)
Software	(49,407)	-	-	(49,407)
<b>Total accumulated depreciation and amortization</b>	<b>(144,677,812)</b>	<b>(8,752,935)</b>	<b>121,400</b>	<b>(153,309,347)</b>
<b>Total capital assets being depreciated and amortized, net</b>	<b>124,012,947</b>	<b>(5,719,110)</b>	<b>(9,986)</b>	<b>118,283,851</b>
School Board capital assets, net	<u>\$ 129,762,202</u>	<u>\$ (149,095)</u>	<u>\$ (9,986)</u>	<u>\$ 129,603,121</u>

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

#### Component Unit - School Board:

Instruction	\$ 6,750,844
Administration, attendance and health	6,783
Pupil transportation services	995,535
Operation and maintenance services	999,773
<b>Total depreciation and amortization expense - Component Unit - School Board</b>	<u><u>\$ 8,752,935</u></u>

# COUNTY OF ROCKINGHAM, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 5. Capital Assets (Continued)

#### Component Unit – Harrisonburg-Rockingham Social Services District:

	Beginning Balance	Increases	(Deletions)/ Reclassifications/ Transfers	Ending Balance
Capital assets not being depreciated or amortized:				
Land	\$ -	\$ -	\$ 202,036	\$ 202,036
<b>Total capital assets not being depreciated or amortized</b>	<b>-</b>	<b>-</b>	<b>202,036</b>	<b>202,036</b>
Capital assets being depreciated or amortized:				
Buildings	703,015	-	(202,036)	500,979
Improvements other than buildings	1,929,189	-	-	1,929,189
Machinery and equipment	582,275	42,681	-	624,956
<b>Total capital assets being depreciated or amortized</b>	<b>3,214,479</b>	<b>42,681</b>	<b>(202,036)</b>	<b>3,055,124</b>
Less accumulated depreciation and amortization for:				
Buildings	(87,877)	206	-	(87,671)
Improvements other than buildings	(153,933)	(104,352)	-	(258,285)
Machinery and equipment	(521,364)	(23,524)	-	(544,888)
<b>Total accumulated depreciation and amortization</b>	<b>(763,174)</b>	<b>(127,670)</b>	<b>-</b>	<b>(890,844)</b>
<b>Total capital assets being depreciated and amortized, net</b>	<b>2,451,305</b>	<b>(84,989)</b>	<b>(202,036)</b>	<b>2,164,280</b>
Harrisonburg-Rockingham Social Services District capital assets, net	\$ 2,451,305	\$ (84,989)	\$ -	\$ 2,366,316

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

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

Administration - Welfare	\$ 127,670
<b>Total depreciation and amortization expense - Component Unit - Harrisonburg-Rockingham Social Services District</b>	<b>\$ 127,670</b>

## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 6. Commitments

The County has active projects and significant project commitments as of June 30, 2017 as follows:

##### *Primary Government:*

##### **Governmental Activities**

Project	Expended to June 30, 2017	Remaining Commitment
Reservoir St. expansion	\$ 608,800	\$ 3,780,891
Computer financial software conversion - phase 2	427,549	192,275
Rockingham Park project	3,605,329	3,735,674
Spotswood Trail Route 33 project	152,563	2,852,503
	<u>\$ 4,794,241</u>	<u>\$ 10,561,343</u>

##### **Business-type Activities**

Project	Expended to June 30, 2017	Remaining Commitment
Landfill phase five expansion	\$ 2,578,282	\$ 7,401,446
	<u>\$ 2,578,282</u>	<u>\$ 7,401,446</u>

##### *School Board Component Unit:*

Project	Expended to June 30, 2017	Remaining Commitment
John Wayland renovation	\$ 2,661,815	\$ 6,883,914
Pleasant Valley renovation	1,978,213	4,993,006
Rockingham Academy	856,507	4,034,596
	<u>\$ 5,496,535</u>	<u>\$ 15,911,516</u>

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

# COUNTY OF ROCKINGHAM, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 7. Long-Term Obligations

The following is a summary of long-term liability activity of the primary government for the year ended June 30, 2017:

#### Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds and notes payable:					
General obligation bonds	\$ 67,585,259	\$ -	\$ (5,958,636)	\$ 61,626,623	\$ 5,105,034
Capital leases	14,132,883	-	(1,850,430)	12,282,453	1,870,938
Note payable	8,714,153	-	(887,201)	7,826,952	906,453
Unamortized premiums	2,887,421	-	(253,131)	2,634,290	-
	93,319,716	-	(8,949,398)	84,370,318	7,882,425
Compensated absences	760,239	279,358	(129,273)	910,324	612,199
<b>Governmental activities long-term activities</b>	<b>\$ 94,079,955</b>	<b>\$ 279,358</b>	<b>\$ (9,078,671)</b>	<b>\$ 85,280,642</b>	<b>\$ 8,494,624</b>

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

Year(s) Ending June 30,	General Obligation Bonds		Capital Leases	
	Principal	Interest	Principal	Interest
2018	\$ 5,105,034	\$ 2,900,476	\$ 1,870,938	\$ 315,180
2019	5,266,477	2,636,694	1,897,218	259,119
2020	5,425,890	2,370,235	1,919,297	202,160
2021	5,060,678	2,113,721	1,315,000	156,186
2022	4,973,635	1,864,075	1,315,000	121,614
2023-2027	26,069,085	5,486,703	3,965,000	156,599
2028-2030	9,725,824	565,106	-	-
	<b>\$ 61,626,623</b>	<b>\$ 17,937,010</b>	<b>\$ 12,282,453</b>	<b>\$ 1,210,858</b>

Year(s) Ending June 30,	Note Payable	
	Principal	Interest
2018	\$ 906,453	\$ 169,845
2019	926,124	150,175
2020	946,220	130,078
2021	966,753	109,545
2022	987,732	88,566
2023-2025	3,093,670	135,226
	<b>\$ 7,826,952</b>	<b>\$ 783,435</b>

## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 7. Long-Term Obligations (Continued)

\$8,421,223 1999A series, issued November 1999, due in annual maturities of \$487,359 to \$517,103 through July 2019, plus interest at 6.10%	\$ 1,506,239
\$4,190,343 2000 series, issued November 2000, due in annual maturities of \$233,196 to \$247,440 through July 2020, plus interest at 5.10%	960,788
\$5,077,993 2003 series, issued November 2003, due in annual maturities of \$266,400 to \$297,277 through July 2023, plus interest at 4.60% to 5.35%	1,967,829
\$9,404,190 2005 series, issued November 2005, due in annual maturities of \$475,070 to \$545,699 through July 2025, plus interest at 4.60% to 5.10%	4,588,326
\$13,147,200 2006 series, issued November 2006, due in annual maturities of \$665,996 to \$744,134 through July 15, 2026, plus interest at 4.23% to 4.60%	7,013,358
\$10,610,000 2007 series, issued May 2007, due in annual maturities of \$500,000 to \$810,000 through July 15, 2027, plus interest at 4.10% to 5.10%	7,090,000
\$6,364,713 2007 series, issued November 2007, due in annual maturities of \$312,965 to \$371,160 through July 2027, plus interest at 4.35% to 5.10%	3,738,817
\$11,630,000 2008 series, issued May 2008, due in annual maturities of \$515,000 to \$900,000 through July 2028, plus interest at 4.60% to 5.10%	8,320,000
\$12,701,410 2008 series, issued December 2008, due in annual maturities of \$604,048 to \$742,320 through July 2028, plus interest at 5.10% to 5.35%	8,011,266
\$24,560,000 2009 series, issued May 2009, due in annual maturities of \$1,045,000 to \$1,855,000 through July 2029, plus interest at 4.05% to 5.05%	<u>18,430,000</u>
<b>Total General Obligation Bonds</b>	<b><u>\$ 61,626,623</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 7. Long-Term Obligations (Continued)

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

##### Capital Leases:

###### Emergency Communications Center:

\$7,150,000 lease purchase contract, entered into December 2004, due in annual installments ranging from \$563,938 to \$609,297 through December 2019, plus interest payable semi-annually at 3.76% \$ 1,762,453

###### SRI Project - tax exempt:

\$7,875,000 lease purchase contract, entered into November 2007, due in annual installments ranging from \$785,000 to \$795,000 through October 2024, plus interest payable semi-annually at 2.15% 6,310,000

###### SRI Project - taxable:

\$5,250,000 lease purchase contract, entered into November 2007, due in annual installments ranging from \$520,000 to \$530,000 through October 2024, plus interest payable semi-annually at 3.35% 4,210,000

##### **Total capital leases**

\$ 12,282,453

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

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

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

	<u>Governmental Activities</u>	
	<u>Emergency Communications Center</u>	<u>SRI Project</u>
Capital assets:		
Buildings	\$ -	\$ 18,249,809
Machinery and equipment	9,449,729	-
Less: accumulated depreciation	<u>(3,178,978)</u>	<u>(4,417,119)</u>
	<u>\$ 6,270,751</u>	<u>\$ 13,832,690</u>

# COUNTY OF ROCKINGHAM, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 7. Long-Term Obligations (Continued)

#### Note Payable:

Augusta County, Virginia

\$10,771,794 to become a member jurisdiction of the Middle River Regional Jail Authority, entered into July 2015, due in annual installments ranging from \$906,453 to \$1,053,439 through December 2024, plus interest payable at 2.17%

\$ 7,826,952

#### Total note payable

\$ 7,826,952

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	\$ 18,379,876	\$ 9,845,000	\$ (1,631,189)	\$ 26,593,687	\$ 1,778,061
Landfill obligation	9,699,486	1,133,978	-	10,833,464	-
Compensated absences	179,968	50,022	(32,947)	197,043	111,940
Unamortized premiums	2,003,442	1,272,191	(157,780)	3,117,853	-
<b>Business-type activities long-term liabilities</b>	<b>\$ 30,262,772</b>	<b>\$ 12,301,191</b>	<b>\$ (1,821,916)</b>	<b>\$ 40,742,047</b>	<b>\$ 1,890,001</b>

Annual requirements to amortize the revenue bonds are as follows:

Year(s) Ending June 30,	Revenue Bonds	
	Principal	Interest
2018	\$ 1,778,061	\$ 1,077,078
2019	1,800,135	1,033,376
2020	1,857,415	957,270
2021	1,699,907	884,981
2022	1,757,618	809,870
2023-2027	8,903,439	2,795,357
2028-2032	7,052,112	997,109
2033-2036	1,745,000	133,897
	<b>\$ 26,593,687</b>	<b>\$ 8,688,938</b>

# COUNTY OF ROCKINGHAM, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 7. Long-Term Obligations (Continued)

#### Water and Sewer Fund

Infrastructure Revenue Bonds (Virginia Pooled Financing Program):

\$1,580,000 issued June 2004, due in final installment of \$155,000 in October 2017, plus interest payable semi-annually at 4.10% \$ 155,000

Infrastructure Revenue Bonds (Virginia Pooled Financing Program):

\$3,065,000 issued June 2007, due in annual installments of \$275,000 to \$290,000 through October 2018, plus interest payable semi-annually ranging from 4.70% to 4.73% 565,000

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

\$9,630,000 issued August 2015, due in annual installments of \$180,000 to \$805,000 through October 2035, plus interest payable semi-annually ranging from 3.13% to 5.13% 9,305,000

#### Solid Waste Fund

Infrastructure Revenue Bonds (Virginia Pooled Financing Program):

\$2,280,000 issued June 2009, due in annual installments of \$225,000 through October 2019, plus interest payable semi-annually at 5.13% 675,000

Infrastructure Revenue Bond (Virginia Pooled Financing Program):

\$4,000,000 issued May 2016, due in annual installments of \$200,000 through October 2035, plus interest payable semi-annually ranging from 3.80% to 5.13% 3,800,000

Infrastructure Revenue Bond (Virginia Pooled Financing Program):

\$9,845,000 issued May 2017, due in annual installments of \$500,000 to \$870,000 through October 2031, plus interest payable semi-annually ranging from 3.01% to 5.13% 9,845,000

#### Smith Creek Water & Waste Authority

Virginia Revolving Loan Fund:

\$2,078,500 issued November 2001, due in semi-annual installments of \$60,090 to \$69,737 through September 2022, including interest at 3.0% 712,859

Wastewater System Revenue Refunding Bond, Series 2012:

\$1,250,936 issued in April 2012, due in annual installments of \$72,073 to \$94,236 through August 2027, including interest at 2.66% 910,708

#### Countryside Sanitary District

Virginia Revolving Loan Fund:

\$171,288 issued June 2006, due in semi-annual installments of \$4,382 to \$5,763 through April 2026, including interest at 3.25% 90,776



## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 7. Long-Term Obligations (Continued)

##### Lilly Subdivision Sanitary District

Infrastructure Revenue Bonds (Virginia Pooled Financing Program):

\$456,490 issued April 2008, due in semi-annual installments of \$9,699 to  
\$13,531 through August 2028, including interest at 3.05% \$ 264,807

##### Penn Laird Sewer Authority

Wastewater System Revenue Refunding Bond Series 2012:

\$370,232 issued April 2012, due in annual installments of \$21,528 to \$27,890  
through August 2027, including interest at 2.66% 269,537

\$ 26,593,687

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

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

Information relative to the County's landfill obligation is contained in Note 15.

The following is a summary of long-term liability activity transactions of the Component Unit – School Board, for the year ended June 30, 2017:

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated absences	\$ 3,469,138	\$ 4,140,245	\$ (4,321,535)	\$ 3,287,848	\$ 2,373,070

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, 2017:

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated absences	\$ 42,825	\$ 12,582	\$ (11,904)	\$ 43,503	\$ 27,845

# COUNTY OF ROCKINGHAM, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### **Note 8. Government Services Provided by Authorities**

The County of Rockingham, City of Harrisonburg, and the Towns of Bridgewater, Mt. Crawford, and Dayton entered into a guaranty agreement with the Harrisonburg-Rockingham Regional Sewer Authority (Authority) dated December 15, 1992. Under the terms of this agreement, these municipalities jointly and severally guaranteed the Authority's 2007 Sewer Revenue Bonds and 2008 Sewer Revenue and Refunding Bonds. In December 2007, the Authority issued \$30,000,000 Sewer Revenue Bonds bearing interest at 2.52% to upgrade and expand its treatment plant due in semi-annual installments of combined principal and interest of \$984,273, final maturity at September 1, 2030. The bonds currently outstanding total \$22,408,444. 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 \$5,433,129. In November 2008, the Authority issued \$33,219,297 Sewer Revenue Bonds, series 2008 bearing interest at 2.72%, due in semi-annual installments of combined principal and interest of \$1,116,129, with final maturity at September 1, 2030. The bonds currently outstanding are \$25,081,130. In February 2015, with an allonge dated September 2015, the Authority issued \$8,665,505 Sewer Revenue Bonds bearing interest at 1.2% due in semi-annual installments beginning November 1, 2017 of combined principal and interest of \$249,865 thereafter, with a final maturity at November 1, 2036. The bonds currently outstanding total \$8,174,606.

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

The Authority bills the localities a monthly charge which includes an assessment for their respective shares of the Authority's debt service, construction, and operating expenditures based on the locality usage of the sewage treatment facilities. Based on the current average usage, the County's assessment for the Authority's operating and maintenance and capital outlay, construction, and debt service expenditures for the ensuing year will approximate \$1,300,000, \$140,000, and \$1,610,000, 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 9. Pension Plan**

Name of Plan: Virginia Retirement System (VRS)

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

Administering Entity: Virginia Retirement System (System)

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

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

# COUNTY OF ROCKINGHAM, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 9. Pension Plan (Continued)

#### A. Plan Description (Continued)

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

<b>Plan 1</b>	<b>Plan 2</b>	<b>Hybrid Retirement Plan</b>
<b>About Plan 1</b> Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.	<b>About Plan 2</b> Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.	<b>About the Hybrid Retirement Plan</b> The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (See "Eligible Members") <ul style="list-style-type: none"><li>• The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</li><li>• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.</li><li>• In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.</li></ul>

# COUNTY OF ROCKINGHAM, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 9. Pension Plan (Continued)

#### A. Plan Description (Continued)

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

# COUNTY OF ROCKINGHAM, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 9. Pension Plan (Continued)

#### A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<b>Retirement Contributions</b> Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution, but all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	<b>Retirement Contributions</b> Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016.	<b>Retirement Contributions</b> A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.
<b>Creditable Service</b> Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.	<b>Creditable Service</b> Same as Plan 1.	<b>Creditable Service</b> <b><u>Defined Benefit Component</u></b> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.  <b><u>Defined Contribution Component</u></b> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

# COUNTY OF ROCKINGHAM, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 9. Pension Plan (Continued)

#### A. Plan Description (Continued)

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

# COUNTY OF ROCKINGHAM, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 9. Pension Plan (Continued)

#### A. Plan Description (Continued)

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

# COUNTY OF ROCKINGHAM, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 9. Pension Plan (Continued)

#### A. Plan Description (Continued)

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



# COUNTY OF ROCKINGHAM, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 9. Pension Plan (Continued)

#### A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<b>Cost-of-Living Adjustment (COLA) in Retirement</b> The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.	<b>Cost-of-Living Adjustment (COLA) in Retirement</b> The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 2%) up to a maximum COLA of 3%.	<b>Cost-of-Living Adjustment (COLA) in Retirement</b> <b><u>Defined Benefit Component</u></b> Same as Plan 2.
<b><u>Eligibility:</u></b> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.  For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.	<b><u>Eligibility:</u></b> Same as Plan 1.	<b><u>Eligibility:</u></b> Same as Plan 1 and Plan 2.
<b><u>Exceptions to COLA</u></b> <b><u>Effective Dates:</u></b> <b>School Division (Teachers) and Political Subdivision Employees:</b> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: <ul style="list-style-type: none"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability. The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.</li> </ul>	<b><u>Exceptions to COLA</u></b> <b><u>Effective Dates:</u></b> <b>School Division (Teachers) and Political Subdivision Employees:</b> Same as Plan 1.	<b><u>Exceptions to COLA</u></b> <b><u>Effective Dates:</u></b> <b>School Division (Teachers) and Political Subdivision Employees:</b> Same as Plan 1 and Plan 2.

# COUNTY OF ROCKINGHAM, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 9. Pension Plan (Continued)

#### A. Plan Description (Continued)

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

# COUNTY OF ROCKINGHAM, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 9. Pension Plan (Continued)

#### A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<b>Purchase of Prior Service</b> Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.	<b>Purchase of Prior Service</b> Same as Plan 1.	<b>Purchase of Prior Service</b> <b><u>Defined Benefit Component</u></b> Same as Plan 1, with the following exceptions: <ul style="list-style-type: none"><li>• Hybrid Retirement Plan members are ineligible for ported service.</li><li>• The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation.</li><li>• Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one year period, the rate for most categories of service will change to actuarial cost.</li></ul> <b><u>Defined Contribution Component</u></b> Not applicable.

## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 9. Pension Plan (Continued)

##### A. Plan Description (Continued)

###### **County and the District (Agent Plan)**

###### ***Employees Covered by Benefit Terms***

As of the June 30, 2015 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>251</u>
Inactive members:	
Vested	89
Non-vested	131
Active elsewhere in VRS	<u>269</u>
<b>Total inactive members</b>	<u>489</u>
Active members	<u>550</u>
<b>Total covered employees</b>	<u><u>1,290</u></u>

###### ***Contributions***

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

The County and the District's contractually required contribution rate for the year ended June 30, 2017 was 10.88% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by an employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County and the District were \$2,705,378 and \$3,003,059 for the years ended June 30, 2017 and 2016, respectively.

## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 9. Pension Plan (Continued)

##### A. Plan Description (Continued)

##### **School Board Non-Professional (Agent Plan)**

##### ***Employees Covered by Benefit Terms***

As of the June 30, 2015 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	220
Inactive members:	
Vested	35
Non-vested	61
Active elsewhere in VRS	44
<b>Total inactive members</b>	<b>140</b>
Active members	414
<b>Total covered employees</b>	<b>774</b>

##### ***Contributions***

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

The School Board non-professional's contractually required contribution rate for the year ended June 30, 2017 was 5.98% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by an employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board for the non-professional plan were \$464,646 and \$641,139 for the years ended June 30, 2017 and 2016, respectively.

## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 9. Pension Plan (Continued)

##### A. Plan Description (Continued)

###### **School Board Professional (Cost-Sharing Plan)**

###### ***Contributions***

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

The School Board Professional's contractually required contribution rate for the year ended June 30, 2017 was 14.66% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015 and reflects the transfer in June 2015 of \$192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarial rate for the Teacher Retirement Plan was 16.32%. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of Section 51.1-145 of the *Code of Virginia*, as amended, the contributions were funded at 89.84% of the actuarial rate for the year ended June 30, 2017. Contributions to the pension plan from the School Board for the professional plan were \$8,895,330 and \$8,853,455 for the years ended June 30, 2017 and 2016, respectively.

##### B. Net Pension Liability

The County, the District and the School Board's non-professional plan net pension liabilities were measured as of June 30, 2016. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2015, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

At June 30, 2017, the School Board reported a liability for the professional plan of \$115,739,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School Board's proportion of the net pension liability was based on the School Board's actuarially determined employer contributions to the pension plan for the year ended June 30, 2016 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2016, the School Board's proportion was 0.82587% as compared to 0.82758% at June 30, 2015.

## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 9. Pension Plan (Continued)

##### B. Net Pension Liability (Continued)

###### **Actuarial Assumptions – General Employees**

The total pension liability for General Employee's in the County and the District's retirement plan and the total pension liability for the General Employees in the School Board non-professional retirement plan were based on an actuarial valuation as of June 30, 2015, using the Entry Age Normal Actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

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

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

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

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 9. Pension Plan (Continued)

##### B. Net Pension Liability (Continued)

###### **Actuarial Assumptions – Public Safety Employees**

The total pension liability for Public Safety employees in the County and the District's retirement plan was based on an actuarial valuation as of June 30, 2015, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date as of June 30, 2016.

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

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

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

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

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



# COUNTY OF ROCKINGHAM, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 9. Pension Plan (Continued)

#### B. Net Pension Liability (Continued)

##### **Actuarial Assumptions – School Board Professional Plan**

The total pension liability for the VRS Teacher retirement plan was based on an actuarial valuation as of June 30, 2015, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date as of June 30, 2016.

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

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

##### **Mortality Rates:**

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

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 9. Pension Plan (Continued)

##### B. Net Pension Liability (Continued)

###### **Net Pension Liability**

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2016, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total pension liability	\$ 44,182,326
Plan fiduciary net position	<u>30,168,211</u>
<b>Employers' net pension liability</b>	<b><u>\$ 14,014,115</u></b>

Plan fiduciary net position as a percentage of the total pension liability	68.28%
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The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

# COUNTY OF ROCKINGHAM, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 9. Pension Plan (Continued)

#### B. Net Pension Liability (Continued)

##### Long-Term Expected Rate of Return

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

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

\* Expected arithmetic nominal return

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

# COUNTY OF ROCKINGHAM, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 9. Pension Plan (Continued)

#### B. Net Pension Liability (Continued)

##### Discount Rate

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

#### C. Changes in the Net Pension Liability

##### County and the District

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2015	\$ 94,014,786	\$ 80,925,650	\$ 13,089,136
Changes for the Year:			
Service cost	2,758,824	-	2,758,824
Interest	6,430,742	-	6,430,742
Difference between expected and actual experience	852,638	-	852,638
Contributions – employer	-	3,003,059	(3,003,059)
Contributions – employee	-	1,224,047	(1,224,047)
Net investment income	-	1,428,469	(1,428,469)
Benefit payments, including refunds of employee contributions	(4,294,088)	(4,294,088)	-
Administrative expense	-	(49,968)	49,968
Other changes	-	(602)	602
<b>Net changes</b>	<b>5,748,116</b>	<b>1,310,917</b>	<b>4,437,199</b>
Balances at June 30, 2016	\$ 99,762,902	\$ 82,236,567	\$ 17,526,335

# COUNTY OF ROCKINGHAM, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 9. Pension Plan (Continued)

#### C. Changes in the Net Pension Liability (Continued)

##### School Board Non-Professional

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2015	\$ 31,119,695	\$ 30,222,095	\$ 897,600
Changes for the Year:			
Service cost	820,429	-	820,429
Interest	2,128,901	-	2,128,901
Difference between expected and actual experience	(259,762)	-	(259,762)
Contributions – employer	-	641,139	(641,139)
Contributions – employee	-	407,589	(407,589)
Net investment income	-	527,774	(527,774)
Benefit payments, including refunds of employee contributions	(1,413,634)	(1,413,634)	-
Administrative expense	-	(18,743)	18,743
Other changes	-	(223)	223
<b>Net changes</b>	<b>1,275,934</b>	<b>143,902</b>	<b>1,132,032</b>
Balances at June 30, 2016	\$ 32,395,629	\$ 30,365,997	\$ 2,029,632

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County and District net pension liability	\$ 31,697,135	\$ 17,526,335	\$ 5,899,287
School Board non-professional net pension liability (asset)	5,730,990	2,029,632	(1,101,125)
School Board professional net pension liability	164,986,000	115,739,000	75,171,000

## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 9. Pension Plan (Continued)

##### C. Changes in the Net Pension Liability (Continued)

Detailed information about the pension plans' fiduciary net position are available in the separately issued VRS 2016 Comprehensive Annual Financial Report (CAFR). A copy of the 2016 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2016-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

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

###### County and the District

For the year ended June 30, 2017, the County and District recognized pension expense of \$2,467,607. The County and District also reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 649,629	\$ (282,282)
Net difference between projected and actual earnings on pension plan investments	2,126,660	-
Employer contributions subsequent to the measurement date	2,705,378	-
<b>Total</b>	<b>\$ 5,481,667</b>	<b>\$ (282,282)</b>

\$2,705,378 reported as deferred outflows of resources related to pensions resulting from the County and District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2018	\$ 112,200
2019	112,202
2020	1,382,562
2021	887,043
	<b>\$ 2,494,007</b>

## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 9. Pension Plan (Continued)

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

###### School Board Non-Professional

For the year ended June 30, 2017, the School Board recognized pension expense related to its non-professional plan of \$307,229. The School Board also reported deferred outflows of resources and deferred inflows of resources related to its non-professional plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (311,036)
Net difference between projected and actual earnings on pension plan investments	784,493	-
Employer contributions subsequent to the measurement date	464,646	-
<b>Total</b>	<b>\$ 1,249,139</b>	<b>\$ (311,036)</b>

\$464,646 reported as deferred outflows of resources related to pensions resulting from the School Board non-professional plan's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2018	\$ (151,367)
2019	(108,344)
2020	418,299
2021	314,869
	<b>\$ 473,457</b>

# COUNTY OF ROCKINGHAM, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 9. Pension Plan (Continued)

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

##### **School Board Professional**

For the year ended June 30, 2017, the School Board recognized pension expense related to the professional plan of \$10,217,000. Since there was a change in proportionate share between June 30, 2015 and June 30, 2016, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2017, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions for the professional plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (3,750,000)
Net difference between projected and actual earnings on pension plan investments	6,611,000	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,468,000	(365,000)
Employer contributions subsequent to the measurement date	8,895,330	-
<b>Total</b>	<b>\$ 16,974,330</b>	<b>\$ (4,115,000)</b>

\$8,895,330 reported as deferred outflows of resources related to pensions resulting from the School Board's contributions for the professional plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2018	\$ (510,000)
2019	(510,000)
2020	3,226,000
2021	2,023,000
2022	(265,000)
	<b>\$ 3,964,000</b>



## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 10. Other Postemployment Benefits – County (Including the District) and School Board Sponsored**

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

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

The District and the County have the same plan. A retiree, eligible for the plan, is defined as a full-time employee who retires directly from the County or the District and is eligible to receive an early or regular retirement benefit from the VRS. The County will provide a premium credit toward a retiree's health insurance premium at a rate of four dollars per year of service per month not to exceed \$120 per month based on 30 years of service in the VRS. To be eligible for this premium credit, the retiree must have a minimum of 15 years of service in the VRS and must have enrolled in the County's health insurance plan at the time of retirement. The premium credit may only be applied to the retiree's individual health insurance plan, and is not applicable to the premium charges for family members. The premium credit is made only until the employee is eligible for Medicare coverage, usually at age 65. The plan was established by the County's Board of Supervisors and any amendments to the plan must be approved by the Board.

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

The plans do not issue stand-alone financial reports.

##### **B. Funding Policy**

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

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

The County and School Board had a roll-forward actuarial valuation of postemployment benefits performed as of July 1, 2015. The annual cost of OPEB under GASB Statement No. 45 is called the annual required contribution or ARC. The pay-as-you-go amount for OPEB benefits for the County's plan is \$211,305 and the annual benefit cost is \$475,035. The percentage of annual OPEB cost contributed is 44.48%. The pay-as-you-go amount for OPEB benefits for the School Board's plan is \$525,483 and the annual benefit cost is \$1,450,209. The percentage of OPEB cost contributed is 36.23%.

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, 2017, the County has recorded a liability of \$2,522,738, the District has recorded a liability of \$592,748, and the School Board has recorded a liability of \$9,339,622 on the Statement of Net Position.

# COUNTY OF ROCKINGHAM, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 10. Other Postemployment Benefits – County (Including the District) and School Board Sponsored (Continued)

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

The County and School Board are required to contribute the ARC of the employer an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years on an open basis. The following table shows the components of the annual OPEB costs for the year, the amounts actually contributed for the year, and the changes in the net OPEB obligations.

	County and District	School Board
Annual required contribution (ARC)	\$ 479,697	\$ 1,463,964
Interest on net OPEB obligation	114,070	336,596
Adjustment to ARC	(118,732)	(350,351)
<b>Annual OPEB cost</b>	<b>475,035</b>	<b>1,450,209</b>
Contributions made	(211,305)	(525,483)
<b>Increase in net OPEB obligation</b>	<b>263,730</b>	<b>924,726</b>
Net OPEB obligation, beginning of year	2,851,756	8,414,896
Net OPEB obligation, end of year	<u>\$ 3,115,486</u>	<u>\$ 9,339,622</u>

#### Trend Information

Three-year trend information is as follows:

*County and District:*

Fiscal Year Ended	Annual OPEB Costs	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2017	\$ 475,035	44.48%	\$ 3,115,486
June 30, 2016	483,470	37.89%	2,851,756
June 30, 2015	616,689	46.00%	2,551,496

*School Board:*

Fiscal Year Ended	Annual OPEB Costs	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2017	\$ 1,450,209	36.23%	\$ 9,339,622
June 30, 2016	1,468,979	35.31%	8,414,896
June 30, 2015	1,632,234	44.25%	7,464,578

# COUNTY OF ROCKINGHAM, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 10. Other Postemployment Benefits – County (Including the District) and School Board Sponsored (Continued)

#### D. Funding Status and Funding Progress

As of July 1, 2015, the most recent roll-forward actuarial valuation date, the plans were not funded. The actuarial value of assets was \$-0-, resulting in UAAL of \$5,148,313 for the County and District's plan and a UAAL of \$16,620,776 for the School Board's plan.

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

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
Primary Government and Harrisonburg-Rockingham Social Services District, a component unit - employees:						
July 1, 2016	\$ -	\$ 5,148,313	\$ 5,148,313	0.00%	\$ 24,914,187	20.66%
July 1, 2015	-	4,989,233	4,939,233	0.00%	22,493,713	21.96%
July 1, 2014	-	5,967,732	5,967,732	0.00%	21,178,806	28.18%
Component Unit - School Board employees:						
July 1, 2016	\$ -	\$ 16,620,776	\$ 16,620,776	0.00%	\$ 73,029,341	22.76%
July 1, 2015	-	15,931,442	15,931,442	0.00%	70,784,181	22.51%
July 1, 2014	-	17,238,883	17,238,883	0.00%	68,433,038	25.19%

## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 10. Other Postemployment Benefits – County (Including the District) and School Board Sponsored (Continued)**

##### **E. Actuarial Methods and Assumptions**

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

In the July 1, 2015 roll-forward actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4% discount rate, 2.5% per annum salary scale, and an annual healthcare cost trend rate of 8% in first year of the valuation then future annual increases are assumed to grade uniformly to 5.0% over a six year period. The unfunded liability is amortized over a period of 30 years based on a level percent of payroll method on an open basis.

#### **Note 11. Other Postemployment Benefits – VRS Health Insurance Credit Program**

##### **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, 2017, 2016, and 2015, the School Board paid \$715,525, \$665,116, and \$653,356, respectively, for professional employees and \$51,701, \$49,446, and \$49,520, respectively, for non-professional employees toward these benefits, which was equal to the required contributions.

##### **B. Funding Policy**

Plan members are required by Title 51.1 of the *Code of Virginia* (1950, as amended), to contribute an actuarially determined percentage of their annual reported compensation to the VRS for the retiree health insurance credit. The School Board assumed the member contribution for its employees. The contribution rate of annual covered payroll was 1.11% and 1.06% for the School Board's professional employees and 0.65% and 0.63% for the School Board's non-professional employees for the fiscal years ended June 30, 2017 and 2016, respectively.

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, 2016 actuarial valuation, any UAAL is being amortized as a level percentage of the projected payroll on a closed basis, over a period of 27 years.

# COUNTY OF ROCKINGHAM, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 11. Other Postemployment Benefits – VRS Health Insurance Credit Program (Continued)

#### C. Funded Status and Funding Progress

As of the actuarial valuation performed at June 30, 2016, the Plan for the School Board's non-professional employees was 39.68% funded. The AAL was \$961,598, and the actuarial value of assets was \$381,566, with a resulting UAAL of \$580,032.

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

#### D. Trend information

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

#### **Schedule of Annual OPEB 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, 2017	\$ 51,701	100%	\$ -
June 30, 2016	49,446	100%	-
June 30, 2015	49,520	100%	-

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
July 1, 2016	\$ 381,566	\$ 961,598	\$ 580,032	39.68%	\$ 8,031,639	7.22%
July 1, 2015	392,008	928,207	536,199	42.23%	7,852,919	6.83%
July 1, 2014	384,839	922,980	538,141	41.70%	7,741,274	6.95%

## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 12. Advances To/From Other Funds

Interfund balances as of June 30, 2017 are as follows:

Payable Fund	Receivable Fund
Primary Government:	General Fund:
Smith Creek Water & Waste Authority	\$ 98,867
Lilly Subdivision Sanitary District	124,605
	<u>\$ 223,472</u>

The advance from the General Fund to the Smith Creek Water & Waste Authority Fund is a temporary advance to cover a deficit cash balance and will be repaid in fiscal year 2018.

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

#### Note 13. Interfund Transfers

A summary of interfund transfer activity is presented as follows:

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

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

#### Note 14. Major Customers

The Water and Sewer Fund has one major customer. For the year ended June 30, 2017, water and sewer revenue from this customer was approximately \$2.85 million. Accounts receivable from this customer were approximately \$240,000 at June 30, 2017.

The Solid Waste Fund has two major customers. Revenues from these customers for the year ended June 30, 2017 were approximately \$2.8 million. Accounts receivable from these customers were approximately \$266,000 at June 30, 2017.

The Smith Creek Water & Waste Authority has one major customer. For the year ended June 30, 2017, revenue from this customer was approximately \$79,000. Accounts receivable from this customer were approximately \$8,000 at June 30, 2017.

## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 15. Landfill Closure and Postclosure Care Cost**

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

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date the landfill stops accepting waste, the Solid Waste Fund reports a portion of these closure and postclosure care costs as an operating expense in each period based on the landfill capacity used as of each balance sheet date. The County has recorded \$10,833,464 as landfill closure and postclosure liability at June 30, 2017. The landfill's total capacity used to date is 78% for active cells.

The Solid Waste Fund will report the County's estimated liability of closure and postclosure care of \$2,913,000 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 2017. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The estimated remaining life of the landfill is approximately three years and does not account for future expansion.

#### **Note 16. Risk Management**

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

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

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

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

## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 16. Risk Management (Continued)

##### Health Insurance

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

Based on the requirements of GASB Statement No. 10, the County records an estimated liability for indemnity healthcare claims. The following represents the change in the fund's claims liability for 2017, 2016 and 2015:

Fiscal Year Ended	Beginning Liability	Claims and Changes in Estimates	Claim Payments	Ending Liability
June 30, 2017	\$ 2,516,803	\$ 23,745,763	\$ 24,185,917	\$ 2,076,649
June 30, 2016	1,751,000	23,474,862	22,709,059	2,516,803
June 30, 2015	1,838,000	22,113,826	22,200,826	1,751,000

Fiscal Year Ended	Governmental Activities	Component Unit - School Board	Total
June 30, 2017	\$ 550,016	\$ 1,526,633	\$ 2,076,649
June 30, 2016	629,201	1,887,602	2,516,803
June 30, 2015	437,750	1,313,250	1,751,000



## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 17. Tax Abatements and the Technology Zone Grant Program**

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

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

For the fiscal year ended June 30, 2017, the County abated property taxes totaling \$1,412,058 under this grant program, including the following tax abatement agreements that each exceeded 10 percent of the total amount abated:

- Property tax abatement to an aviation facility in the amount of \$303,583.
- Property tax abatement to a pharmaceutical facility in the amount of \$217,330.
- Property tax abatement to a beverage facility in the amount of \$167,813.
- Property tax abatement to a dairy facility in the amount of \$429,629.
- Property tax abatement to a printing facility in the amount of \$293,703.

#### **Note 18. Pending GASB Statements**

At June 30, 2017, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by the County. The statements which might impact the County are as follows:

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

GASB Statement No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations (ARO's). This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for ARO's. Statement No. 83 will be effective for fiscal years beginning after June 15, 2018.

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

## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 18. Pending GASB Statements (Continued)**

GASB Statement No. 85, *Omnibus 2017*, will enhance consistency in the application of accounting and financial reporting requirements. Consistent reporting will improve the usefulness of information for users of state and local government financial statements. Statement No. 85 will be effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, will improve accounting and financial reporting for debt extinguishments by establishing uniform guidance for derecognizing debt that is defeased in substance. Statement No. 86 will be effective for fiscal years beginning after June 15, 2017.

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

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

#### **Note 19. Joint Venture**

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

In fiscal year 2017, the County's contributions to the HRECC totaled approximately \$2,085,000.

#### **Note 20. Middle River Regional Jail Authority**

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

The total paid by the County to become a member jurisdiction of MRRJA was \$887,201 in fiscal year 2017, which has been shown as a public safety expenditure in the General Fund, and as a reduction in the liability on the Governmental Activities Statement of Net Position.

## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 21. Contingency**

##### Federal and State-Assisted Programs

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

#### **Note 22. Subsequent Events**

The Board held a public hearing and approved the application for a Virginia Resources Authority loan to be paid out of the water and sewer fund in the amount up to \$4.8 million.

The Board held a public hearing and approved the application for a Virginia Public School Authority loan in the amount up to \$24.5 million.

The Board issued a Request for Proposal on September 11, 2017 for bank placement of a \$3.3 million 5-year radio equipment lease. The closing date was October 27th.

The Board approved a contract for Aaron Conner to perform the McGaheysville Waterline Extension project. The contract is for \$3.3 million. Work is scheduled to begin in December of 2017.

The Harrisonburg-Rockingham Social Services District entered into a lease agreement effective July 1, 2017 for office space under a lease expiring June 30, 2027, with the option to renew for an additional year. The first year annual rental of \$18,280, is payable in equal monthly installments of \$1,523.33. The annual rental shall increase by 1.5% each subsequent year.

The total minimum rental commitment at July 1, 2017, under this lease is as follows:

	Minimum Rental Commitment
During the next five years	\$ 94,183
During the remaining term of the lease	101,462
	<u>\$ 195,645</u>

**REQUIRED SUPPLEMENTARY  
INFORMATION**

# COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

## SCHEDULE OF FUNDING PROGRESS – VIRGINIA RETIREMENT SYSTEM – HEALTH INSURANCE CREDIT PROGRAM

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
Component Unit - School Board non-professional employees:						
June 30, 2014	\$ 384,839	\$ 922,980	\$ 538,141	41.70%	\$ 7,741,274	6.95%
June 30, 2015	392,008	928,207	536,199	42.23%	7,852,919	6.83%
June 30, 2016	381,566	961,598	580,032	39.68%	8,031,639	7.22%

## SCHEDULE OF ANNUAL OPEB 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:			
2015	\$ 49,520	100.00%	\$ -
2016	49,446	100.00%	-
2017	51,701	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, 2014	\$ -	\$ 5,967,732	\$ 5,967,732	0.00%	\$ 21,178,806	28.18%
July 1, 2015	-	4,939,233	4,939,233	0.00%	22,493,713	21.96%
July 1, 2016	-	5,148,313	5,148,313	0.00%	24,914,187	20.66%
B. Component Unit - School Board employees:						
July 1, 2014	\$ -	\$ 17,238,883	\$ 17,238,883	0.00%	\$ 68,433,038	25.19%
July 1, 2015	-	15,931,442	15,931,442	0.00%	70,784,181	22.51%
July 1, 2016	-	16,620,776	16,620,776	0.00%	73,029,341	22.76%

## SCHEDULE OF EMPLOYER CONTRIBUTIONS – OTHER POSTEMPLOYMENT BENEFITS

Fiscal Year Ended June 30,	Annual Required Contribution	Percentage Contributed
A. Primary Government and Harrisonburg-Rockingham Social Services District, a component unit, employees:		
2015	\$ 620,317	45.73%
2016	487,643	37.57%
2017	479,697	44.05%
B. Component Unit - School Board employees:		
2015	\$ 1,642,900	43.96%
2016	1,481,181	35.02%
2017	1,463,964	35.89%

# COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

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

	Fiscal Year June 30,		
	2014	2015	2016
Total Pension Liability:			
Service cost	\$ 2,559,508	\$ 2,661,858	\$ 2,758,824
Interest	5,820,012	6,141,573	6,430,742
Differences between expected and actual experience	-	(528,816)	852,638
Benefit payments, including refunds of employee contributions	(3,578,397)	(3,993,176)	(4,294,088)
<b>Net change in total pension liability</b>	<b>4,801,123</b>	<b>4,281,439</b>	<b>5,748,116</b>
Total pension liability - beginning	84,932,224	89,733,347	94,014,786
Total pension liability - ending (a)	<u>\$ 89,733,347</u>	<u>\$ 94,014,786</u>	<u>\$ 99,762,902</u>
Plan Fiduciary Net Position:			
Contributions - employer	\$ 2,759,564	\$ 2,826,572	\$ 3,003,059
Contributions - employee	1,125,148	1,139,839	1,224,047
Net investment income	10,584,504	3,573,047	1,428,469
Benefit payments, including refunds of employee contributions	(3,578,397)	(3,993,176)	(4,294,088)
Administrative expense	(56,223)	(48,216)	(49,968)
Other changes	558	(753)	(602)
<b>Net change in plan fiduciary net position</b>	<b>10,835,154</b>	<b>3,497,313</b>	<b>1,310,917</b>
Plan fiduciary net position - beginning	66,593,183	77,428,337	80,925,650
Plan fiduciary net position - ending (b)	<u>\$ 77,428,337</u>	<u>\$ 80,925,650</u>	<u>\$ 82,236,567</u>
County and District's net pension liability - ending (a) - (b)	<u>\$ 12,305,010</u>	<u>\$ 13,089,136</u>	<u>\$ 17,526,335</u>
Plan fiduciary net position as a percentage of the total pension liability	86.29%	86.08%	82.43%
Covered-employee payroll	\$ 21,677,643	\$ 22,204,022	\$ 24,865,606
County and District's net pension liability as a percentage of covered-employee payroll	56.76%	58.95%	70.48%

Note to Schedule:

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

# COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

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

	Fiscal Year June 30,		
	2014	2015	2016
Total Pension Liability:			
Service cost	\$ 832,108	\$ 817,545	\$ 820,429
Interest	1,948,144	2,045,747	2,128,901
Differences between expected and actual experience	-	(294,432)	(259,762)
Benefit payments, including refunds of employee contributions	(1,423,602)	(1,348,250)	(1,413,634)
<b>Net change in total pension liability</b>	<b>1,356,650</b>	<b>1,220,610</b>	<b>1,275,934</b>
Total pension liability - beginning	28,542,435	29,899,085	31,119,695
Total pension liability - ending (a)	<u>\$ 29,899,085</u>	<u>\$ 31,119,695</u>	<u>\$ 32,395,629</u>
Plan Fiduciary Net Position:			
Contributions - employer	\$ 722,711	\$ 635,842	\$ 641,139
Contributions - employee	390,659	394,565	407,589
Net investment income	4,013,113	1,334,387	527,774
Benefit payments, including refunds of employee contributions	(1,423,602)	(1,348,250)	(1,413,634)
Administrative expense	(21,667)	(18,317)	(18,743)
Other changes	212	(283)	(223)
<b>Net change in plan fiduciary net position</b>	<b>3,681,426</b>	<b>997,944</b>	<b>143,902</b>
Plan fiduciary net position - beginning	25,542,725	29,224,151	30,222,095
Plan fiduciary net position - ending (b)	<u>\$ 29,224,151</u>	<u>\$ 30,222,095</u>	<u>\$ 30,365,997</u>
School Board non-professional net pension liability - ending (a) - (b)	<u>\$ 674,934</u>	<u>\$ 897,600</u>	<u>\$ 2,029,632</u>
Plan fiduciary net position as a percentage of the total pension liability	97.74%	97.12%	93.73%
Employer's covered-employee payroll	\$ 8,867,620	\$ 7,801,742	\$ 7,770,000
School Board's non-professional net pension liability as a percentage of covered-employee payroll	7.61%	11.51%	26.12%

Note to Schedule:

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



## COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

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

	Fiscal Year June 30,		
	2014	2015	2016
Employer's proportion of the net pension liability	0.81091%	0.82758%	0.82587%
Employer's proportionate share of the net pension liability	\$ 97,996,000	\$ 104,163,000	\$ 115,739,000
Employer's covered-employee payroll	47,690,683	61,488,041	60,677,558
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	205.48%	169.40%	190.74%
Plan fiduciary net position as a percentage of the total pension liability	70.88%	70.68%	68.28%

#### Note to Schedule:

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

## COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

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

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

#### Note to Schedule:

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

# COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

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

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

Note to Schedule:

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

# COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

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

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

Note to Schedule:

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

## COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION VIRGINIA RETIREMENT SYSTEM Year Ended June 30, 2017

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#### Note 1. Changes of Benefit Terms

There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this is a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2016 are not material.

#### Note 2. Changes of Assumptions

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

##### County, District and School Board Non-Professional:

###### Non-LEOS:

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

###### LEOS:

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

##### School Board Professional:

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

#### Note 3. Contractually Required Contributions

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

Methods and assumptions used to determine contribution rates:

##### County, District and School Board Non-Professional:

###### Non-LEOS:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	19-28 years
Asset valuation method	5-year smoothed marked
Cost-of-living adjustments	2.25%-2.50%
Projected salary increases	3.50%-5.35%, including inflation at 2.50%
Investment rate of return	7.0%, including inflation at 2.50%

## COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION VIRGINIA RETIREMENT SYSTEM Year Ended June 30, 2017

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#### Note 3. Contractually Required Contributions (Continued)

##### County, District and School Board Non-Professional:

###### LEOS:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	19-28 years
Asset valuation method	5-year smoothed marked
Cost-of-living adjustments	2.25%-2.50%
Projected salary increases	3.50%-4.75%, including inflation at 2.50%
Investment rate of return	7.0%, including inflation at 2.50%

##### School Board Professional:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	19-28 years
Asset valuation method	5-year smoothed marked
Cost-of-living adjustments	2.25%-2.50%
Projected salary increases	3.50%-5.95%, including inflation at 2.50%
Investment rate of return	7.0%, including inflation at 2.50%

## **SUPPLEMENTARY INFORMATION**

## **NONMAJOR PROPRIETARY FUNDS**

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

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

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



# COUNTY OF ROCKINGHAM, VIRGINIA

## COMBINING STATEMENT OF NET POSITION NONMAJOR PROPRIETARY FUNDS June 30, 2017

	Lilly Subdivision Sanitary District	Countryside Sanitary District	Penn Laird Sewer Authority	Total Nonmajor Proprietary Funds
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ -	\$ 20,711	\$ 38,183	\$ 58,894
Investments	-	17,573	32,399	49,972
Trade and other accounts receivable, net	3,816	627	2,418	6,861
Accrued interest	-	108	198	306
<b>Total current assets</b>	<b>3,816</b>	<b>39,019</b>	<b>73,198</b>	<b>116,033</b>
Noncurrent assets:				
Capital assets:				
Land	20,600	-	-	20,600
Easements	-	-	20,631	20,631
Improvements other than buildings	596,932	306,022	1,119,967	2,022,921
Machinery and equipment	5,470	-	28,892	34,362
Less accumulated depreciation and amortization	(149,378)	(70,385)	(236,413)	(456,176)
<b>Total capital assets, net of accumulated depreciation and amortization</b>	<b>473,624</b>	<b>235,637</b>	<b>933,077</b>	<b>1,642,338</b>
<b>Total noncurrent assets</b>	<b>473,624</b>	<b>235,637</b>	<b>933,077</b>	<b>1,642,338</b>
<b>Total assets</b>	<b>477,440</b>	<b>274,656</b>	<b>1,006,275</b>	<b>1,758,371</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and deposits	887	829	956	2,672
Accrued interest	4,774	738	2,987	8,499
Advance from other funds	124,605	-	-	124,605
Revenue bonds	19,545	8,835	21,376	49,756
<b>Total current liabilities</b>	<b>149,811</b>	<b>10,402</b>	<b>25,319</b>	<b>185,532</b>
Noncurrent liabilities:				
Revenue bonds	245,262	81,941	248,160	575,363
<b>Total noncurrent liabilities</b>	<b>245,262</b>	<b>81,941</b>	<b>248,160</b>	<b>575,363</b>
<b>Total liabilities</b>	<b>395,073</b>	<b>92,343</b>	<b>273,479</b>	<b>760,895</b>
<b>NET POSITION</b>				
Net investment in capital assets	208,817	144,861	663,541	1,017,219
Unrestricted (deficit)	(126,450)	37,452	69,255	(19,743)
<b>Total net position</b>	<b>\$ 82,367</b>	<b>\$ 182,313</b>	<b>\$ 732,796</b>	<b>\$ 997,476</b>

# COUNTY OF ROCKINGHAM, VIRGINIA

## COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION NONMAJOR PROPRIETARY FUNDS Year Ended June 30, 2017

	Lilly Subdivision Sanitary District	Countryside Sanitary District	Penn Laird Sewer Authority	Total Nonmajor Proprietary Funds
Operating revenues:				
Charges for services	\$ 29,434	\$ 15,382	\$ 10,463	\$ 55,279
Miscellaneous	50	-	3	53
<b>Total operating revenues</b>	<b>29,484</b>	<b>15,382</b>	<b>10,466</b>	<b>55,332</b>
Operating expenses:				
Contractual services	7,237	2,582	202	10,021
Other charges	10,637	6,910	6	17,553
Depreciation and amortization	10,820	6,120	25,289	42,229
<b>Total operating expenses</b>	<b>28,694</b>	<b>15,612</b>	<b>25,497</b>	<b>69,803</b>
<b>Operating income (loss)</b>	<b>790</b>	<b>(230)</b>	<b>(15,031)</b>	<b>(14,471)</b>
Nonoperating revenues (expenses):				
Interest revenue	393	356	1,684	2,433
Interest expense	(9,996)	(3,090)	(7,216)	(20,302)
<b>Total nonoperating expenses, net</b>	<b>(9,603)</b>	<b>(2,734)</b>	<b>(5,532)</b>	<b>(17,869)</b>
<b>Change in net position</b>	<b>(8,813)</b>	<b>(2,964)</b>	<b>(20,563)</b>	<b>(32,340)</b>
Total net position, beginning	91,180	185,277	753,359	1,029,816
Total net position, ending	\$ 82,367	\$ 182,313	\$ 732,796	\$ 997,476

# COUNTY OF ROCKINGHAM, VIRGINIA

## COMBINING STATEMENT OF CASH FLOWS NONMAJOR PROPRIETARY FUNDS Year Ended June 30, 2017

	Lilly Subdivision Sanitary District	Countryside Sanitary District	Penn Laird Sewer Authority	Total Nonmajor Proprietary Funds
Cash flows from operating activities:				
Receipts from customers	\$ 29,863	\$ 15,377	\$ 20,362	\$ 65,602
Payments from (to) suppliers for goods and services	(18,083)	(9,328)	68	(27,343)
Other receipts	50	-	3	53
<b>Net cash provided by operating activities</b>	<b>11,830</b>	<b>6,049</b>	<b>20,433</b>	<b>38,312</b>
Cash flows from capital and related financing activities:				
Advance from other funds	17,151	-	-	17,151
Principal paid on outstanding debt	(18,961)	(8,555)	(20,815)	(48,331)
Interest paid and fiscal charges on outstanding debt	(10,414)	(3,159)	(7,447)	(21,020)
<b>Net cash used in capital and related financing activities</b>	<b>(12,224)</b>	<b>(11,714)</b>	<b>(28,262)</b>	<b>(52,200)</b>
Cash flows from investing activities:				
Proceeds on sale of investments, net	-	26,009	44,314	70,323
Interest received on investment securities	394	367	1,698	2,459
<b>Net cash provided by investing activities</b>	<b>394</b>	<b>26,376</b>	<b>46,012</b>	<b>72,782</b>
<b>Net change in cash and cash equivalents</b>	<b>-</b>	<b>20,711</b>	<b>38,183</b>	<b>58,894</b>
Cash and Cash Equivalents:				
Beginning	-	-	-	-
Ending	\$ -	\$ 20,711	\$ 38,183	\$ 58,894
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 790	\$ (230)	\$ (15,031)	\$ (14,471)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	10,820	6,120	25,289	42,229
Change in assets and liabilities:				
Decrease (increase) in accounts receivable	429	(5)	9,899	10,323
Increase (decrease) in accounts payable and deposits	(209)	164	276	231
<b>Net cash provided by operating activities</b>	<b>\$ 11,830</b>	<b>\$ 6,049</b>	<b>\$ 20,433</b>	<b>\$ 38,312</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 POSITION  
INTERNAL SERVICE FUNDS  
June 30, 2017**

	Central Stores	Self - Insurance	Total Internal Service Funds
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 7,880	\$ 6,477,653	\$ 6,485,533
Investments	6,687	5,496,260	5,502,947
Trade and other accounts receivable	4,231	4,095	8,326
Accrued interest	-	34,083	34,083
Inventory	5,640	-	5,640
	<hr/>		
<b>Total assets</b>	24,438	12,012,091	12,036,529
<hr/>			
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	533	76,600	77,133
Unearned revenue	-	2,297,063	2,297,063
Insurance and benefit claims	-	2,076,649	2,076,649
	<hr/>		
<b>Total liabilities</b>	533	4,450,312	4,450,845
<hr/>			
<b>NET POSITION</b>			
Unrestricted	23,905	7,561,779	7,585,684
	<hr/>		
<b>Total net position</b>	\$ 23,905	\$ 7,561,779	\$ 7,585,684
	<hr/>		

# COUNTY OF ROCKINGHAM, VIRGINIA

## COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION INTERNAL SERVICE FUNDS Year Ended June 30, 2017

	Central Stores	Self - Insurance	Total Internal Service Funds
Operating revenues:			
Charges for services	\$ 42,704	\$ 27,698,040	\$ 27,740,744
<b>Total operating revenues</b>	<b>42,704</b>	<b>27,698,040</b>	<b>27,740,744</b>
Operating expenses:			
Contractual services	-	2,696,527	2,696,527
Risk financing and benefit payments	-	23,745,763	23,745,763
Other charges	38,048	-	38,048
<b>Total operating expenses</b>	<b>38,048</b>	<b>26,442,290</b>	<b>26,480,338</b>
<b>Operating income</b>	<b>4,656</b>	<b>1,255,750</b>	<b>1,260,406</b>
Nonoperating revenue:			
Interest	-	87,727	87,727
<b>Total nonoperating revenue</b>	<b>-</b>	<b>87,727</b>	<b>87,727</b>
<b>Change in net position</b>	<b>4,656</b>	<b>1,343,477</b>	<b>1,348,133</b>
Total net position, beginning	19,249	6,218,302	6,237,551
Total net position, ending	\$ 23,905	\$ 7,561,779	\$ 7,585,684

# COUNTY OF ROCKINGHAM, VIRGINIA

## COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS Year Ended June 30, 2017

	Central Stores	Self - Insurance	Total Internal Service Funds
Cash flows from operating activities:			
Receipts from interfund services provided	\$ 40,567	\$ 27,853,267	\$ 27,893,834
Claims and benefits paid	-	(24,185,917)	(24,185,917)
Payments to suppliers for goods and services	(37,841)	(3,232,950)	(3,270,791)
<b>Net cash provided by operating activities</b>	<b>2,726</b>	<b>434,400</b>	<b>437,126</b>
Cash flows from investing activities:			
Proceeds on sale of investments, net	5,154	5,959,191	5,964,345
Interest received on investment securities	-	84,062	84,062
<b>Net cash provided by investing activities</b>	<b>5,154</b>	<b>6,043,253</b>	<b>6,048,407</b>
<b>Net change in cash and cash equivalents</b>	<b>7,880</b>	<b>6,477,653</b>	<b>6,485,533</b>
Cash and cash equivalents:			
Beginning	-	-	-
Ending	\$ 7,880	\$ 6,477,653	\$ 6,485,533
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 4,656	\$ 1,255,750	\$ 1,260,406
Adjustments to reconcile operating income to net cash provided by operating activities:			
Change in assets and liabilities:			
Increase in:			
Accounts receivable	(2,137)	(2,432)	(4,569)
Inventory	(126)	-	(126)
Increase (decrease) in:			
Accounts payable	333	(536,423)	(536,090)
Unearned revenue	-	157,659	157,659
Insurance and benefit claims	-	(440,154)	(440,154)
<b>Net cash provided by operating activities</b>	<b>\$ 2,726</b>	<b>\$ 434,400</b>	<b>\$ 437,126</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.

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

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

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

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

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



# COUNTY OF ROCKINGHAM, VIRGINIA

## COMBINING STATEMENT OF NET POSITION FIDUCIARY FUNDS June 30, 2017

	Agency Funds								Totals
	Special Welfare	Employee Benefits	Bond Escrow	Massanutten Technical Center	Emergency Medical Services	Soil and Water Conservation	Laird L Conrad Law Library		
<b>ASSETS</b>									
Cash and cash equivalents	\$ 60,309	\$ 33,586	\$ 347,380	\$ 475,377	\$ 308,532	\$ -	\$ 135,283	\$ 1,360,467	
Accounts receivable	-	-	1,073	66,630	4,786	87,254	380	160,123	
<b>Total assets</b>	<b>\$ 60,309</b>	<b>\$ 33,586</b>	<b>\$ 348,453</b>	<b>\$ 542,007</b>	<b>\$ 313,318</b>	<b>\$ 87,254</b>	<b>\$ 135,663</b>	<b>\$ 1,520,590</b>	
<b>LIABILITIES</b>									
Accounts payable	\$ 60,309	\$ 33,586	\$ 348,453	\$ 542,007	\$ 313,318	\$ 87,254	\$ 135,663	\$ 1,520,590	

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**Year Ended June 30, 2017**

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
<b><u>SPECIAL WELFARE</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 54,716	\$ 82,111	\$ 76,518	\$ 60,309
<b>LIABILITIES</b>				
Accounts payable	\$ 54,716	\$ 82,111	\$ 76,518	\$ 60,309
<b><u>EMPLOYEE BENEFITS</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 140,664	\$ 459,780	\$ 566,858	\$ 33,586
Accounts receivable	10,751	-	10,751	-
<b>Total assets</b>	<b>\$ 151,415</b>	<b>\$ 459,780</b>	<b>\$ 577,609</b>	<b>\$ 33,586</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 151,415	\$ 459,780	\$ 577,609	\$ 33,586
<b><u>BOND ESCROW</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 450,080	\$ 216,176	\$ 318,876	\$ 347,380
Accounts receivable	1,164	1,073	1,164	1,073
<b>Total assets</b>	<b>\$ 451,244</b>	<b>\$ 217,249</b>	<b>\$ 320,040</b>	<b>\$ 348,453</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 451,244	\$ 217,249	\$ 320,040	\$ 348,453

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**Year Ended June 30, 2017**

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
<u>MASSANUTTEN TECHNICAL CENTER</u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 656,766	\$ 5,251,752	\$ 5,433,141	\$ 475,377
Accounts receivable	99,396	66,630	99,396	66,630
<b>Total assets</b>	<b>\$ 756,162</b>	<b>\$ 5,318,382</b>	<b>\$ 5,532,537</b>	<b>\$ 542,007</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 756,162	\$ 5,318,382	\$ 5,532,537	\$ 542,007
<u>EMERGENCY MEDICAL SERVICES</u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 357,364	\$ 1,314,989	\$ 1,363,821	\$ 308,532
Accounts receivable	3,348	4,786	3,348	4,786
<b>Total assets</b>	<b>\$ 360,712</b>	<b>\$ 1,319,775</b>	<b>\$ 1,367,169</b>	<b>\$ 313,318</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 360,712	\$ 1,319,775	\$ 1,367,169	\$ 313,318
<u>SOIL AND WATER CONSERVATION</u>				
<b>ASSETS</b>				
Accounts receivable	\$ 88,799	\$ 320,455	\$ 322,000	\$ 87,254
<b>LIABILITIES</b>				
Accounts payable	\$ 88,799	\$ 320,455	\$ 322,000	\$ 87,254

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**Year Ended June 30, 2017**

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
<u>LAIRD L CONRAD LAW LIBRARY</u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 146,879	\$ 32,426	\$ 44,022	\$ 135,283
Accounts receivable	407	380	407	380
<b>Total assets</b>	<b>\$ 147,286</b>	<b>\$ 32,806</b>	<b>\$ 44,429</b>	<b>\$ 135,663</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 147,286	\$ 32,806	\$ 44,429	\$ 135,663

TOTALS - ALL AGENCY FUNDS

<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,806,469	\$ 7,357,234	\$ 7,803,236	\$ 1,360,467
Accounts receivable	203,865	393,324	437,066	160,123
<b>Total assets</b>	<b>\$ 2,010,334</b>	<b>\$ 7,750,558</b>	<b>\$ 8,240,302</b>	<b>\$ 1,520,590</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 2,010,334	\$ 7,750,558	\$ 8,240,302	\$ 1,520,590

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

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

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

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

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

# COUNTY OF ROCKINGHAM, VIRGINIA

## COMBINING BALANCE SHEET

### DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD

June 30, 2017

	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	Nonmajor Governmental Fund - Massanutten Technical Center - Operating Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 6,052,950	\$ 1,010,946	\$ 140,423	\$ 257,170	\$ 7,461,489
Investments	5,135,477	849,299	119,149	218,207	6,322,132
Trade and other accounts receivable	192,250	49,662	-	13,570	255,482
Accrued interest	-	4,927	-	1,159	6,086
Due from other governments	3,395,894	90,454	-	51,901	3,538,249
Prepaid items	3,343,957	188,275	-	64,810	3,597,042
Inventory	90,586	71,475	-	-	162,061
<b>Total assets</b>	<b>\$ 18,211,114</b>	<b>\$ 2,265,038</b>	<b>\$ 259,572</b>	<b>\$ 606,817</b>	<b>\$ 21,342,541</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 1,304,045	\$ 57,098	\$ 3,362,431	\$ 72,772	\$ 4,796,346
Accrued payroll	16,907,069	483,850	2,169	334,045	17,727,133
Due to other governments	-	-	-	200,000	200,000
<b>Total liabilities</b>	<b>18,211,114</b>	<b>540,948</b>	<b>3,364,600</b>	<b>606,817</b>	<b>22,723,479</b>
<b>FUND BALANCES</b>					
Nonspendable:					
Prepaid items	3,343,957	188,275	-	64,810	3,597,042
Inventory	90,586	71,475	-	-	162,061
Assigned to:					
Cafeteria	-	1,464,340	-	-	1,464,340
Unassigned	(3,434,543)	-	(3,105,028)	(64,810)	(6,604,381)
<b>Total fund balances (deficits)</b>	<b>-</b>	<b>1,724,090</b>	<b>(3,105,028)</b>	<b>-</b>	<b>(1,380,938)</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 18,211,114</b>	<b>\$ 2,265,038</b>	<b>\$ 259,572</b>	<b>\$ 606,817</b>	<b>\$ 21,342,541</b>
Total fund balances (deficits)					\$ (1,380,938)
Amounts reported for governmental activities in the Statement of Net Position are different because:					
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.					
Governmental capital assets				\$ 282,912,468	
Less accumulated depreciation and amortization				(153,309,347)	
Net capital assets					129,603,121
Deferred outflows of resources - pension plan represents a consumption of net position that applies to a future period and are not recognized as deferred outflows of resources in the governmental funds.					
					18,223,469
Internal service funds are used by management to charge the costs of goods provided to other departments or funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.					
					3,909,013
Long-term due from other government - pension plan				2,176,965	
Long-term due from other government - other postemployment benefits				74,891	
					2,251,856
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				(3,287,848)	
Other postemployment benefits				(9,339,622)	
Net pension liability				(117,768,632)	
					(130,396,102)
Deferred inflows of resources - pension plan represents an acquisition of net position that applies to a future period and are not recognized as deferred inflows of resources in the governmental funds.					
					(4,426,036)
<b>Net position of governmental activities</b>					<b>\$ 17,784,383</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, 2017

	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	Nonmajor Governmental Fund - Massanutten Technical Center - Operating Fund	Total Governmental Funds
Revenues:					
Use of money and property	\$ 27,561	\$ 11,731	\$ 1,927	\$ 3,013	\$ 44,232
Charges for services	2,942,127	1,994,181	-	660,233	5,596,541
Miscellaneous	513,874	-	-	29,053	542,927
Appropriation from Primary Government	56,271,432	-	4,690,262	-	60,961,694
Intergovernmental	68,768,339	3,421,109	-	4,526,687	76,716,135
<b>Total revenues</b>	<b>128,523,333</b>	<b>5,427,021</b>	<b>4,692,189</b>	<b>5,218,986</b>	<b>143,861,529</b>
Expenditures:					
Current:					
Education	128,518,178	5,243,995	-	5,218,986	138,981,159
Capital outlay	-	-	7,876,933	-	7,876,933
<b>Total expenditures</b>	<b>128,518,178</b>	<b>5,243,995</b>	<b>7,876,933</b>	<b>5,218,986</b>	<b>146,858,092</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>5,155</b>	<b>183,026</b>	<b>(3,184,744)</b>	<b>-</b>	<b>(2,996,563)</b>
Other financing sources (uses):					
Transfers in	-	5,155	-	-	5,155
Transfers out	(5,155)	-	-	-	(5,155)
<b>Other financing sources (uses)</b>	<b>(5,155)</b>	<b>5,155</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>188,181</b>	<b>(3,184,744)</b>	<b>-</b>	<b>(2,996,563)</b>
Fund balances, beginning	-	1,535,909	79,716	-	1,615,625
Fund balances (deficits), ending	\$ -	\$ 1,724,090	\$ (3,105,028)	\$ -	\$ (1,380,938)
Net change in fund balances					\$ (2,996,563)
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				\$ 8,428,049	
Less depreciation and amortization expense				(8,752,935)	
Excess of depreciation and amortization over capital outlays					(324,886)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to increase net position.					165,805
Due from other government - pension plan				200,851	
Long-term due from other government - other postemployment benefits				13,308	
					214,159
Deferred outflows of resources - pension plan contributions subsequent to measurement date					(143,024)
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				181,290	
Other postemployment benefits				(924,726)	
Pension expense				(1,109,090)	
					(1,852,526)
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				20,839,325	
Total expenses				(19,831,718)	
					1,007,607
<b>Change in net position of governmental activities</b>					<b>\$ (3,929,428)</b>

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

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

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



**COUNTY OF ROCKINGHAM, VIRGINIA**

**COMBINING STATEMENT OF NET POSITION  
SCHOOL BOARD – FIDUCIARY FUNDS  
June 30, 2017**

	Agency Funds		
	Massanutten		
	School Activity Funds	Technical Center Activity Fund	Totals
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,667,555	\$ 87,459	\$ 1,755,014
Accounts receivable	26,633	1,197	27,830
<b>Total assets</b>	<b>\$ 1,694,188</b>	<b>\$ 88,656</b>	<b>\$ 1,782,844</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 1,694,188	\$ 88,656	\$ 1,782,844
<b>Total liabilities</b>	<b>\$ 1,694,188</b>	<b>\$ 88,656</b>	<b>\$ 1,782,844</b>

# COUNTY OF ROCKINGHAM, VIRGINIA

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES SCHOOL BOARD – ALL AGENCY FUNDS Year Ended June 30, 2017

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
<u>SCHOOL ACTIVITY FUNDS</u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,558,341	\$ 4,239,010	\$ 4,129,796	\$ 1,667,555
Accounts receivable	17,167	26,633	17,167	26,633
<b>Total assets</b>	<b>\$ 1,575,508</b>	<b>\$ 4,265,643</b>	<b>\$ 4,146,963</b>	<b>\$ 1,694,188</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,575,508	\$ 4,265,643	\$ 4,146,963	\$ 1,694,188
<u>MASSANUTTEN TECHNICAL CENTER ACTIVITY FUND</u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 113,096	\$ 184,293	\$ 209,930	\$ 87,459
Accounts receivable	6,431	1,197	6,431	1,197
<b>Total assets</b>	<b>\$ 119,527</b>	<b>\$ 185,490</b>	<b>\$ 216,361</b>	<b>\$ 88,656</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 119,527	\$ 185,490	\$ 216,361	\$ 88,656
<u>TOTALS - ALL AGENCY FUNDS</u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,671,437	\$ 4,423,303	\$ 4,339,726	\$ 1,755,014
Accounts receivable	23,598	27,830	23,598	27,830
<b>Total assets</b>	<b>\$ 1,695,035</b>	<b>\$ 4,451,133</b>	<b>\$ 4,363,324</b>	<b>\$ 1,782,844</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,695,035	\$ 4,451,133	\$ 4,363,324	\$ 1,782,844

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

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

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

# COUNTY OF ROCKINGHAM, VIRGINIA

## COMBINING BALANCE SHEET DISCRETELY PRESENTED COMPONENT UNIT – HARRISONBURG-ROCKINGHAM SOCIAL SERVICES DISTRICT June 30, 2017

	Operating Fund	Special Revenue Children's Services Act Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,001,085	\$ -	\$ 2,001,085
Investments	1,697,912	140,835	1,838,747
Trade and other accounts receivable	6,698	16,400	23,098
Accrued interest	11,630	-	11,630
Due from other governments	1,281,800	1,083,250	2,365,050
Prepaid items	151,385	3,841	155,226
<b>Total assets</b>	<b>\$ 5,150,510</b>	<b>\$ 1,244,326</b>	<b>\$ 6,394,836</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 209,240	\$ 875,136	\$ 1,084,376
Accrued payroll	257,950	6,414	264,364
<b>Total liabilities</b>	<b>467,190</b>	<b>881,550</b>	<b>1,348,740</b>
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid items	151,385	3,841	155,226
Restricted for minority interest	1,858,093	161,520	2,019,613
Assigned to:			
Social services	2,673,842	197,415	2,871,257
<b>Total fund balances</b>	<b>4,683,320</b>	<b>362,776</b>	<b>5,046,096</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,150,510</b>	<b>\$ 1,244,326</b>	<b>\$ 6,394,836</b>
Fund balances			\$ 5,046,096
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.			
Governmental capital assets		\$ 3,257,160	
Less accumulated depreciation and amortization		(890,844)	
Net capital assets			2,366,316
Deferred outflows of resources - pension plan represents a consumption of net position that applies to a future period and are not recognized as deferred outflows of resources in the governmental funds.			
			1,133,373
Long-term due from other government - pension plan			
		1,375,762	
Long-term due from other government - other postemployment benefits			
		296,374	
			1,672,136
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		(43,503)	
Other postemployment benefits		(592,748)	
Net pension liability		(2,751,524)	
			(3,387,775)
Deferred inflows of resources - pension plan represents an acquisition of net position that applies to a future period and are not recognized as deferred inflows of resources in the governmental funds.			
			(44,316)
<b>Net position of governmental activities</b>			<b>\$ 6,785,830</b>

# COUNTY OF ROCKINGHAM, VIRGINIA

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – DISCRETELY PRESENTED COMPONENT UNIT – HARRISONBURG-ROCKINGHAM SOCIAL SERVICES DISTRICT Year Ended June 30, 2017

	Operating Fund	Special Revenue Children's Services Act Fund	Total Governmental Funds
Revenues:			
Use of money and property	\$ 31,076	\$ 1,010	\$ 32,086
Miscellaneous	1,675,544	1,869,890	3,545,434
Appropriation from Primary Government	2,339,956	2,256,559	4,596,515
Intergovernmental	11,913,137	5,215,483	17,128,620
<b>Total revenues</b>	<b>15,959,713</b>	<b>9,342,942</b>	<b>25,302,655</b>
Expenditures:			
Current:			
Health and social services	14,967,203	9,581,817	24,549,020
<b>Total expenditures</b>	<b>14,967,203</b>	<b>9,581,817</b>	<b>24,549,020</b>
<b>Net change in fund balances</b>	<b>992,510</b>	<b>(238,875)</b>	<b>753,635</b>
Fund balances, beginning	3,690,810	601,651	4,292,461
Fund balances, ending	\$ 4,683,320	\$ 362,776	\$ 5,046,096
Net change in fund balances			\$ 753,635
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		\$ 42,681	
Less depreciation and amortization expense		(127,670)	
Excess of depreciation and amortization over capital outlays			(84,989)
Due from other government - pension plan		437,887	
Long-term due from other government - other postemployment benefits		18,642	
			456,529
Deferred outflows of resources - pension plan contributions subsequent to measurement date			85,898
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		(678)	
Other postemployment benefits		(37,284)	
Pension expense		9,131	
			(28,831)
<b>Change in net position of governmental activities</b>			<b>\$ 1,182,242</b>

## **NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS**

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

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

**COUNTY OF ROCKINGHAM, VIRGINIA****COMBINING STATEMENT OF NET POSITION  
NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS  
June 30, 2017**

	Economic Development Authority	Rockingham County Recreation Foundation	Total Nonmajor Discretely Presented Component Units
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,209	\$ 43,641	\$ 46,850
Investments	2,724	-	2,724
Accounts receivable	3,019	-	3,019
<b>Total assets</b>	<b>\$ 8,952</b>	<b>\$ 43,641</b>	<b>\$ 52,593</b>
<b>NET POSITION</b>			
Unrestricted	\$ 8,952	\$ 43,641	\$ 52,593
<b>Total net position</b>	<b>\$ 8,952</b>	<b>\$ 43,641</b>	<b>\$ 52,593</b>

# COUNTY OF ROCKINGHAM, VIRGINIA

## COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS

Year Ended June 30, 2017

	Economic Development Authority	Rockingham County Recreation Foundation	Total Nonmajor Discretely Presented Component Units
Operating revenues:			
Charges for services	\$ 10,000	\$ -	\$ 10,000
Miscellaneous - gifts and donations	-	73,221	73,221
<b>Total operating revenues</b>	<b>10,000</b>	<b>73,221</b>	<b>83,221</b>
Operating expenditures:			
Parks and recreation	-	29,580	29,580
Economic development	1,416,948	-	1,416,948
<b>Total operating expenditures</b>	<b>1,416,948</b>	<b>29,580</b>	<b>1,446,528</b>
<b>Operating income (loss)</b>	<b>(1,406,948)</b>	<b>43,641</b>	<b>(1,363,307)</b>
Nonoperating revenues:			
Revenue from use of money	37	-	37
<b>Income (loss) before capital grants and contributions</b>	<b>(1,406,911)</b>	<b>43,641</b>	<b>(1,363,270)</b>
Capital grants and contributions	1,412,058	-	1,412,058
<b>Change in net position</b>	<b>5,147</b>	<b>43,641</b>	<b>48,788</b>
Net position, beginning	3,805	-	3,805
Net position, ending	\$ 8,952	\$ 43,641	\$ 52,593



# COUNTY OF ROCKINGHAM, VIRGINIA

## COMBINING STATEMENT OF CASH FLOWS NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS Year Ended June 30, 2017

	Economic Development Authority	Rockingham County Recreation Foundation	Total Nonmajor Discretely Presented Component Units
Cash flows from operating activities:			
Receipts from customers	\$ 9,999	\$ -	\$ 9,999
Payments to suppliers for goods and services	-	(29,580)	(29,580)
Other (payments) receipts	(1,424,698)	73,221	(1,351,477)
<b>Net cash provided by (used in) operating activities</b>	<b>(1,414,699)</b>	<b>43,641</b>	<b>(1,371,058)</b>
Cash flows from capital and related financing activities:			
Intergovernmental - grants	1,412,058	-	1,412,058
<b>Net cash provided by capital and related financing activities</b>	<b>1,412,058</b>	<b>-</b>	<b>1,412,058</b>
Cash flows from investing activities:			
Purchase of investments, net	(2,724)	-	(2,724)
Interest received on investment securities	37	-	37
<b>Net cash used in investing activities</b>	<b>(2,687)</b>	<b>-</b>	<b>(2,687)</b>
<b>Net change in cash and cash equivalents</b>	<b>(5,328)</b>	<b>43,641</b>	<b>38,313</b>
Cash and cash equivalents:			
Beginning	8,537	-	8,537
Ending	\$ 3,209	\$ 43,641	\$ 46,850
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (1,406,948)	\$ 43,641	\$ (1,363,307)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Decrease in assets and liabilities:			
Accounts receivable	2,999	-	2,999
Unearned revenue	(3,000)	-	(3,000)
Accounts payable and deposits	(7,750)	-	(7,750)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (1,414,699)</b>	<b>\$ 43,641</b>	<b>\$ (1,371,058)</b>

## **SUPPLEMENTAL SCHEDULES**

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED  
COMPONENT UNITS – SCHEDULE OF REVENUES –  
BUDGET AND ACTUAL  
Year Ended June 30, 2017**

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	\$ 53,430,000	\$ 53,430,000	\$ 53,864,502	\$ 434,502
Real and personal public service corporation property taxes	2,440,000	2,440,000	2,288,665	(151,335)
Personal property taxes	13,387,500	13,387,500	14,923,239	1,535,739
Machinery and tools taxes	8,425,000	8,425,000	8,186,509	(238,491)
Merchants' capital taxes	1,250,000	1,250,000	1,397,162	147,162
Penalties and interest	630,000	630,000	799,580	169,580
<b>Total general property taxes</b>	<b>79,562,500</b>	<b>79,562,500</b>	<b>81,459,657</b>	<b>1,897,157</b>
Other local taxes:				
Local sales and use taxes	5,800,000	5,800,000	6,324,892	524,892
Consumer utility taxes	1,081,300	1,081,300	1,058,481	(22,819)
Utility gross receipts taxes	400,000	400,000	351,829	(48,171)
Bank stock taxes	60,000	60,000	98,871	38,871
Motor vehicle licenses	1,250,000	1,250,000	1,278,070	28,070
Taxes on recordation and wills	1,020,000	1,020,000	957,414	(62,586)
Hotel and motel room taxes	230,000	230,000	258,516	28,516
Food and beverage taxes	1,150,000	1,150,000	1,155,637	5,637
<b>Total other local taxes</b>	<b>10,991,300</b>	<b>10,991,300</b>	<b>11,483,710</b>	<b>492,410</b>
Permits, privilege fees and regulatory licenses:				
Animal licenses	23,000	23,000	20,833	(2,167)
Permits and other licenses	1,287,230	1,287,230	1,709,226	421,996
<b>Total permits, privilege fees and       regulatory licenses</b>	<b>1,310,230</b>	<b>1,310,230</b>	<b>1,730,059</b>	<b>419,829</b>
Fines and forfeitures	111,500	111,500	160,451	48,951
Use of money and property:				
Revenue from use of money	105,000	105,000	(133,624)	(238,624)
Revenue from use of property	1,378,502	1,378,502	1,146,626	(231,876)
<b>Total use of money and property</b>	<b>1,483,502</b>	<b>1,483,502</b>	<b>1,013,002</b>	<b>(470,500)</b>

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED  
COMPONENT UNITS – SCHEDULE OF REVENUES –  
BUDGET AND ACTUAL  
Year Ended June 30, 2017**

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	\$ 533,000	\$ 533,000	\$ 546,205	\$ 13,205
Commonwealth attorney	207,000	207,000	206,921	(79)
Law enforcement and traffic control	345,607	354,107	275,931	(78,176)
EMS transport	510,000	510,000	464,483	(45,517)
Correction and detention	870,500	870,500	719,399	(151,101)
Parks and recreation	819,500	819,500	863,175	43,675
Computer services	2,000	2,000	1,768	(232)
Health	2,500	2,500	18,565	16,065
Garage fees	625,000	625,000	547,299	(77,701)
Planning and community development	1,500	1,500	1,855	355
<b>Total charges for services</b>	<b>3,916,607</b>	<b>3,925,107</b>	<b>3,645,601</b>	<b>(279,506)</b>
Miscellaneous	272,822	329,922	586,349	256,427
Recovered costs:				
City of Harrisonburg:				
Judicial administration	549,124	553,250	510,401	(42,849)
Public safety	3,885,222	3,914,418	3,611,242	(303,176)
Public works	578,954	583,304	538,127	(45,177)
Other entities:				
Public safety	382,943	382,943	298,085	(84,858)
<b>Total recovered costs</b>	<b>5,396,243</b>	<b>5,433,915</b>	<b>4,957,855</b>	<b>(476,060)</b>
<b>Total revenue from local sources</b>	<b>103,044,704</b>	<b>103,147,976</b>	<b>105,036,684</b>	<b>1,888,708</b>
Intergovernmental:				
Revenue from the Commonwealth:				
Non-categorical aid:				
Communications sales and use taxes	1,600,000	1,600,000	1,503,643	(96,357)
Mobile home titling taxes	80,000	80,000	76,088	(3,912)
Rental vehicle taxes	9,000	9,000	7,371	(1,629)
Personal property tax relief	6,000,000	6,000,000	5,722,793	(277,207)
Recordation taxes	300,000	300,000	300,693	693
<b>Total non-categorical aid</b>	<b>7,989,000</b>	<b>7,989,000</b>	<b>7,610,588</b>	<b>(378,412)</b>

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED  
COMPONENT UNITS – SCHEDULE OF REVENUES –  
BUDGET AND ACTUAL  
Year Ended June 30, 2017**

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	\$ 924,600	\$ 924,600	\$ 898,897	\$ (25,703)
Sheriff	6,028,200	6,028,200	5,843,556	(184,644)
Commissioner of the revenue	201,100	201,100	198,662	(2,438)
Treasurer	183,700	183,700	180,591	(3,109)
Registrar/Electoral Board	50,000	50,000	46,980	(3,020)
Clerk of circuit court	589,100	867,628	678,636	(188,992)
Jail operations	403,000	403,000	516,175	113,175
<b>Total shared costs</b>	<b>8,379,700</b>	<b>8,658,228</b>	<b>8,363,497</b>	<b>(294,731)</b>
Other categorical aid:				
Emergency medical services	80,000	80,000	78,134	(1,866)
Community corrections	430,494	430,494	431,440	946
Fire program	173,000	173,000	186,702	13,702
Hazardous materials program	10,000	10,000	10,000	-
Victim witness	44,697	44,697	42,281	(2,416)
Records preservation	-	18,038	30,625	12,587
Domestic violence	40,000	40,000	45,000	5,000
OEMS training	1,500	1,500	-	(1,500)
Other	-	265,000	270,546	5,546
<b>Total other categorical aid</b>	<b>779,691</b>	<b>1,062,729</b>	<b>1,094,728</b>	<b>31,999</b>
<b>Total categorical aid</b>	<b>9,159,391</b>	<b>9,720,957</b>	<b>9,458,225</b>	<b>(262,732)</b>
<b>Total revenue from the Commonwealth</b>	<b>17,148,391</b>	<b>17,709,957</b>	<b>17,068,813</b>	<b>(641,144)</b>
Revenue from the federal government:				
Non-categorical aid:				
Payment for federal lands	396,000	396,000	440,081	44,081

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED  
COMPONENT UNITS – SCHEDULE OF REVENUES –  
BUDGET AND ACTUAL  
Year Ended June 30, 2017**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
Victim witness	\$ 134,090	\$ 134,090	\$ 126,994	\$ (7,096)
FEMA	19,022	19,022	18,094	(928)
Highway safety	35,127	35,127	34,872	(255)
Welfare	180,000	180,000	237,994	57,994
Behavioral health	41,664	41,664	51,349	9,685
Domestic violence coordinator	22,520	22,520	21,171	(1,349)
SAFER	454,928	454,928	213,496	(241,432)
Edward Byrne crisis intervention	15,062	15,062	15,280	218
State criminal alien assistance	-	-	19,400	19,400
Incarceration	5,000	5,000	200	(4,800)
Assistance to firefighters	-	679,153	679,153	-
Other	-	1,371	1,371	-
<b>Total categorical aid</b>	<b>907,413</b>	<b>1,587,937</b>	<b>1,419,374</b>	<b>(168,563)</b>
<b>Total revenue from the federal government</b>	<b>1,303,413</b>	<b>1,983,937</b>	<b>1,859,455</b>	<b>(124,482)</b>
<b>Total intergovernmental</b>	<b>18,451,804</b>	<b>19,693,894</b>	<b>18,928,268</b>	<b>(765,626)</b>
<b>Total General Fund</b>	<b>\$ 121,496,508</b>	<b>\$ 122,841,870</b>	<b>\$ 123,964,952</b>	<b>\$ 1,123,082</b>
Special Revenue Fund:				
Asset Forfeiture Fund:				
Revenue from local sources:				
Fines and forfeitures:				
Seized funds - judicial administration	\$ 17,900	\$ 17,900	\$ 40,944	\$ 23,044
Seized funds - public safety	17,900	17,900	39,001	21,101
<b>Total fines and forfeitures</b>	<b>35,800</b>	<b>35,800</b>	<b>79,945</b>	<b>44,145</b>
Revenue from use of money	-	-	2,150	2,150
<b>Total revenue from local sources</b>	<b>35,800</b>	<b>35,800</b>	<b>82,095</b>	<b>46,295</b>
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
Seized funds - judicial administration	40,050	40,050	7,499	(32,551)
Seized funds - public safety	40,050	40,050	12,320	(27,730)
<b>Total intergovernmental</b>	<b>80,100</b>	<b>80,100</b>	<b>19,819</b>	<b>(60,281)</b>
<b>Total Special Revenue Fund</b>	<b>\$ 115,900</b>	<b>\$ 115,900</b>	<b>\$ 101,914</b>	<b>\$ (13,986)</b>

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED  
COMPONENT UNITS – SCHEDULE OF REVENUES –  
BUDGET AND ACTUAL  
Year Ended June 30, 2017**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
Capital Projects Fund:				
General Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money	\$ 100,000	\$ 100,000	\$ 96,344	\$ (3,656)
Miscellaneous	1,100,000	1,100,000	41,486	(1,058,514)
<b>Total revenue from local sources</b>	<b>1,200,000</b>	<b>1,200,000</b>	<b>137,830</b>	<b>(1,062,170)</b>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
VDOT Revenue Sharing	3,175,000	3,175,000	306,062	(2,868,938)
<b>Total revenue from the Commonwealth</b>	<b>3,175,000</b>	<b>3,175,000</b>	<b>306,062</b>	<b>(2,868,938)</b>
<b>Total intergovernmental</b>	<b>3,175,000</b>	<b>3,175,000</b>	<b>306,062</b>	<b>(2,868,938)</b>
<b>Total General Capital Projects Fund</b>	<b>\$ 4,375,000</b>	<b>\$ 4,375,000</b>	<b>\$ 443,892</b>	<b>\$ (3,931,108)</b>
<b>Grand Total Revenues - Primary Government</b>	<b>\$ 125,987,408</b>	<b>\$ 127,332,770</b>	<b>\$ 124,510,758</b>	<b>\$ (2,822,012)</b>
Major Component Units:				
Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of property	\$ 30,000	\$ 30,000	\$ 27,561	\$ (2,439)
Charges for services	2,736,000	2,736,000	2,942,127	206,127
Miscellaneous	370,000	370,000	513,874	143,874
Appropriation from Primary Government	59,353,791	59,353,791	56,271,432	(3,082,359)
<b>Total revenue from local sources</b>	<b>62,489,791</b>	<b>62,489,791</b>	<b>59,754,994</b>	<b>(2,734,797)</b>

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED  
COMPONENT UNITS – SCHEDULE OF REVENUES –  
BUDGET AND ACTUAL  
Year Ended June 30, 2017**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Major Component Units:				
Component Unit - School Board:				
School Operating Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Non-categorical aid:				
Rolling stock tax	\$ 70,000	\$ 70,000	\$ 77,475	\$ 7,475
Categorical aid:				
State sales tax receipts	13,732,258	13,732,258	13,461,843	(270,415)
Basic school aid	32,012,674	32,012,674	32,027,456	14,782
Other state school funds	18,481,815	18,481,815	18,380,900	(100,915)
<b>Total categorical aid</b>	<b>64,226,747</b>	<b>64,226,747</b>	<b>63,870,199</b>	<b>(356,548)</b>
<b>Total revenue from the Commonwealth</b>	<b>64,296,747</b>	<b>64,296,747</b>	<b>63,947,674</b>	<b>(349,073)</b>
Revenue from the federal government:				
Categorical aid:				
Title I	1,550,000	1,550,000	1,664,876	114,876
Title VIB	2,485,000	2,485,000	2,444,723	(40,277)
Other school funds	613,000	613,000	711,066	98,066
<b>Total revenue from the federal government</b>	<b>4,648,000</b>	<b>4,648,000</b>	<b>4,820,665</b>	<b>172,665</b>
<b>Total intergovernmental</b>	<b>68,944,747</b>	<b>68,944,747</b>	<b>68,768,339</b>	<b>(176,408)</b>
<b>Total School Operating Fund</b>	<b>131,434,538</b>	<b>131,434,538</b>	<b>128,523,333</b>	<b>(2,911,205)</b>
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money	8,000	8,000	11,731	3,731
Charges for services	2,141,293	2,141,293	1,994,181	(147,112)
<b>Total revenue from local sources</b>	<b>2,149,293</b>	<b>2,149,293</b>	<b>2,005,912</b>	<b>(143,381)</b>
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	90,000	90,000	149,589	59,589



**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED  
COMPONENT UNITS – SCHEDULE OF REVENUES –  
BUDGET AND ACTUAL  
Year Ended June 30, 2017**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Major Component Units:				
Component Unit - School Board:				
School Cafeteria Fund:				
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
School food program	\$ 3,157,653	\$ 3,157,653	\$ 3,271,520	\$ 113,867
<b>Total intergovernmental</b>	3,247,653	3,247,653	3,421,109	173,456
<b>Total School Cafeteria Fund</b>	5,396,946	5,396,946	5,427,021	30,075
School Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money	-	-	1,927	1,927
Miscellaneous	3,635,000	3,635,000	-	(3,635,000)
Appropriation from Primary Government	205,000	4,690,262	4,690,262	-
<b>Total revenue from local sources</b>	3,840,000	8,325,262	4,692,189	(3,633,073)
<b>Total School Capital Projects Fund</b>	3,840,000	8,325,262	4,692,189	(3,633,073)
Massanutten Technical Center - Operating Fund:				
Revenue from local sources:				
Revenue from use of money	-	-	3,013	3,013
Charges for services	644,100	644,100	660,233	16,133
Miscellaneous	6,000	6,000	23,553	17,553
House project	35,000	35,000	5,500	(29,500)
<b>Total revenue from local sources</b>	685,100	685,100	692,299	7,199
Intergovernmental:				
Revenue from the Commonwealth	539,680	539,680	387,748	(151,932)
Revenue from the federal government	224,146	224,146	251,501	27,355
Local governments:				
Appropriation from Rockingham County School Board	3,250,171	3,250,171	3,091,139	(159,032)
Appropriation from the City of Harrisonburg	837,267	837,267	796,299	(40,968)
<b>Total local governments</b>	4,087,438	4,087,438	3,887,438	(200,000)
<b>Total intergovernmental</b>	4,851,264	4,851,264	4,526,687	(324,577)
<b>Total Massanutten Technical Center -     Operating Fund</b>	5,536,364	5,536,364	5,218,986	(317,378)
<b>Total Revenues - Component Unit -     School Board</b>	\$ 146,207,848	\$ 150,693,110	\$ 143,861,529	\$ (6,831,581)

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED  
COMPONENT UNITS – SCHEDULE OF REVENUES –  
BUDGET AND ACTUAL  
Year Ended June 30, 2017**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Major Component Units:				
Component Unit - Harrisonburg-Rockingham				
Social Services District:				
Operating Fund:				
Revenue from local sources:				
Revenue from use of money	\$ -	\$ -	\$ 31,076	\$ 31,076
Miscellaneous:				
City of Harrisonburg share	1,700,539	1,685,853	1,625,258	(60,595)
Other	43,592	43,343	50,286	6,943
<b>Total miscellaneous</b>	<b>1,744,131</b>	<b>1,729,196</b>	<b>1,675,544</b>	<b>(53,652)</b>
Appropriation from the Primary Government	2,339,956	2,320,620	2,339,956	19,336
<b>Total revenue from local sources</b>	<b>4,084,087</b>	<b>4,049,816</b>	<b>4,046,576</b>	<b>(3,240)</b>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Social services administration:				
Public assistance and administration	7,251,512	7,495,917	4,961,568	(2,534,349)
Virginia department of juvenile justice:				
Virginia juvenile community crime control act grant	84,404	86,831	83,534	(3,297)
<b>Total revenue from the Commonwealth</b>	<b>7,335,916</b>	<b>7,582,748</b>	<b>5,045,102</b>	<b>(2,537,646)</b>
Revenue from the federal government:				
Categorical aid:				
Social services administration:				
Welfare	6,383,049	6,687,411	6,868,035	180,624
<b>Total intergovernmental</b>	<b>13,718,965</b>	<b>14,270,159</b>	<b>11,913,137</b>	<b>(2,357,022)</b>
<b>Total Harrisonburg-Rockingham Social       Services District - Operating Fund</b>	<b>17,803,052</b>	<b>18,319,975</b>	<b>15,959,713</b>	<b>(2,360,262)</b>
Special Revenue Fund:				
Children's Services Act Fund:				
Revenue from local sources:				
Revenue from use of money	-	-	1,010	1,010
Miscellaneous:				
City of Harrisonburg share	1,869,890	1,869,890	1,869,890	-
Appropriation from the Primary Government	1,526,075	2,256,559	2,256,559	-
<b>Total revenue from local sources</b>	<b>3,395,965</b>	<b>4,126,449</b>	<b>4,127,459</b>	<b>1,010</b>

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED  
COMPONENT UNITS – SCHEDULE OF REVENUES –  
BUDGET AND ACTUAL  
Year Ended June 30, 2017**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Special Revenue Fund:				
Children's Services Act Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Social services administration:				
Children's Services Act	\$ 5,839,185	\$ 5,839,185	\$ 4,853,378	\$ (985,807)
Revenue from the federal government:				
Categorical aid:				
Social services administration:				
Children's Services Act	-	-	362,105	362,105
<b>Total intergovernmental</b>	<b>5,839,185</b>	<b>5,839,185</b>	<b>5,215,483</b>	<b>(623,702)</b>
<b>Total Children's Services Act Fund</b>	<b>9,235,150</b>	<b>9,965,634</b>	<b>9,342,942</b>	<b>(622,692)</b>
<b>Total Revenues - Component Unit - Harrisonburg-Rockingham Social Services District</b>	<b>\$ 27,038,202</b>	<b>\$ 28,285,609</b>	<b>\$ 25,302,655</b>	<b>\$ (2,982,954)</b>

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED  
COMPONENT UNITS – SCHEDULE OF EXPENDITURES –  
BUDGET AND ACTUAL  
Year Ended June 30, 2017**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
General government administration:				
Legislative:				
Board of Supervisors	\$ 190,377	\$ 190,377	\$ 178,167	\$ (12,210)
General and financial:				
Executive administration	608,981	608,981	431,206	(177,775)
Legal services	508,749	508,749	518,842	10,093
Independent auditor and actuarial services	94,500	94,500	83,000	(11,500)
Commissioner of the revenue	638,523	638,523	624,107	(14,416)
Reassessment and equalization	359,160	359,160	240,912	(118,248)
Treasurer	591,673	591,673	570,996	(20,677)
Fiscal services	876,043	876,043	995,010	118,967
Human resources	300,583	300,583	279,844	(20,739)
Technology	1,261,201	1,268,101	1,175,245	(92,856)
Land use assessment	71,847	71,847	61,480	(10,367)
Central switchboard	48,391	48,391	66,993	18,602
<b>Total general and financial</b>	<b>5,359,651</b>	<b>5,366,551</b>	<b>5,047,635</b>	<b>(318,916)</b>
Board of elections:				
Electoral board and officials	104,838	104,838	155,112	50,274
Registrar	166,954	166,954	162,546	(4,408)
<b>Total board of elections</b>	<b>271,792</b>	<b>271,792</b>	<b>317,658</b>	<b>45,866</b>
<b>Total general government administration</b>	<b>5,821,820</b>	<b>5,828,720</b>	<b>5,543,460</b>	<b>(285,260)</b>
Judicial administration:				
Courts:				
Circuit court	234,792	284,792	260,972	(23,820)
General district court	34,035	34,035	25,462	(8,573)
Magistrate	9,800	9,800	9,455	(345)
Juvenile and domestic relations court	36,250	36,250	26,414	(9,836)
Clerk of the circuit court	990,609	1,287,175	1,180,911	(106,264)
Department of court services	717,072	723,372	714,822	(8,550)
<b>Total courts</b>	<b>2,022,558</b>	<b>2,375,424</b>	<b>2,218,036</b>	<b>(157,388)</b>
Commonwealth attorney	1,931,036	1,931,036	1,938,667	7,631
<b>Total judicial administration</b>	<b>3,953,594</b>	<b>4,306,460</b>	<b>4,156,703</b>	<b>(149,757)</b>

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED  
COMPONENT UNITS – SCHEDULE OF EXPENDITURES –  
BUDGET AND ACTUAL  
Year Ended June 30, 2017**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 6,681,548	\$ 6,779,826	\$ 6,367,095	\$ (412,731)
Fire and rescue services:				
Fire department	6,405,488	6,489,523	6,293,360	(196,163)
Volunteer fire companies	1,544,627	2,291,695	2,186,066	(105,629)
Ambulance and rescue squads	302,865	389,390	303,821	(85,569)
Fire extinction service	20,962	20,962	19,984	(978)
<b>Total fire and rescue services</b>	<b>8,273,942</b>	<b>9,191,570</b>	<b>8,803,231</b>	<b>(388,339)</b>
Correction and detention:				
County operated institutions	11,084,666	11,084,666	10,333,406	(751,260)
Building inspections	647,920	647,920	637,050	(10,870)
Other protection:				
Animal control	413,817	413,817	408,453	(5,364)
Emergency services	2,066,848	2,066,848	2,085,208	18,360
<b>Total other protection</b>	<b>2,480,665</b>	<b>2,480,665</b>	<b>2,493,661</b>	<b>12,996</b>
<b>Total public safety</b>	<b>29,168,741</b>	<b>30,184,647</b>	<b>28,634,443</b>	<b>(1,550,204)</b>
Public works:				
General administration	126,674	126,674	140,160	13,486
Garage operations	662,767	662,767	679,010	16,243
Maintenance:				
General properties	957,083	957,083	416,653	(540,430)
Courthouse	390,778	390,778	399,573	8,795
School office building	179,675	179,675	171,315	(8,360)
Extension/central garage building	57,932	57,932	59,509	1,577
Human Services/Health department building	220,448	220,448	212,986	(7,462)
TV translator system	-	-	7,380	7,380
County administration complex	403,791	403,791	314,117	(89,674)
District courts	334,829	334,829	372,207	37,378
Sheriff department	316,732	316,732	180,585	(136,147)
Recreational facilities	539,330	539,330	117,267	(422,063)
Research and technology center	-	-	37,394	37,394
<b>Total public works</b>	<b>4,190,039</b>	<b>4,190,039</b>	<b>3,108,156</b>	<b>(1,081,883)</b>

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED  
COMPONENT UNITS – SCHEDULE OF EXPENDITURES –  
BUDGET AND ACTUAL  
Year Ended June 30, 2017**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Health and social services:				
Health:				
Supplement to local health department	\$ 658,311	\$ 658,311	\$ 629,629	\$ (28,682)
Mental health and mental retardation:				
Community Services Board	798,710	798,710	798,710	-
Social services:				
Property tax relief for elderly/handicapped	360,000	360,000	434,348	74,348
Appropriation to the Harrisonburg-Rockingham				
Social Services District	3,866,031	4,577,179	4,596,515	19,336
Change in investment in the Harrisonburg-Rockingham				
Social Services District	-	-	(474,909)	(474,909)
Institutional care	187,274	187,274	187,276	2
<b>Total health and social services</b>	<b>5,870,326</b>	<b>6,581,474</b>	<b>6,171,569</b>	<b>(409,905)</b>
Education:				
Appropriation to the Rockingham				
County School Board	59,353,791	63,839,053	60,756,694	(3,082,359)
<b>Total education</b>	<b>59,353,791</b>	<b>63,839,053</b>	<b>60,756,694</b>	<b>(3,082,359)</b>
Parks, recreation and cultural:				
Parks and recreation:				
Administration	229,677	229,677	223,616	(6,061)
Maintenance	-	-	7	7
Athletic events/programs	1,363,268	1,363,268	1,327,349	(35,919)
<b>Total parks and recreation</b>	<b>1,592,945</b>	<b>1,592,945</b>	<b>1,550,972</b>	<b>(41,973)</b>
Cultural:				
Regional library	814,882	814,882	814,882	-
<b>Total parks, recreation and cultural</b>	<b>2,407,827</b>	<b>2,407,827</b>	<b>2,365,854</b>	<b>(41,973)</b>
Community development:				
Planning and community development	670,691	670,691	653,501	(17,190)
Geographic information systems	158,771	158,771	135,106	(23,665)
Economic development	1,639,754	2,264,754	2,256,001	(8,753)
Soil and water conservation district	34,000	54,000	54,000	-
Cooperative extension program	133,288	133,288	121,210	(12,078)
Environmental management	186,655	186,655	200,426	13,771
Contributions, grants and other	1,103,394	1,083,242	539,547	(543,695)
<b>Total community development</b>	<b>3,926,553</b>	<b>4,551,401</b>	<b>3,959,791</b>	<b>(591,610)</b>

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED  
COMPONENT UNITS – SCHEDULE OF EXPENDITURES –  
BUDGET AND ACTUAL  
Year Ended June 30, 2017**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Debt service:				
Principal:				
County	\$ 1,970,540	\$ 1,970,540	\$ 1,850,430	\$ (120,110)
School Board	5,958,636	5,958,636	5,958,636	-
<b>Total principal</b>	7,929,176	7,929,176	7,809,066	(120,110)
Interest and fiscal charges:				
County	375,959	375,959	370,181	(5,778)
School Board	3,190,329	3,190,329	3,188,779	(1,550)
<b>Total interest and fiscal charges</b>	3,566,288	3,566,288	3,558,960	(7,328)
<b>Total debt service</b>	11,495,464	11,495,464	11,368,026	(127,438)
<b>Total General Fund</b>	\$ 126,188,155	\$ 133,385,085	\$ 126,064,696	\$ (7,320,389)
Special Revenue Fund:				
Asset Forfeiture Fund:				
Judicial administration:				
Commonwealth attorney	\$ 65,660	\$ 65,660	\$ 31,287	\$ (34,373)
Public safety:				
Law enforcement	50,240	50,240	31,319	(18,921)
<b>Total Asset Forfeiture Fund</b>	115,900	115,900	62,606	(53,294)
<b>Total Special Revenue Fund</b>	\$ 115,900	\$ 115,900	\$ 62,606	\$ (53,294)
General Capital Projects Fund:				
Capital projects	\$ 8,988,458	\$ 20,227,742	\$ 3,894,304	\$ (16,333,438)
Education:				
Appropriation to the Rockingham				
County School Board	205,000	205,000	205,000	-
<b>Total General Capital Projects Fund</b>	\$ 9,193,458	\$ 20,432,742	\$ 4,099,304	\$ (16,333,438)
<b>Grand Total Expenditures - Primary Government</b>	\$ 135,497,513	\$ 153,933,727	\$ 130,226,606	\$ (23,707,121)

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED  
COMPONENT UNITS – SCHEDULE OF EXPENDITURES –  
BUDGET AND ACTUAL  
Year Ended June 30, 2017**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Major Component Units:				
Component Unit - School Board:				
School Operating Fund:				
Education:				
Instruction	\$ 102,265,268	\$ 103,612,286	\$ 100,684,605	\$ (2,927,681)
Administration, attendance and health	6,557,556	5,525,406	5,672,265	146,859
Pupil transportation services	9,745,644	9,430,776	9,508,224	77,448
Operation and maintenance services	12,866,070	12,866,070	12,653,084	(212,986)
<b>Total School Operating Fund</b>	<b>131,434,538</b>	<b>131,434,538</b>	<b>128,518,178</b>	<b>(2,916,360)</b>
School Cafeteria Fund:				
Education:				
School food services	5,396,946	5,396,946	5,243,995	(152,951)
<b>Total School Cafeteria Fund</b>	<b>5,396,946</b>	<b>5,396,946</b>	<b>5,243,995</b>	<b>(152,951)</b>
School Capital Projects Fund:				
Capital projects	3,849,500	8,334,762	7,876,933	(457,829)
<b>Total School Capital Projects Fund</b>	<b>3,849,500</b>	<b>8,334,762</b>	<b>7,876,933</b>	<b>(457,829)</b>
Massanutten Technical Center - Operating Fund:				
Education:				
Secondary	4,366,475	4,366,475	4,197,307	(169,168)
Continuing education	1,169,889	1,169,889	1,021,679	(148,210)
<b>Total Massanutten Technical Center -       Operating Fund</b>	<b>5,536,364</b>	<b>5,536,364</b>	<b>5,218,986</b>	<b>(317,378)</b>
<b>Total Expenditures - Component Unit -           School Board</b>	<b>\$ 146,217,348</b>	<b>\$ 150,702,610</b>	<b>\$ 146,858,092</b>	<b>\$ (3,844,518)</b>



**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED  
COMPONENT UNITS – SCHEDULE OF EXPENDITURES –  
BUDGET AND ACTUAL  
Year Ended June 30, 2017**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Major Component Units:				
Component Unit - Harrisonburg-Rockingham				
Social Services District:				
Operating Fund:				
Social services:				
Public assistance	\$ 9,240,664	\$ 9,803,502	\$ 6,816,763	\$ (2,986,739)
Administration:				
Welfare	8,472,089	8,423,747	8,020,588	(403,159)
Virginia juvenile community crime control act grant	84,404	86,831	87,171	340
Capital projects	5,895	5,895	42,681	36,786
<b>Total Operating Fund</b>	<b>17,803,052</b>	<b>18,319,975</b>	<b>14,967,203</b>	<b>(3,352,772)</b>
Special Revenue Fund:				
Children's Services Act Fund:				
Children's Services Act	9,235,150	10,204,511	9,581,817	(622,694)
<b>Total Children's Services Act Fund</b>	<b>9,235,150</b>	<b>10,204,511</b>	<b>9,581,817</b>	<b>(622,694)</b>
<b>Total Expenditures - Component Unit -     Harrisonburg-Rockingham Social Services District</b>	<b>\$ 27,038,202</b>	<b>\$ 28,524,486</b>	<b>\$ 24,549,020</b>	<b>\$ (3,975,466)</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.

# COUNTY OF ROCKINGHAM, VIRGINIA

## NET POSITION / ASSETS BY COMPONENT

### Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

Table 2

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	Fiscal Year June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Primary government:										
Governmental activities:										
Net investment in capital assets	\$ 34,024,527	\$ 33,331,094	\$ 31,494,506	\$ 31,571,104	\$ 34,323,744	\$ 34,110,413	\$ 34,093,586	\$ 33,589,878	\$ 34,854,168	\$ 38,692,548
Restricted	2,141,716	351,245	422,337	1,383,005	420,988	2,897,307	3,782,011	235,709	195,800	235,108
Unrestricted (deficit)	(44,397,535)	(71,164,591)	(68,208,673)	(58,123,750)	(49,401,105)	(40,378,653)	(33,093,357)	(34,021,125)	(37,558,463)	(34,533,494)
<b>Total governmental activities net assets/ net position</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>	<b>\$ (3,370,933)</b>	<b>\$ 4,782,240</b>	<b>\$ (195,538)</b>	<b>\$ (2,508,495)</b>	<b>\$ 4,394,162</b>
Business-type activities:										
Net investment in capital assets	\$ 30,339,570	\$ 32,111,181	\$ 30,738,179	\$ 29,369,801	\$ 29,166,125	\$ 28,953,581	\$ 29,032,472	\$ 33,482,569	\$ 30,110,695	\$ 28,127,740
Restricted	-	-	-	-	-	-	-	-	5,545,857	10,566,691
Unrestricted	1,170,036	145,128	1,153,253	2,261,627	3,028,033	5,479,288	7,187,340	4,974,695	5,409,029	4,911,714
<b>Total business-type activities net assets/ net position</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>	<b>\$ 34,432,869</b>	<b>\$ 36,219,812</b>	<b>\$ 38,457,264</b>	<b>\$ 41,065,581</b>	<b>\$ 43,606,145</b>
Primary government:										
Net investment in capital assets	\$ 64,364,097	\$ 65,442,275	\$ 62,232,685	\$ 60,940,905	\$ 63,489,869	\$ 63,063,994	\$ 63,126,058	\$ 67,072,447	\$ 64,964,863	\$ 66,820,288
Restricted	2,141,716	351,245	422,337	1,383,005	420,988	2,897,307	3,782,011	235,709	5,741,657	10,801,799
Unrestricted (deficit)	(43,227,499)	(71,019,463)	(67,055,420)	(55,862,123)	(46,373,072)	(34,899,365)	(25,906,017)	(29,046,430)	(32,149,434)	(29,621,780)
<b>Total primary government net assets/ net position</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>	<b>\$ 31,061,936</b>	<b>\$ 41,002,052</b>	<b>\$ 38,261,726</b>	<b>\$ 38,557,086</b>	<b>\$ 48,000,307</b>
Major component units: (1)										
Component unit - school board:										
Net investment in capital assets	\$ 106,448,102	\$ 150,698,882	\$ 166,440,045	\$ 161,143,761	\$ 155,669,779	\$ 148,854,227	\$ 141,355,850	\$ 135,289,320	\$ 129,762,202	\$ 129,603,121
Unrestricted (deficit)	17,399,200	11,635,128	2,949,404	407,514	(2,863,316)	(4,499,513)	(5,090,456)	(109,438,758)	(108,048,391)	(111,818,738)
<b>Total component unit - school board net assets/net position</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>	<b>\$ 144,354,714</b>	<b>\$ 136,265,394</b>	<b>\$ 25,850,562</b>	<b>\$ 21,713,811</b>	<b>\$ 17,784,383</b>
Component unit - Harrisonburg-Rockingham Social Services District										
Net investment in capital assets	\$ 162,869	\$ 119,199	\$ 78,918	\$ 40,063	\$ 18,903	\$ 8,480	\$ 2,144,091	\$ 2,574,720	\$ 2,451,305	\$ 2,366,316
Restricted (4)	-	-	-	-	-	2,161,138	1,448,333	1,393,537	1,740,887	2,019,613
Unrestricted	1,774,814	2,345,485	3,629,702	4,118,759	4,021,587	2,392,680	1,433,092	697,955	1,411,396	2,399,901
<b>Total component unit - HRSSD net assets/ net position</b>	<b>\$ 1,937,683</b>	<b>\$ 2,464,684</b>	<b>\$ 3,708,620</b>	<b>\$ 4,158,822</b>	<b>\$ 4,040,490</b>	<b>\$ 4,562,298</b>	<b>\$ 5,025,516</b>	<b>\$ 4,666,212</b>	<b>\$ 5,603,588</b>	<b>\$ 6,785,830</b>

# COUNTY OF ROCKINGHAM, VIRGINIA

## NET POSITION / ASSETS BY COMPONENT

### Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

Table 2

Page 2

	Fiscal Year June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Major component units:										
Net investment in capital assets	\$ 106,610,971	\$ 150,818,081	\$ 166,518,963	\$ 161,183,824	\$ 155,688,682	\$ 148,862,707	\$ 143,499,941	\$ 137,864,040	\$ 132,213,507	\$ 131,969,437
Restricted	-	-	-	-	-	2,161,138	1,448,333	1,393,537	1,740,887	2,019,613
Unrestricted (deficit)	19,174,014	13,980,613	6,579,106	4,526,273	1,158,271	(2,106,833)	(3,657,364)	(108,740,803)	(106,636,995)	(109,418,837)
<b>Total major component units net assets/net position</b>	<b>\$ 125,784,985</b>	<b>\$ 164,798,694</b>	<b>\$ 173,098,069</b>	<b>\$ 165,710,097</b>	<b>\$ 156,846,953</b>	<b>\$ 148,917,012</b>	<b>\$ 141,290,910</b>	<b>\$ 30,516,774</b>	<b>\$ 27,317,399</b>	<b>\$ 24,570,213</b>
Total reporting entity: (2)										
Net investment in capital assets	\$ 93,738,763	\$ 103,933,620	\$ 121,884,712	\$ 121,414,263	\$ 124,593,294	\$ 123,453,125	\$ 124,167,242	\$ 128,405,019	\$ 126,705,690	\$ 134,528,812
Restricted	2,141,716	351,245	422,337	1,383,005	420,988	5,058,445	5,230,344	1,629,246	7,482,544	12,821,412
Unrestricted	53,182,820	55,287,886	46,390,622	49,374,616	49,370,456	51,467,378	52,895,376	(61,255,765)	(68,313,749)	(74,779,704)
<b>Total reporting entity net assets/net position</b>	<b>\$ 149,063,299</b>	<b>\$ 159,572,751</b>	<b>\$ 168,697,671</b>	<b>\$ 172,171,884</b>	<b>\$ 174,384,738</b>	<b>\$ 179,978,948</b>	<b>\$ 182,292,962</b>	<b>\$ 68,778,500</b>	<b>\$ 65,874,485</b>	<b>\$ 72,570,520</b>

#### Notes:

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

# COUNTY OF ROCKINGHAM, VIRGINIA

## CHANGES IN NET POSITION / ASSETS

### Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

Table 3

Page 1

	Fiscal Year June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Primary government:										
Expenses:										
Governmental activities:										
General government administration	\$ 4,932,635	\$ 5,172,496	\$ 4,927,727	\$ 4,694,851	\$ 4,941,835	\$ 5,194,117	\$ 5,462,554	\$ 6,039,859	\$ 5,436,798	\$ 5,932,529
Judicial administration	3,496,761	4,231,590	3,678,728	3,462,425	3,528,685	3,638,701	3,859,974	3,815,111	3,883,941	4,107,387
Public safety	19,040,217	20,558,230	19,529,025	20,392,396	20,970,030	21,372,315	23,580,101	23,826,370	36,779,233	27,123,823
Public works	2,567,406	2,515,660	2,384,927	2,453,101	2,587,532	5,144,874	6,898,649	6,868,624	4,339,985	3,365,230
Health and social services	4,792,353	5,087,755	5,212,611	5,005,635	4,834,979	4,702,838	3,769,309	5,715,170	5,761,798	5,786,160
Education	57,109,186	78,046,276	48,129,186	40,665,573	44,255,322	50,100,041	49,859,613	53,790,738	55,511,622	60,961,694
Parks, recreation and cultural	2,642,462	2,166,951	2,090,895	2,170,122	2,235,340	2,199,897	2,186,224	2,209,125	2,343,553	2,433,990
Community development	3,415,397	6,142,118	6,182,334	5,038,071	4,161,755	4,009,340	3,356,974	3,583,964	3,903,620	4,744,578
Interest	3,811,072	5,773,990	6,335,856	5,860,063	5,557,308	4,756,975	4,354,774	4,170,608	3,624,534	3,148,719
<b>Total governmental activities</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>	<b>101,119,098</b>	<b>103,328,172</b>	<b>110,019,569</b>	<b>121,585,084</b>	<b>117,604,110</b>
Business-type activities:										
Water and sewer	4,233,280	4,675,849	5,616,481	5,942,628	6,272,040	6,160,039	6,363,516	6,621,701	6,765,919	7,160,783
Solid waste	4,244,472	3,864,456	3,792,474	3,693,575	3,766,051	4,362,003	5,123,106	4,811,787	4,574,428	6,026,658
<b>Total business-type activities</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>10,522,042</b>	<b>11,486,622</b>	<b>11,433,488</b>	<b>11,340,347</b>	<b>13,187,441</b>
<b>Total primary government expenses</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>	<b>111,641,140</b>	<b>114,814,794</b>	<b>121,453,057</b>	<b>132,925,431</b>	<b>130,791,551</b>
Program revenue:										
Governmental activities:										
Charges for services:										
General government administration	5,729	1,511	4,058	4,815	2,200	1,359	2,059	3,511	2,383	1,768
Judicial administration	1,149,624	1,286,689	1,073,326	914,178	924,169	1,005,202	990,660	1,097,413	1,119,539	1,304,471
Public safety	4,604,090	4,073,797	4,090,326	5,171,000	5,053,378	5,495,186	6,312,309	7,276,430	6,483,239	7,298,651
Public works	1,014,447	1,021,587	956,152	1,098,549	1,078,306	1,183,823	1,141,301	1,104,328	1,022,145	1,085,426
Health and social services	-	5,665	7,953	83,232	34,717	-	17,745	1,204	2,428	18,565
Parks, recreation and cultural	324,628	405,709	467,229	696,685	660,369	690,110	756,422	805,431	785,225	863,175
Community development	2,727	1,786	4,017	1,467	3,085	2,975	3,727	2,540	508	1,855
Operating grants and contributions:										
General government administration	512,537	478,451	429,322	393,503	410,967	395,203	417,952	411,690	461,210	426,233
Judicial administration	2,031,766	2,177,711	2,124,717	2,088,186	2,003,636	2,034,608	2,178,098	2,135,443	2,271,957	2,349,172
Public safety	7,200,334	6,942,243	6,444,716	6,307,124	6,275,040	6,129,746	6,665,123	6,578,170	6,784,253	7,630,019
Public works	-	-	1,667	-	-	-	-	-	-	-
Health and social services	139,069	163,829	143,987	147,726	155,737	186,696	172,263	176,963	200,944	237,994
Education	-	-	-	-	-	562,808	-	-	-	-
Community development	236,640	252,985	258,319	259,647	-	-	-	-	100,000	254,000
Capital grants and contributions:										
Public safety	-	83,950	118,588	269,312	22,000	38,354	-	-	-	-
Public works	-	-	-	-	36,410	2,537,447	2,802,447	2,394,638	253,442	306,062
<b>Total governmental activities</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>	<b>20,263,517</b>	<b>21,460,106</b>	<b>21,987,761</b>	<b>19,487,273</b>	<b>21,777,391</b>

# COUNTY OF ROCKINGHAM, VIRGINIA

## CHANGES IN NET POSITION / ASSETS

### Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

Table 3

Page 2

	Fiscal Year June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Primary government:										
Program revenue:										
Business-type activities:										
Charges for services:										
Water and sewer	\$ 5,618,815	\$ 5,128,660	\$ 6,075,853	\$ 5,696,405	\$ 6,044,184	\$ 6,561,144	\$ 7,436,597	\$ 6,450,673	\$ 6,570,101	\$ 6,837,014
Solid waste	3,180,166	2,699,300	2,353,901	2,572,712	3,538,098	5,027,936	5,057,086	5,461,705	5,488,882	5,764,198
Operating grants and contributions:										
Water and sewer	-	-	-	-	-	-	-	1,638,030	952,584	2,168,073
Solid waste	-	-	-	-	-	-	-	-	-	23,830
Capital grants and contributions:										
Water and sewer	1,302,827	930,509	-	-	-	-	-	-	-	-
Solid waste	706,052	85,181	-	-	-	-	-	870,563	-	-
<b>Total business-type activities</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>11,589,080</b>	<b>12,493,683</b>	<b>14,420,971</b>	<b>13,011,567</b>	<b>14,793,115</b>
<b>Total primary government revenues</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>	<b>31,852,597</b>	<b>33,953,789</b>	<b>36,408,732</b>	<b>32,498,840</b>	<b>36,570,506</b>
Net (expense) revenue:										
Governmental activities	(84,585,898)	(112,799,153)	(82,346,912)	(72,306,813)	(76,412,772)	(80,855,581)	(81,868,066)	(88,031,808)	(102,097,811)	(95,826,719)
Business-type activities	2,330,108	303,345	(979,201)	(1,367,086)	(455,809)	1,067,038	1,007,061	2,987,483	1,671,220	1,605,674
<b>Total primary government, net expense</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>	<b>(79,788,543)</b>	<b>(80,861,005)</b>	<b>(85,044,325)</b>	<b>(100,426,591)</b>	<b>(94,221,045)</b>
Governmental activities:										
Taxes:										
General property taxes	58,574,698	65,895,837	66,376,392	64,490,691	67,972,029	70,601,427	70,208,531	71,962,305	77,182,964	81,433,734
Local sales and use	4,764,451	4,567,854	4,168,753	4,732,665	4,991,019	4,881,368	5,309,256	5,387,061	6,105,799	6,324,892
Consumer utility and communications sales and use	2,809,135	2,667,992	2,676,009	2,680,007	1,028,014	1,035,484	1,078,402	1,095,486	1,156,055	1,058,481
Motor vehicles licenses	1,193,657	1,176,765	1,169,718	1,179,162	1,227,744	1,236,520	1,209,701	1,211,564	1,227,518	1,278,070
Food and beverage	-	-	297,906	788,452	824,844	889,702	925,336	1,034,025	1,070,535	1,155,637
Other	1,575,825	1,584,576	1,407,319	(252,325)	1,440,610	1,588,072	1,402,550	1,646,656	1,657,068	1,666,630
Intergovernmental, non-categorical aid	6,226,104	6,589,500	6,389,141	8,065,994	8,037,774	8,003,995	8,079,422	7,838,718	8,984,272	8,050,669
Use of money and property	1,665,526	786,523	839,375	964,574	1,067,549	1,472,098	1,505,611	1,460,029	1,720,204	1,133,428
Miscellaneous	463,242	279,146	232,721	779,782	336,457	345,024	302,430	364,608	680,439	627,835
Transfers	(43,726)	-	(20,000)	-	-	(63,336)	-	870,563	-	-
<b>Total governmental activities</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>	<b>89,990,354</b>	<b>90,021,239</b>	<b>92,871,015</b>	<b>99,784,854</b>	<b>102,729,376</b>
Business-type activities:										
Intergovernmental, non-categorical aid	-	-	-	-	-	-	-	-	26,640	-
Use of money and property	381,280	199,683	34,080	40,269	39,839	67,961	65,660	93,935	59,852	171,908
Miscellaneous	300,660	243,675	560,244	1,066,813	978,700	1,040,376	898,936	837,750	850,605	762,982
Transfers	43,726	-	20,000	-	-	63,336	-	(870,563)	-	-
<b>Total business-type activities</b>	<b>725,666</b>	<b>443,358</b>	<b>614,324</b>	<b>1,107,082</b>	<b>1,018,539</b>	<b>1,171,673</b>	<b>964,596</b>	<b>61,122</b>	<b>937,097</b>	<b>934,890</b>
<b>Total primary government</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>	<b>91,162,027</b>	<b>90,985,835</b>	<b>92,932,137</b>	<b>100,721,951</b>	<b>103,664,266</b>
Changes in net assets/net position:										
Governmental activities	(7,356,986)	(29,250,960)	1,190,422	11,122,189	10,513,268	9,134,773	8,153,173	4,839,207	(2,312,957)	6,902,657
Business-type activities	3,055,774	746,703	(364,877)	(260,004)	562,730	2,238,711	1,971,657	3,048,605	2,608,317	2,540,564
<b>Total primary government</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>	<b>\$ 11,373,484</b>	<b>\$ 10,124,830</b>	<b>\$ 7,887,812</b>	<b>\$ 295,360</b>	<b>\$ 9,443,221</b>



# COUNTY OF ROCKINGHAM, VIRGINIA

## CHANGES IN NET POSITION / ASSETS

### Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

Table 3

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	Fiscal Year June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Major component units: (2)										
Component unit - school board:										
Expenses:										
Instruction	\$ 92,264,138	\$ 98,007,696	\$ 96,112,008	\$ 94,760,403	\$ 97,309,064	\$ 99,897,237	\$ 100,536,652	\$ 105,050,310	\$ 106,353,926	\$ 113,232,867
Administration, attendance and health	4,168,083	5,385,017	4,891,885	4,618,967	5,216,029	5,346,780	5,552,174	5,895,218	6,431,820	5,824,903
Pupil transportation	7,426,354	8,086,880	7,184,619	8,281,464	8,758,765	9,084,535	9,338,770	9,196,500	9,339,985	9,555,551
Operation and maintenance services	9,598,863	10,227,516	9,919,463	10,893,761	11,211,522	11,810,101	11,573,942	11,746,547	11,417,995	14,110,378
School food services	4,597,701	4,766,860	4,768,548	4,906,946	5,207,956	5,242,451	5,053,123	5,105,966	5,166,363	5,243,049
<b>Total expenses</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>	<b>131,381,104</b>	<b>132,054,661</b>	<b>136,994,541</b>	<b>138,710,089</b>	<b>147,966,748</b>
Program revenues:										
Charges for services	5,130,225	5,638,328	5,321,960	4,954,423	5,056,717	4,899,326	5,084,433	5,436,058	5,426,333	5,596,541
Operating grants and contributions	72,165,686	77,327,118	72,018,553	69,346,071	69,054,491	67,343,777	68,365,556	72,137,991	72,854,877	76,638,660
Capital grants and contributions	1,103,648	3,559,527	3,854,048	345,977	93,627	81,465	32,720	71,650	83,333	175,791
<b>Total program revenues</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>72,324,568</b>	<b>73,482,709</b>	<b>77,645,699</b>	<b>78,364,543</b>	<b>82,410,992</b>
<b>Net expense</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>	<b>(59,056,536)</b>	<b>(58,571,952)</b>	<b>(59,348,842)</b>	<b>(60,345,546)</b>	<b>(65,555,756)</b>
General revenues and other changes in net assets:										
Grants and contributions not restricted to specific programs	57,109,186	78,046,276	48,129,186	40,665,573	44,255,322	50,100,041	49,859,613	53,790,738	55,511,622	60,961,694
Intergovernmental, non-categorical aid	130,477	91,946	93,380	91,783	99,154	107,026	79,643	72,671	75,166	77,475
Use of money and property	408,396	144,563	55,765	54,306	38,899	37,184	31,489	45,918	35,649	44,232
Miscellaneous	192,392	152,919	459,070	165,234	360,314	360,536	511,887	626,406	586,358	542,927
<b>Total general revenues and other changes in net assets/net position</b>	<b>57,840,451</b>	<b>78,435,704</b>	<b>48,737,401</b>	<b>40,976,896</b>	<b>44,753,689</b>	<b>50,604,787</b>	<b>50,482,632</b>	<b>54,535,733</b>	<b>56,208,795</b>	<b>61,626,328</b>
<b>Total general revenues and other</b>										
<b>Total component unit - school board change in net assets/net position</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>	<b>\$ (8,451,749)</b>	<b>\$ (8,089,320)</b>	<b>\$ (4,813,109)</b>	<b>\$ (4,136,751)</b>	<b>\$ (3,929,428)</b>
Component unit - HRSSD:										
Expenses:										
Public assistance	\$ 4,769,948	\$ 5,107,848	\$ 5,730,436	\$ 5,998,480	\$ 6,200,265	\$ 5,838,876	\$ 6,452,300	\$ 6,847,545	\$ 6,397,049	\$ 6,816,763
Comprehensive/children's services	10,237,263	10,533,322	10,236,725	10,114,771	9,196,586	9,028,213	8,874,411	9,146,513	8,883,443	9,573,881
Welfare	5,611,589	6,138,996	5,820,207	5,676,427	5,714,686	5,889,242	6,233,209	5,997,127	7,515,831	7,642,598
VJCCA	-	-	-	-	-	-	-	82,081	83,474	87,171
Food stamp	-	-	-	-	-	-	-	-	-	-
Fuel assistance	-	-	-	-	-	-	-	-	-	-
<b>Total expenses</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>	<b>20,756,331</b>	<b>21,559,920</b>	<b>22,073,266</b>	<b>22,879,797</b>	<b>24,120,413</b>
Program revenues:										
Operating grants and contributions	14,121,228	14,843,978	15,969,252	15,401,915	14,695,587	14,869,626	15,586,617	16,200,010	16,033,541	17,128,620
<b>Total program revenues</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>14,869,626</b>	<b>15,586,617</b>	<b>16,200,010</b>	<b>16,033,541</b>	<b>17,128,620</b>
<b>Net expense</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>	<b>(5,886,705)</b>	<b>(5,973,303)</b>	<b>(5,873,256)</b>	<b>(6,846,256)</b>	<b>(6,991,793)</b>

# COUNTY OF ROCKINGHAM, VIRGINIA

## CHANGES IN NET POSITION / ASSETS

### Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

Table 3

Page 4

	Fiscal Year June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General revenues and other changes in net assets:										
Grants and contributions not restricted to specific programs	\$ 6,472,194	\$ 7,147,789	\$ 6,971,699	\$ 6,790,737	\$ 6,242,334	\$ 6,337,742	\$ 6,348,530	\$ 6,739,048	\$ 7,722,610	\$ 8,091,663
Use of money and property	109,362	42,704	15,357	22,423	21,059	32,633	16,177	20,951	12,362	32,086
Miscellaneous	254,078	272,696	74,996	24,805	34,225	38,138	71,814	57,963	48,660	50,286
<b>Total general revenues and other changes in net assets/net position</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>6,408,513</b>	<b>6,436,521</b>	<b>6,817,962</b>	<b>7,783,632</b>	<b>8,174,035</b>
<b>Total component unit - HRSSD change in net assets/net position</b>	<b>\$ 338,062</b>	<b>\$ 527,001</b>	<b>\$ 1,243,936</b>	<b>\$ 450,202</b>	<b>\$ (118,332)</b>	<b>\$ 521,808</b>	<b>\$ 463,218</b>	<b>\$ 944,706</b>	<b>\$ 937,376</b>	<b>\$ 1,182,242</b>
<b>Total major component units change in net assets/net position</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>\$ (7,929,941)</b>	<b>\$ (7,626,102)</b>	<b>\$ (3,868,403)</b>	<b>\$ (3,199,375)</b>	<b>\$ (2,747,186)</b>
<b>Total reporting entity change in net assets/net position</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>	<b>\$ 3,443,543</b>	<b>\$ 2,498,728</b>	<b>\$ 4,019,409</b>	<b>\$ (2,904,015)</b>	<b>\$ 6,696,035</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.
- (3) This table reports financial information based on the accrual basis of accounting. The County implemented GASB Statement No. 63 in fiscal year 2013. This standard eliminated the term "net assets" and now refers to this measurement as "net position."

COUNTY OF ROCKINGHAM, VIRGINIA

Table 4

PROGRAM REVENUES BY FUNCTION / PROGRAM

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

Function/Program	Fiscal Year June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Primary government:										
Governmental activities:										
General government administration	\$ 518,266	\$ 479,962	\$ 433,380	\$ 398,318	\$ 413,167	\$ 396,562	\$ 420,011	\$ 415,201	\$ 463,593	\$ 428,001
Judicial administration	3,181,390	3,464,400	3,198,043	3,002,364	2,927,805	3,039,810	3,168,758	3,232,856	3,391,496	3,653,643
Public safety	11,804,424	11,099,990	10,653,630	11,747,436	11,350,418	11,663,286	12,977,432	13,854,600	13,267,492	14,928,670
Public works	1,014,447	1,021,587	957,819	1,098,549	1,114,716	3,721,270	3,943,748	3,498,966	1,275,587	1,391,488
Health and social services	139,069	169,494	151,940	230,958	190,454	186,696	190,008	178,167	203,372	256,559
Education	-	-	-	-	-	562,808	-	-	-	-
Parks, recreation and cultural	324,628	405,709	467,229	696,685	660,369	690,110	756,422	805,431	785,225	863,175
Community development	239,367	254,771	262,336	261,114	3,085	2,975	3,727	2,540	100,508	255,855
<b>Total governmental activities</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>	<b>20,263,517</b>	<b>21,460,106</b>	<b>21,987,761</b>	<b>19,487,273</b>	<b>21,777,391</b>
Business-type activities:										
Water and sewer	6,921,642	6,059,169	6,075,853	5,696,405	6,044,184	6,561,144	7,436,597	8,088,703	7,522,685	9,005,087
Solid waste	3,886,218	2,784,481	2,353,901	2,572,712	3,538,098	5,027,936	5,057,086	6,332,268	5,488,882	5,788,028
<b>Total business-type activities</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>11,589,080</b>	<b>12,493,683</b>	<b>14,420,971</b>	<b>13,011,567</b>	<b>14,793,115</b>
<b>Total primary government</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>	<b>\$ 31,852,597</b>	<b>\$ 33,953,789</b>	<b>\$ 36,408,732</b>	<b>\$ 32,498,840</b>	<b>\$ 36,570,506</b>
Major component units:										
Component unit - school board:										
Instruction	\$ 73,762,964	\$ 81,522,836	\$ 75,488,678	\$ 69,684,411	\$ 69,099,190	\$ 67,373,976	\$ 68,376,769	\$ 72,551,314	\$ 73,069,780	\$ 76,995,702
Pupil transportation services	-	-	760,680	-	-	-	-	-	-	-
Operation and maintenance services	-	-	13,723	-	-	-	-	-	-	-
School food services	4,636,595	5,002,137	4,931,480	4,962,060	5,105,645	4,950,592	5,105,940	5,094,385	5,294,763	5,415,290
<b>Total component unit - school board</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>72,324,568</b>	<b>73,482,709</b>	<b>77,645,699</b>	<b>78,364,543</b>	<b>82,410,992</b>
Component unit - HRSSD:										
Public assistance	3,394,896	3,851,693	4,329,056	4,351,937	4,557,975	4,803,986	5,029,280	5,047,847	4,748,681	4,961,568
Comprehensive/children's services	5,985,528	6,500,946	6,633,186	5,960,163	5,234,401	5,193,142	5,237,254	5,377,628	5,113,599	5,215,483
Welfare	4,740,804	4,491,339	5,007,010	5,089,815	4,903,211	4,872,498	5,320,083	5,712,054	6,069,231	6,868,035
VJCCA	-	-	-	-	-	-	-	62,481	102,030	83,534
<b>Total component unit - HRSSD</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>14,869,626</b>	<b>15,586,617</b>	<b>16,200,010</b>	<b>16,033,541</b>	<b>17,128,620</b>
<b>Total major component units</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>\$ 87,194,194</b>	<b>\$ 89,069,326</b>	<b>\$ 93,845,709</b>	<b>\$ 94,398,084</b>	<b>\$ 99,539,612</b>
<b>Total reporting entity</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>	<b>\$ 119,046,791</b>	<b>\$ 123,023,115</b>	<b>\$ 130,254,441</b>	<b>\$ 126,896,924</b>	<b>\$ 136,110,118</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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund:										
Reserved	\$ 1,003,102	\$ 928,288	\$ 1,097,948	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	26,580,573	22,588,259	27,255,072	-	-	-	-	-	-	-
Nonspendable	-	-	-	808,957	667,271	536,388	483,343	584,337	712,636	785,140
Restricted (2)	-	-	-	-	-	3,116,396	2,105,608	2,058,400	2,551,574	3,026,483
Committed	-	-	-	-	-	-	-	-	-	82,374
Assigned	-	-	-	2,851	7,551	-	-	-	-	-
Unassigned	-	-	-	28,661,725	28,308,023	25,803,047	25,193,314	25,644,629	27,066,722	23,537,191
<b>Total General Fund</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>	<b>\$ 29,455,831</b>	<b>\$ 27,782,265</b>	<b>\$ 28,287,366</b>	<b>\$ 30,330,932</b>	<b>\$ 27,431,188</b>
All Other Governmental Funds:										
Reserved	\$ 2,141,716	\$ 351,245	\$ 422,337	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	20,326,913	18,761,704	10,102,262	-	-	-	-	-	-	-
Nonspendable	-	-	-	11,143	11,143	11,143	11,143	11,143	-	-
Restricted	-	-	-	1,371,862	409,284	484,439	193,685	224,566	195,800	235,108
Committed	-	-	-	-	-	-	-	-	-	4,288,809
Assigned	-	-	-	12,822,866	14,439,666	19,801,602	22,093,893	17,828,714	14,456,621	7,312,400
<b>Total all other governmental funds</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>	<b>\$ 20,297,184</b>	<b>\$ 22,298,721</b>	<b>\$ 18,064,423</b>	<b>\$ 14,652,421</b>	<b>\$ 11,836,317</b>

Notes:

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

# COUNTY OF ROCKINGHAM, VIRGINIA

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

## CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

### Last Ten Fiscal Years

*(modified accrual basis of accounting)*

**(Unaudited)**

	Fiscal Year June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues:</b>										
General property taxes	\$ 58,855,180	\$ 65,570,241	\$ 66,216,435	\$ 64,487,098	\$ 67,611,207	\$ 70,546,928	\$ 70,426,736	\$ 71,932,121	\$ 77,123,724	\$ 81,459,657
Other local taxes	10,343,068	9,997,187	9,719,705	9,127,961	9,512,231	9,631,146	9,925,245	10,374,792	11,216,975	11,483,710
Permits, privilege fees and licenses	1,176,374	749,140	803,462	904,624	692,745	888,111	1,003,449	1,085,078	1,056,984	1,730,059
Fines and forfeitures	155,677	148,535	238,435	274,412	274,611	167,342	159,842	184,583	151,516	240,396
Use of money and property	1,646,317	771,924	833,742	957,222	1,059,359	1,457,668	1,494,063	1,444,522	1,711,660	1,111,496
Charges for services	3,288,037	2,850,575	2,801,305	3,573,280	3,406,935	3,657,806	3,925,885	3,956,131	3,643,395	3,645,601
Miscellaneous	463,242	279,146	232,721	779,782	336,457	345,024	302,430	364,608	680,439	627,835
Recovered costs	2,480,181	3,048,135	2,759,777	3,217,501	3,381,843	3,665,254	4,134,950	5,064,878	4,563,572	4,957,855
Reimbursement from component unit	-	-	-	-	-	562,808	-	-	-	-
Intergovernmental	16,346,450	16,688,669	15,910,457	17,531,492	16,941,563	19,326,049	20,315,305	19,535,622	19,056,078	19,254,149
<b>Total revenues</b>	<b>94,754,526</b>	<b>100,103,552</b>	<b>99,516,039</b>	<b>100,853,372</b>	<b>103,216,951</b>	<b>110,248,136</b>	<b>111,687,905</b>	<b>113,942,335</b>	<b>119,204,343</b>	<b>124,510,758</b>
<b>Expenditures:</b>										
General government administration	4,563,051	4,659,357	4,398,991	4,149,027	4,196,686	4,463,079	4,787,939	4,804,695	5,203,673	5,543,460
Judicial administration	3,173,240	3,827,879	3,343,653	3,123,597	3,188,815	3,371,268	3,540,441	3,740,215	3,827,334	4,187,990
Public safety	21,242,649	19,874,198	18,910,325	19,817,574	20,309,292	20,575,858	22,919,965	26,121,456	26,286,332	28,665,762
Public works	2,628,117	2,482,615	2,352,738	2,522,534	2,580,230	2,705,553	2,852,182	2,921,785	2,944,236	3,108,156
Health and social services	4,748,614	5,044,027	5,168,646	4,955,083	4,777,502	4,557,024	5,898,577	5,400,366	5,807,989	6,171,569
Education	57,109,186	78,046,276	48,129,186	40,665,573	44,255,322	50,100,041	49,859,613	53,790,738	55,511,622	60,961,694
Parks, recreation and cultural	2,115,026	2,064,277	2,023,049	2,212,498	2,154,894	2,126,961	2,130,299	2,197,829	2,251,615	2,365,854
Community development	3,122,860	5,783,273	4,467,357	4,211,445	3,399,091	3,154,781	2,497,658	2,753,660	3,090,881	3,959,791
Capital outlay	9,740,578	12,088,043	1,969,136	354,404	4,325,301	2,796,798	4,593,950	5,048,279	3,965,319	3,894,304
Debt service:										
Principal	4,760,106	5,173,395	6,166,108	7,781,938	7,797,795	8,086,516	7,528,018	7,182,006	7,762,776	7,809,066
Interest and fiscal charges	3,459,559	5,473,153	6,318,727	6,257,914	6,068,489	5,148,228	4,751,292	4,581,066	3,921,002	3,558,960
<b>Total expenditures</b>	<b>116,662,986</b>	<b>144,516,493</b>	<b>103,247,916</b>	<b>96,051,587</b>	<b>103,053,417</b>	<b>107,086,107</b>	<b>111,359,934</b>	<b>118,542,095</b>	<b>120,572,779</b>	<b>130,226,606</b>
<b>Revenues over (under) expenditures</b>	<b>(21,908,460)</b>	<b>(44,412,941)</b>	<b>(3,731,877)</b>	<b>4,801,785</b>	<b>163,534</b>	<b>3,162,029</b>	<b>327,971</b>	<b>(4,599,760)</b>	<b>(1,368,436)</b>	<b>(5,715,848)</b>
<b>Other financing sources (uses):</b>										
Transfers in	19,658,172	13,556,253	-	4,000,000	4,890,000	4,930,448	4,284,869	1,947,743	800,000	800,000
Transfers out	(19,701,898)	(16,071,679)	(20,000)	(4,000,000)	(4,890,000)	(4,960,000)	(4,284,869)	(1,077,180)	(800,000)	(800,000)
Issuance of debt	35,494,713	37,261,410	-	-	-	-	-	13,125,000	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	(13,125,000)	-	-
Premium on issuance debt	1,115,963	2,244,149	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses), net</b>	<b>36,566,950</b>	<b>36,990,133</b>	<b>(20,000)</b>	<b>-</b>	<b>-</b>	<b>(29,552)</b>	<b>-</b>	<b>870,563</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ 14,658,490</b>	<b>\$ (7,422,808)</b>	<b>\$ (3,751,877)</b>	<b>\$ 4,801,785</b>	<b>\$ 163,534</b>	<b>\$ 3,132,477</b>	<b>\$ 327,971</b>	<b>\$ (3,729,197)</b>	<b>\$ (1,368,436)</b>	<b>\$ (5,715,848)</b>

COUNTY OF ROCKINGHAM, VIRGINIA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

Table 6

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	Fiscal Year June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt Service as a percentage of noncapital expenditures:										
Primary government:										
Total debt service	\$ 8,219,665	\$ 10,646,548	\$ 12,484,835	\$ 14,039,852	\$ 13,866,284	\$ 13,234,744	\$ 12,279,310	\$ 11,763,072	\$ 11,683,778	\$ 11,368,026
Total expenditures	\$ 116,662,986	\$ 144,516,493	\$ 103,247,916	\$ 96,051,587	\$ 103,053,417	\$ 107,086,107	\$ 111,359,934	\$ 118,542,095	\$ 120,572,779	\$ 130,226,606
Less: Capital outlay - primary government	(12,251,238)	(12,330,838)	(1,012,486)	(967,936)	(4,807,614)	(668,787)	(1,258,644)	(2,087,485)	(2,724,796)	(5,626,572)
<b>Noncapital expenditures</b>	<b>\$ 104,411,748</b>	<b>\$ 132,185,655</b>	<b>\$ 102,235,430</b>	<b>\$ 95,083,651</b>	<b>\$ 98,245,803</b>	<b>\$ 106,417,320</b>	<b>\$ 110,101,290</b>	<b>\$ 116,454,610</b>	<b>\$ 117,847,983</b>	<b>\$ 124,600,034</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>7.87%</b>	<b>8.05%</b>	<b>12.21%</b>	<b>14.77%</b>	<b>14.11%</b>	<b>12.44%</b>	<b>11.15%</b>	<b>10.10%</b>	<b>9.91%</b>	<b>9.12%</b>
Major component units - School Board and HRSSD:										
Expenditures:										
School board	\$ 140,207,962	\$ 156,426,408	\$ 138,094,883	\$ 117,956,384	\$ 120,957,761	\$ 124,197,953	\$ 123,811,920	\$ 131,802,060	\$ 134,799,313	\$ 146,858,092
HRSSD	20,551,545	21,623,271	21,729,506	21,608,529	21,028,646	20,668,028	23,594,887	23,264,806	22,983,663	24,549,020
Less: Capital outlay - school board	(26,060,681)	(36,916,024)	(21,949,313)	(2,405,403)	(3,307,213)	(2,037,300)	(1,421,014)	(2,891,187)	(3,267,837)	(8,428,049)
Less: Capital outlay - HRSSD	(30,132)	(17,503)	(16,646)	-	-	-	(2,163,687)	(530,456)	(31,182)	(42,681)
<b>Noncapital expenditures</b>	<b>\$ 134,668,694</b>	<b>\$ 141,116,152</b>	<b>\$ 137,858,430</b>	<b>\$ 137,159,510</b>	<b>\$ 138,679,194</b>	<b>\$ 142,828,681</b>	<b>\$ 143,822,106</b>	<b>\$ 151,645,223</b>	<b>\$ 154,483,957</b>	<b>\$ 162,936,382</b>
Total reporting entity:										
<b>Total noncapital expenditures</b>	<b>\$ 176,379,713</b>	<b>\$ 188,815,003</b>	<b>\$ 185,875,702</b>	<b>\$ 185,478,384</b>	<b>\$ 186,794,179</b>	<b>\$ 193,713,080</b>	<b>\$ 197,938,726</b>	<b>\$ 207,908,866</b>	<b>\$ 212,140,973</b>	<b>\$ 227,345,449</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>4.66%</b>	<b>5.64%</b>	<b>6.72%</b>	<b>7.57%</b>	<b>7.42%</b>	<b>6.83%</b>	<b>6.20%</b>	<b>5.66%</b>	<b>5.51%</b>	<b>5.00%</b>

**COUNTY OF ROCKINGHAM, VIRGINIA**

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**

**Last Ten Fiscal Years**

*(modified accrual basis of accounting)*

**(Unaudited)**

**Table 6**

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Notes:

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

COUNTY OF ROCKINGHAM, VIRGINIA

Table 7

TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

Fiscal Year June 30,	Property (1)	Local Sales and Use	Motor Vehicle	Consumer Utility and Communications Sales and Use (2)	Recordation and Wills	Food and Beverage	Other	Total
2008	\$ 58,135,150	\$ 4,764,451	\$ 1,193,657	\$ 2,809,135	\$ 1,096,756	\$ -	\$ 479,069	\$ 68,478,218
2009	64,951,212	4,567,854	1,176,765	2,667,992	1,091,116	-	493,460	74,948,399
2010	65,511,983	4,168,753	1,169,718	2,676,009	882,174	297,906	525,145	75,231,688
2011	63,822,003	4,732,665	1,179,162	1,020,285	792,313	788,452	615,084	72,949,964
2012	66,900,268	4,991,019	1,227,744	1,028,014	827,202	824,844	613,408	76,412,499
2013	69,783,176	4,881,368	1,236,520	1,035,484	969,920	889,702	618,152	79,414,322
2014	69,694,829	5,309,526	1,209,701	1,078,402	730,498	925,336	671,782	79,620,074
2015	71,270,077	5,387,061	1,211,564	1,095,486	955,372	1,034,025	691,284	81,644,869
2016	76,369,114	6,105,799	1,227,518	1,156,055	942,381	1,070,535	714,687	87,586,089
2017	80,660,077	6,324,892	1,278,070	1,058,481	957,414	1,155,637	709,216	92,143,787
Change 2008-2017	38.75%	32.75%	7.07%	-62.32%	-12.70%	N/A	48.04%	34.56%

Notes:

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



# COUNTY OF ROCKINGHAM, VIRGINIA

**Table 8**

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

Calendar Year	Residential Property (1)	Commercial Property (1)	Industrial Property (1)	Farm Property (1)	Exempt & Nontaxable Property (1) (2)	Total Assessed Value	Percent Growth	Assessed Value of Tax Deferred Land Use (3)	Total Taxable Value	Total Direct Tax Rate	Tax Value as a Percentage of Assessed Value
2008	\$ 4,590,978,700	\$ 610,682,700	\$ 261,590,000	\$ 1,656,580,500	\$ 847,847,400	\$ 7,967,679,300	3.47%	\$ 756,364,258	\$ 6,363,467,642	\$ 0.58/0.60	79.87%
2009	4,716,212,700	611,433,100	260,782,100	1,677,385,800	872,697,500	8,138,511,200	2.10%	753,312,347	6,512,501,353	0.60	80.02%
2010	4,879,919,700	718,626,400	277,930,600	1,915,838,000	987,038,600	8,779,353,300	7.30%	931,781,985	6,860,189,315	0.60	78.14%
2011	4,945,640,600	717,918,900	244,690,500	1,924,739,900	1,003,185,100	8,836,175,000	0.65%	922,202,345	6,910,787,555	0.60	78.21%
2012	4,999,192,200	728,316,900	254,690,200	1,944,432,200	1,139,922,400	9,066,553,900	2.54%	938,573,459	6,988,058,041	0.64	77.08%
2013	5,035,839,700	734,537,700	258,387,400	1,956,029,000	1,148,229,700	9,133,023,500	0.73%	950,926,733	7,033,867,067	0.64	77.02%
2014	5,131,903,600	744,413,500	260,799,200	2,069,514,600	1,155,622,900	9,362,253,800	2.45%	1,060,320,506	7,146,310,394	0.64	76.33%
2015	5,198,957,000	765,627,500	258,445,700	2,073,139,200	1,155,559,900	9,451,729,300	0.96%	1,014,434,080	7,281,735,320	0.66/0.68	77.04%
2016	5,286,192,700	772,036,000	265,826,900	2,080,831,900	1,154,888,500	9,559,776,000	1.14%	1,016,281,990	7,388,605,510	0.68/0.70	77.29%
2017	5,360,674,700	801,922,900	263,991,000	2,083,044,800	1,169,407,400	9,679,040,800	1.25%	1,013,613,780	7,496,019,620	0.74	77.45%

Source:

Rockingham County real estate records.

Notes:

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

# COUNTY OF ROCKINGHAM, VIRGINIA

**Table 9**

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

### Rockingham County

Fiscal Year June 30,	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital	Farm Machinery	Total Direct Rate
2008	\$ 0.58/0.60	\$ 2.80	\$ 0.60	\$ 2.55	\$ 0.87	\$ 0.44	\$ 7.85
2009	0.60	2.80	0.60	2.55	0.87	0.44	7.86
2010	0.60	2.80	0.60	2.55	0.87	0.44	7.86
2011	0.60	2.80	0.60	2.55	0.87	0.44	7.86
2012	0.64	2.85	0.64	2.55	0.87	0.44	7.99
2013	0.64	2.85	0.64	2.55	0.87	0.44	7.99
2014	0.64	2.85	0.64	2.55	0.87	0.44	7.99
2015	0.66/0.68	2.90	0.68	2.55	0.87	0.44	8.11
2016	0.68/0.70	2.90	0.68/0.70	2.55	0.87	0.44	8.14
2017	0.74	3.00	0.74	2.55	0.87	0.44	8.34

Note:

- (1) Public Service Corporations are taxed at the real estate and the personal property tax rates for those classes of assessed values established by the State Corporation Commission.

### Overlapping Governments

Fiscal Year June 30,	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital	Farm Machinery
2008	\$ 0.05-0.12	\$ 0.20-0.75	\$ 0.07-0.12	\$ 0.30-0.75	\$ -	\$ -
2009	0.07-0.12	0.30-0.75	0.07-0.46	0.30-0.75	-	-
2010	0.07-0.12	0.30-0.75	0.07-0.46	0.30-0.75	-	-
2011	0.07-0.12	0.30-0.75	0.07-0.46	0.30-0.75	-	-
2012	0.07-0.12	0.30-0.75	0.07-0.46	0.30-0.75	-	-
2013	0.07-0.12	0.30-0.75	0.07-0.46	0.30-0.75	-	-
2014	0.05-0.12	0.20-0.75	0.07-0.46	0.30-0.46	-	-
2015	0.07-0.12	0.20-0.75	0.07-0.46	0.30-0.46	-	-
2016	0.07-0.12	0.20-0.75	0.07-0.46	0.30-0.46	-	-
2017	0.07-0.12	0.20-0.75	0.07-0.38	0.30-0.40	-	-

Notes:

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

# COUNTY OF ROCKINGHAM, VIRGINIA

**Table 10**

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

Taxpayer	2017					
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Property Taxes Paid	Rank	Percentage of Total Property Taxes Paid Value
Great Eastern Resort Management	\$ 420,623,050	1	4.72%	\$ 3,323,326	2	3.72%
MillerCoors	220,778,435	2	2.48%	3,961,617	1	4.43%
Wal-Mart Retail and Distribution Centers	134,764,765	3	1.51%	1,645,930	5	1.84%
Merck & Company, Inc.	113,455,925	4	1.27%	1,676,039	4	1.87%
White Wave	104,984,980	5	1.18%	1,799,112	3	2.01%
LSC Communications US, LLC (formerly R.R. Donnelley & Sons Co.)	78,351,440	6	0.88%	1,223,682	6	1.37%
Marshall's	70,678,575	7	0.79%	936,849	7	1.05%
Sunnyside Retirement Community	52,886,800	8	0.59%	-	-	-
Cargill	51,843,085	9	0.58%	824,039	9	0.92%
Sysco	51,757,045	10	0.58%	856,816	8	0.96%
Dynamic Aviation	-	-	-	540,374	10	0.60%
<b>Total</b>	<b>\$ 1,300,124,100</b>		<b>14.58%</b>	<b>\$ 16,787,784</b>		<b>18.78%</b>

Taxpayer	2008					
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Property Tax Paid	Rank	Percentage of Total Property Taxes Paid
Adolph Coors Company	\$ 409,337,365	1	5.30%	\$ 8,279,915	1	11.88%
Great Eastern Resort Management	303,914,000	2	3.93%	2,007,693	2	2.88%
Wal-Mart Retail and Distribution Centers	105,919,830	3	1.37%	1,345,698	3	1.93%
Merck & Company, Inc.	90,982,250	4	1.18%	1,342,746	4	1.93%
White Wave (Morningstar Foods)	56,308,720	5	0.73%	1,078,992	5	1.55%
Marshall's	55,015,345	6	0.71%	513,961	6	0.74%
R.R. Donnelley & Sons Co.	46,575,000	7	0.60%	779,903	7	1.12%
Cargill	44,880,755	8	0.58%	624,484	8	0.90%
Sysco	30,240,840	9	0.39%	378,465	9	0.54%
Perdue	19,400,955	10	0.25%	311,942	10	0.45%
<b>Total</b>	<b>\$ 1,162,575,060</b>		<b>15.04%</b>	<b>\$ 16,663,800</b>		<b>23.91%</b>

Source:

Rockingham County Commissioner of the Revenue.

**COUNTY OF ROCKINGHAM, VIRGINIA**

**Table 11**

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

Calendar Year	Taxes Levied for the Calendar Year	Collected Within the Calendar Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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%	1,443,419	39,591,283	100.00%
2009	40,502,223	38,979,011	96.24%	1,508,370	40,487,381	99.96%
2010	42,621,495	40,949,099	96.08%	1,672,396	42,621,495	100.00%
2011	42,997,402	41,455,415	96.41%	1,541,987	42,997,402	100.00%
2012	46,418,364	44,793,454	96.50%	1,604,022	46,397,476	99.96%
2013	46,847,898	45,330,910	96.76%	1,504,664	46,835,574	99.97%
2014	47,634,558	46,160,931	96.91%	1,337,404	47,498,335	99.71%
2015	50,861,929	49,410,225	97.15%	1,085,846	49,410,225	97.15%
2016	53,997,527	53,187,098	98.50%	N/A	53,187,098	98.50%

Source:

Rockingham County Treasurer.

Note:

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

**RATIOS OF OUTSTANDING DEBT BY TYPE AND GENERAL  
BONDED DEBT OUTSTANDING**

**Last Ten Fiscal Years**

**(Unaudited)**

Fiscal Year	Governmental Activities				Business-Type Activities	Total Primary Government	Percentage of Per Capita Personal Income	Debt Per Capita
	General Obligation Bonds	Literary Loans	Note Payable	Capital Leases	Revenue Bonds			
2008	\$ 76,742,419	\$ 493,886	\$ -	\$ 27,271,926	\$ 17,808,546	\$ 122,316,777	5.23%	\$ 1,636
2009	112,010,877	315,859	-	26,355,902	19,696,028	158,378,666	6.87%	2,093
2010	106,724,577	142,359	-	25,396,463	18,816,715	151,080,114	6.45%	1,974
2011	100,641,607	68,859	-	23,517,864	17,687,978	141,916,308	5.71%	1,836
2012	94,585,257	-	-	21,592,147	16,526,645	132,704,049	5.10%	1,711
2013	88,473,576	-	-	19,364,182	15,275,826	123,113,584	4.65%	1,576
2014	82,458,757	-	-	17,597,852	13,602,412	113,659,021	4.30%	1,440
2015	76,531,468	-	-	16,090,003	12,359,388	104,980,859	3.72%	1,327
2016	70,472,680	-	8,714,153	14,132,883	20,383,318	113,703,034	N/A	1,426
2017	64,260,913	-	7,826,952	12,282,453	29,711,540	114,081,858	N/A	1,431

General bonded debt outstanding:

Fiscal Year	General Obligation			Percentage of Actual Taxable Value of Property	Debt Per Capita
	Bonds	Literary Loans	Total		
2008	\$ 76,742,419	\$ 493,886	\$ 77,236,305	1.27%	\$ 1,033
2009	112,010,877	315,859	112,326,736	1.77%	1,485
2010	106,724,577	142,359	106,866,936	1.64%	1,397
2011	100,641,607	68,859	100,710,466	1.47%	1,303
2012	94,585,257	-	94,585,257	1.37%	1,220
2013	88,473,576	-	88,473,576	1.27%	1,133
2014	82,458,757	-	82,458,757	1.17%	1,044
2015	76,531,468	-	76,531,468	1.05%	967
2016	70,472,680	-	70,472,680	0.95%	884
2017	64,260,913	-	64,260,913	0.86%	806

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, 2017**  
**(Unaudited)**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Town of Bridgewater, Virginia	\$ 2,106,117	6.24%	\$ 131,455
Town of Broadway, Virginia	332,377	4.16%	13,833
Town of Mt. Crawford, Virginia	127,469	0.49%	621
Town of Dayton, Virginia	38,698	2.30%	890
Town of Elkton, Virginia	2,037,680	2.69%	54,776
Town of Grottoes, Virginia	413,332	2.27%	9,402
Town of Timberville, Virginia	-	2.09%	-
<b>Subtotal, overlapping debt</b>			<u>210,978</u>
County Direct Debt			<u>84,370,318</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 84,581,296</u></u>

Note:

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

COUNTY OF ROCKINGHAM, VIRGINIA

Table 14  
Page 1

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

Water and Sewer Fund							
Fiscal Year	Utility Service Charges	Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2008	\$ 5,630,238	\$ 3,062,217	\$ 2,568,021	\$ 136,896	\$ 130,042	\$ 266,938	9.62
2009	5,125,257	3,283,073	1,842,184	190,000	194,728	384,728	4.79
2010	5,953,542	4,012,722	1,940,820	418,154	462,610	880,764	2.20
2011	5,564,105	4,198,941	1,365,164	410,000	469,502	879,502	1.55
2012	5,776,771	4,497,157	1,279,614	435,000	429,278	864,278	1.48
2013	6,424,821	4,519,326	1,905,495	425,000	424,224	849,224	2.24
2014	7,210,344	4,754,001	2,456,343	425,000	517,778	942,778	2.61
2015	7,825,015	4,960,792	2,864,223	440,000	379,548	819,548	3.49
2016	7,270,371	4,982,413	2,287,958	540,000	565,731	1,105,731	2.07
2017	8,743,842	5,284,929	3,458,913	585,000	387,667	972,667	3.56
Smith Creek Water & Waste Authority Fund							
Fiscal Year	Utility Service Charges	Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2008	\$ 227,067	\$ 32,316	\$ 194,751	\$ 104,581	\$ 105,936	\$ 210,517	0.93
2009	218,959	93,376	125,583	107,915	102,602	210,517	0.60
2010	215,848	68,805	147,043	111,357	99,160	210,517	0.70
2011	200,492	164,332	36,160	114,912	95,605	210,517	0.17
2012	332,243	133,565	198,678	110,064	125,961	236,025	0.84
2013	255,706	167,269	88,437	174,128	62,925	237,053	0.37
2014	329,709	156,716	172,993	172,419	64,636	237,055	0.73
2015	387,037	217,177	169,860	177,419	59,655	237,074	0.72
2016	355,029	203,397	151,632	182,562	54,501	237,063	0.64
2017	453,320	204,229	249,091	187,858	49,197	237,055	1.05
Countryside Sanitary District Fund							
Fiscal Year	Utility Service Charges	Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2008	\$ 18,980	\$ 5,526	\$ 13,454	\$ 6,401	\$ 5,314	\$ 11,715	1.15
2009	15,748	5,408	10,340	6,610	5,103	11,713	0.88
2010	15,124	6,199	8,925	6,827	4,888	11,715	0.76
2011	16,991	6,346	10,645	7,050	4,664	11,714	0.91
2012	14,240	6,728	7,512	7,281	4,433	11,714	0.64
2013	13,217	5,814	7,403	7,520	4,194	11,714	0.63
2014	15,946	6,277	9,669	7,767	3,948	11,715	0.83
2015	14,306	7,522	6,784	8,021	3,694	11,715	0.58
2016	18,833	8,965	9,868	8,284	3,429	11,713	0.84
2017	15,738	9,492	6,246	8,555	3,159	11,714	0.53

COUNTY OF ROCKINGHAM, VIRGINIA

Table 14  
Page 2

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

Solid Waste Fund							
Fiscal Year	Utility Service	Operating	Net	Debt Service			Coverage
	Charges	Expenses	Available Revenue	Principal	Interest	Total	
2008	\$ 3,457,788	\$ 3,157,156	\$ 300,632	\$ 121,363	\$ 17,487	\$ 138,850	2.17
2009	2,854,735	2,717,244	137,491	270,000	130,269	400,269	0.34
2010	2,774,723	2,579,332	195,391	323,561	118,902	442,463	0.44
2011	3,536,054	2,533,132	1,002,922	520,000	213,115	733,115	1.37
2012	4,412,861	2,225,688	2,187,173	535,000	188,935	723,935	3.02
2013	5,938,147	3,378,630	2,559,517	550,000	162,727	712,727	3.59
2014	5,840,785	3,851,399	1,989,386	565,000	136,012	701,012	2.84
2015	6,193,726	3,524,940	2,668,786	580,000	108,207	688,207	3.88
2016	6,232,808	3,560,345	2,672,463	595,000	66,424	661,424	4.04
2017	6,473,078	4,232,965	2,240,113	810,000	142,265	952,265	2.35

Lilly Subdivision Sanitary District							
Fiscal Year	Utility Service	Operating	Net	Debt Service			Coverage
	Charges	Expenses	Available Revenue	Principal	Interest	Total	
2009	\$ 37,652	\$ 20,699	\$ 16,953	\$ 54,904	\$ 10,670	\$ 65,574	0.26
2010	35,213	12,054	23,159	15,342	15,512	30,854	0.75
2011	36,812	14,721	22,091	15,813	14,829	30,642	0.72
2012	37,261	19,398	17,863	16,300	14,132	30,432	0.59
2013	35,497	22,745	12,752	16,800	13,421	30,221	0.42
2014	34,761	22,476	12,285	17,316	12,692	30,008	0.41
2015	35,671	28,300	7,371	17,849	11,949	29,798	0.25
2016	47,631	19,871	27,760	18,397	11,189	29,586	0.94
2017	29,877	17,874	12,003	18,961	10,414	29,375	0.41

Penn Laird Sewer Authority							
Fiscal Year	Utility Service	Operating	Net	Debt Service			Coverage
	Charges	Expenses	Available Revenue	Principal	Interest	Total	
2009	\$ 18,967	\$ 1,959	\$ 17,008	\$ 3,272	\$ 27,538	\$ 30,810	0.55
2010	29,628	1,222	28,406	4,072	16,051	20,123	1.41
2011	21,745	7	21,738	4,249	15,876	20,125	1.08
2012	27,445	1,349	26,096	975	25,096	26,071	1.00
2013	30,029	778	29,251	20,658	7,604	28,262	1.03
2014	26,374	2,071	24,303	19,218	9,043	28,261	0.86
2015	26,338	902	25,436	19,735	8,525	28,260	0.90
2016	23,992	898	23,094	20,269	7,996	28,265	0.82
2017	12,150	208	11,942	20,815	7,447	28,262	0.42

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) Lilly Subdivision Sanitary District began making payments on its outstanding debt in fiscal year 2009.
- (4) 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
2008	74,770	\$ 2,338,537,221	\$ 31,276	11,372	3.5%
2009	75,656	2,305,690,941	30,476	11,422	6.5%
2010	76,523	2,342,859,939	30,616	11,414	6.3%
2011	77,297	2,487,452,867	32,180	11,376	5.5%
2012	77,551	2,602,698,926	33,561	11,245	5.6%
2013	78,102	2,646,027,951	33,879	11,331	5.1%
2014	78,953	2,642,433,157	33,468	11,310	4.8%
2015	79,134	2,825,073,252	33,195	11,327	4.4%
2016	79,735	N/A	N/A	11,287	3.7%
2017	N/A	N/A	N/A	11,261	3.4%

## Sources:

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

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

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

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

N/A - Information unavailable at fiscal year end

**COUNTY OF ROCKINGHAM, VIRGINIA****Table 16****PRINCIPAL EMPLOYERS  
Current Year and Ten Years Ago  
(Unaudited)**

Employer	Fiscal Year June 30,	
	2017	2008
	Rank	Rank
Rockingham County School Board	1	1
Sentara Healthcare	2	-
Wal-Mart	3	4
Cargill Meat Solutions	4	2
Great Eastern Resort Management	5	3
Marshall's	6	10
LSC Communications US, LLC*	7	5
Pilgrims Pride Corp.	8	7
Merck Sharp & Dohme Corp.	9	6
County of Rockingham	10	-
Perdue Products	-	8
Stellar Management Grouping	-	9

\* Formerly R.R. Donnelley & Sons Co.

Source:

Virginia Employment Commission.

# COUNTY OF ROCKINGHAM, VIRGINIA

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

Function/Program	Fiscal Year			
	2008	2009	2010	2011
General government administration:				
Legislative	5	5	5	5
General and financial:				
Commissioner of the revenue	18.3	18.3	14	13
Treasurer	8.3	8.3	8	6
Executive administration and legal	7.5	8	8	8
Finance	10.5	10.5	9.4	9.4
Human resources	3	2.5	2.4	2.4
Information systems	11	11	11	11
Central switchboard	1.5	1.5	1.4	1.4
Board of elections	2	2	2	2
Judicial administration:				
Courts:				
Clerk of the circuit court	15	15	15	13
Court services	11	8.5	6.5	8.5
Commonwealth attorney	25	26.5	24.0	27.5
Public safety:				
Sheriff	175	173	167	161.5
Fire and rescue	62.5	65.5	66	70
Building inspections	13	13	9.3	8.3
Other protection	2	2	2	2
Public works:				
General administration	0.8	1	0.8	0.7
Garage operations	2	2	2	2
Maintenance	18.4	19.4	16.4	15.4
Parks, recreation and cultural	10.6	10.6	12.6	9.6
Community development:				
Planning and community development	13.8	13.8	13.2	12.7
Extension	1	1	-	-
Economic development	-	0.5	0.5	0.5
Water and sewer:				
Utilities/water treatment	25.5	27.8	24.5	22.4
Solid waste:				
Landfill	23.0	21.3	20.6	19.7
Container site	12.9	12.7	13.1	13.1
Component unit school board:				
Education:				
Instruction	1,483	1,481	1,446	1,410
Administration, attendance and health	48	63	63	61
Pupil transportation services	219	223	228	229
Operation and maintenance services	106	110	110	114
School food services	116	114	113	116
Component unit HRSSD:				
Social services:				
Services	53	52	52	53
Public assistance	44	44	39	40
Comprehensive/Children's Services Act	3	3	2.8	2.8
Administration	9	9	9	9
<b>Totals</b>	<b>2,558.6</b>	<b>2,579.7</b>	<b>2,517.5</b>	<b>2,479.9</b>

Source:

Rockingham County Department of Human Resources.

Table 17

June 30,					
2012	2013	2014	2015	2016	2017
5	5	5	5	5	5
13	13	13	13.5	14	15
6	6	6	6.5	7	7
8	8	9	9	9	9
9.4	9.4	9.4	9.2	9.2	11.0
2.4	2.4	2.4	3	4	4
11	11	11	11	11	11
1.4	1.4	1.4	1.5	1.5	1.0
2	2	2	2	2	2
14	14	14	15	15	15
9.5	9.5	10	11	11	11
25.9	25.9	26.3	26.3	27.3	26.0
161.5	166.5	167	169	175	175
71	70	74	81	76	90
8	8	8	8.5	9	9
2	2	2	2	2	2
0.6	0.6	0.7	0.7	0.7	1.0
2	2	2	2	2	2
16.6	16.6	17	17	18	18
8.6	9.6	9	11	11	11
12	12.5	12	12.5	12	12
-	-	-	-	-	-
1.3	1.3	1	1	1	1
19.1	19.5	19.6	20.1	21.1	21.0
19.2	17.8	17.9	17.9	19	19
13.1	12.4	12	12	12	12
1,414	1,413	1,402	1,414	1,410	1,486
62	62	62	63	64	98
239	236	239	238	238	241
115	115	115	115	115	116
119	113	110	108	113	108
53	52	57	58.5	65	65
42	41	45	48.5	53	53
3.5	3.5	3.5	3.5	3.5	3.5
10	10	5	5	7	7
2,500.1	2,491.9	2,490.2	2,521.2	2,543.3	2,667.5

# COUNTY OF ROCKINGHAM, VIRGINIA

## OPERATING INDICATORS BY FUNCTION / PROGRAM

### Last Ten Fiscal Years

#### (Unaudited)

Function/Program	Fiscal Year			
	2008	2009	2010	2011
Police: (1)				
Calls for service	19,329	18,903	18,861	19,739
Adult arrest	5,050	4,748	3,776	4,100
Juvenile arrest	296	189	259	241
Traffic citations	1,704	2,068	3,304	4,329
Fire: (2)				
Total fire runs	10,608	10,861	9,510	6,348
Total rescue runs	12,590	12,847	13,648	15,565
Public service: (3)				
Garbage collected (ton)	89,649	78,445	76,445	76,466
Recycle collected (ton)	15,114	12,299	17,392	28,761
Parks and recreation: (4)				
Recreation program attendance	18,231	19,800	20,455	42,709
Water and sewer: (3)				
New water connections	197	151	87	46
New wastewater connections	238	156	92	38
Average daily water consumption (gallons)	58,222,109	55,403,500	62,389,333	62,629,583
Average daily sewage treatment (gallons)	39,950,162	49,059,001	55,244,955	57,871,485
Transportation: (5)				
Total route miles	1,127	1,129	1,132	1,135
Education: (6)				
Average daily membership	11,340	11,400	11,376	11,343
Kindergarteners	882	816	875	880
Grades 1-12	10,458	10,584	10,501	10,463

#### 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,					
2012	2013	2014	2015	2016	2017
20,913	21,124	23,546	22,714	25,081	32,250
3,899	4,162	3,749	4,119	4,201	4,253
175	202	373	257	195	294
4,236	1,879	1,363	1,479	1,682	3,081
7,001	7,475	7,119	6,959	6,907	6,623
17,158	17,283	17,289	18,313	18,948	19,414
79,062	108,882	107,977	127,842	124,278	134,879
24,861	24,323	16,343	12,714	9,632	2,276
42,849	42,304	42,500	42,900	43,600	45,000
54	97	115	118	124	105
2	97	115	129	112	97
61,788,500	58,389,558	69,591,675	74,113,083	71,094,539	70,032,583
60,180,000	50,065,833	63,479,583	62,545,110	73,577,916	73,000,000
1,135	1,138	1,139	1,145	1,146	1,146
11,236	11,223	11,304	11,290	11,287	11,261
832	852	820	854	838	795
10,404	10,371	10,484	10,436	10,449	10,466

# COUNTY OF ROCKINGHAM, VIRGINIA

## CAPITAL ASSET STATISTICS BY FUNCTION / PROGRAM

### Last Ten Fiscal Years

(Unaudited)

Function/Program	Fiscal Year			
	2008	2009	2010	2011
Police Stations: (1)	1	1	1	1
Fire Companies (not County owned): (2)	10	10	10	10
Rescue Squads (not County owned): (2)	8	8	8	8
Streets: (4)				
Centerline Mileage:				
Interstate (6)	54	54	54	54
Primary (6)	184	184	184	186
Secondary (6)	889	891	894	895
Number of street lights (6)	16	16	16	16
Traffic signals (6)	35	35	37	39
Parks and Recreation: (5)				
Parks - number of acres	28	28	22	22
Neighborhood parks - number of acres	28	28	22	22
Baseball/softball diamonds	32	32	31	31
Soccer/football fields	13	13	13	13
Basketball courts	13	13	13	13
Parks with playground equipment	1	1	1	1
Picnic shelters	4	4	4	4
Community centers	3	3	3	3
Water: (3)				
Wells (County owned)	3	3	3	2
Water lines (feet)	488,664	503,321	505,685	516,154
Fire hydrants	643	678	684	703
Storage capacity (MGPD)	10,088,000	10,088,000	10,088,000	10,088,000
Average daily consumption (MGPD)	1,940,737	1,995,682	2,079,644	2,059,054
Peak consumption (MGPD)	3,035,000	2,549,500	2,988,500	3,120,000
Wastewater: (3)				
Sanitary sewers (feet)	466,242	495,002	552,812	560,023

#### Sources:

- (1) Rockingham County Sheriff's Department
- (2) Rockingham County Fire and Rescue Department
- (3) Rockingham County Public Works Department
- (4) Virginia Department of Transportation
- (5) Rockingham County Parks and Recreation Department
- (6) Assets are not County owned, but lie within its boundaries

**Table 19**

June 30,					
2012	2013	2014	2015	2016	2017
1	1	1	1	1	1
10	10	10	10	11	11
8	8	8	7	8	8
54	54	54	54	54	54
186	186	187	192	192	192
897	898	898	899	900	900
16	16	16	16	16	16
40	41	41	42	42	43
22	22	81	81	81	81
22	22	22	19	19	19
31	31	31	31	31	31
13	13	13	13	13	13
13	13	13	13	14	14
1	1	1	1	1	1
4	3	3	3	3	3
3	3	3	3	3	3
2	2	2	2	2	2
526,623	534,150	538,958	553,039	577,643	587,938
778	803	815	854	909	957
10,088,000	10,088,000	10,088,000	10,088,000	10,088,000	10,088,000
2,031,403	2,076,660	2,287,945	2,436,595	2,337,355	2,302,441
3,519,000	2,979,000	3,267,000	3,252,000	3,188,000	3,322,000
567,234	571,944	572,727	586,191	588,915	598,057



## **COMPLIANCE SECTION**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2017**

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>DEPARTMENT OF AGRICULTURE:</b>				
<u>Direct payments:</u>				
Department of Agriculture:				
Cooperative Law Enforcement	10.U01	N/A	\$ -	\$ 5,011
<u>Pass-through payments:</u>				
Department of Social Services:				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	Not provided	-	1,113,927
Total SNAP Cluster				1,113,927
Department of Agriculture and Consumer Services				
Child Nutrition Cluster:				
Commodity Distributions	10.555	40623	-	410,201
Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	40591/40623	-	696,401
National School Lunch Program	10.555	40623	-	2,164,918
Total Child Nutrition Cluster				3,271,520
Forest Service Schools and Roads Cluster:				
Schools and Roads - Grants to States	10.665	43841	-	24,575
Total Forest Service Schools and Roads Cluster				24,575
<b>Total Department of Agriculture</b>				<b>4,415,033</b>
<b>DEPARTMENT OF TRANSPORTATION:</b>				
<u>Pass-through payments:</u>				
Federal Highway Administration:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	Not provided	-	71,342
Total Highway Planning and Construction Cluster				71,342
Department of Motor Vehicles:				
Alcohol Open Container Requirements	20.607	154AL-2016-56097-6297	-	29,862
<b>Total Department of Transportation</b>				<b>101,204</b>
<b>SOCIAL SECURITY ADMINISTRATION:</b>				
<u>Direct payments:</u>				
Social Security Administration:				
Reward for Incarceration Notification	96.U01	N/A	-	200
<b>Total Social Security Administration</b>				<b>200</b>

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2017**

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>				
<u>Pass-through payments:</u>				
Department of Social Services:				
Promoting Safe and Stable Families	93.556	Not provided	\$ -	\$ 35,352
TANF Cluster:				
Temporary Assistance to Needy Families	93.558	Not provided	-	765,868
Total TANF Cluster				<u>765,868</u>
Refugee and Entrant Assistance - State Administered Programs	93.566	Not provided	-	64,349
Low-Income Home Energy Assistance	93.568	Not provided	-	70,266
Child Care and Development Fund Cluster:				
Child Care and Development Block Grant	93.575	Not provided	-	(55)
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	Not provided	-	122,269
Total Child Care and Development Fund Cluster				<u>122,214</u>
Chafee Education and Training Vouchers Program (ETV)	93.599	Not provided	-	18,938
Stephanie Tubbs Jones Child Welfare Services Program	93.645	Not provided	-	1,023
Foster Care - Title IV-E	93.658	Not provided	-	1,477,743
Adoption Assistance	93.659	Not provided	-	1,450,439
Social Services Block Grant	93.667	Not provided	-	877,270
Chafee Foster Care Independence Program	93.674	Not provided	-	17,119
Children's Health Insurance Program	93.767	Not provided	-	44,393
Medicaid Cluster:				
Medical Assistance Program	93.778	Not provided	-	1,409,235
Total Medicaid Cluster				<u>1,409,235</u>
<b>Total Department of Health and Human Services</b>				<u>6,354,209</u>
<b>DEPARTMENT OF JUSTICE, OFFICE OF JUSTICE PROGRAMS, BUREAU OF JUSTICE ASSISTANCE:</b>				
<u>Direct payments:</u>				
Department of Criminal Justice:				
State Criminal Alien Assistance Program	16.606	N/A	-	19,400
Federal Forfeiture - Equitable Sharing Program	16.922	N/A	-	19,819
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	N/A	-	51,349
				<u>90,568</u>
<u>Pass-through payments:</u>				
Department of Criminal Justice Services:				
Violence Against Women Formula Grants	16.588	16-T9349VA15/17-U9349VA16	-	21,171
Crime Victim Assistance - Discretionary Grants	16.575	17-T9573VW15	-	126,994
Edward Byrne Memorial Justice Assistance Grant Program	16.738	17-S1172LO16/17-D2870AD13	-	16,651
				<u>164,816</u>
<b>Total Department of Justice, Office of Justice Programs, Bureau of Justice Assistance</b>				<u>255,384</u>

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2017**

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>DEPARTMENT OF DEFENSE:</b>				
<u>Direct payments:</u>				
Bureau of Land Management:				
Payments to States in Lieu of Real Estate Taxes	12.112	N/A	\$ -	\$ 440,081
<b>Total Department of Defense</b>				<b>440,081</b>
<b>DEPARTMENT OF EDUCATION:</b>				
<u>Pass-through payments:</u>				
Department of Education:				
Title I Grants to Local Educational Agencies	84.010	42901	-	1,664,876
Special Education Cluster:				
Special Education - Grants to States	84.027	43071 / 61135	-	2,444,723
Special Education - Preschool Grants	84.173	62521	-	62,573
Total Special Education Cluster				<u>2,507,296</u>
Adult Education - Basic Grants to States	84.002	Not provided	-	251,501
Career and Technical Education - Basic Grants to States	84.048	61095	-	171,139
Advanced Placement Program	84.330	Not provided	-	1,520
English Language Acquisition State Grants	84.365	60512	-	78,655
Supporting Effective Instruction State Grant	84.367	61480	-	<u>301,262</u>
<b>Total Department of Education</b>				<b>4,976,249</b>
<b>DEPARTMENT OF HOMELAND SECURITY:</b>				
<u>Direct payments:</u>				
Assistance to Firefighters Grant	97.044	N/A	-	679,153
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	N/A	-	213,496
				<u>892,649</u>
<u>Pass-through payments:</u>				
Department of Emergency Management:				
Emergency Management Performance Grants	97.042	Not provided	-	18,094
<b>Total Department of Homeland Security</b>				<b>910,743</b>
<b>Total Expenditures of Federal Awards</b>				<b>\$ 17,453,103</b>

## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2017

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#### **Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the County of Rockingham, Virginia (the County) and component units of the Rockingham County School Board and the Harrisonburg-Rockingham Social Services District under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

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

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

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

*Major Programs* – Major programs for the County of Rockingham, Virginia and its component units were determined using a risk-based approach in accordance with Uniform Guidance.

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

*Cluster of Programs* – Closely related programs that share common compliance requirements are grouped into clusters of programs. A cluster of programs is considered as one federal program for determining major programs. The following are the clusters administered by the County of Rockingham, Virginia and its component units: SNAP, Child Nutrition, Forest Service Schools and Roads, Highway Planning and Construction, TANF, Child Care and Development Fund, Medicaid, and Special Education.

## COUNTY OF ROCKINGHAM, VIRGINIA

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2017

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#### **Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

#### **Note 3. Indirect Cost Rate**

The County has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

#### **Note 4. Non-Cash Assistance**

In addition to amounts reported on the Schedule, the County consumed non-cash assistance in the form of food commodities. Commodities with a fair value of \$410,201 at the time received were consumed during the year ended June 30, 2017. These commodities were included in the determination of federal awards expended during the year ended June 30, 2017.



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the budgetary comparison of the General Fund of the County of Rockingham, Virginia (County), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 6, 2017.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2017-001.

## **Management's Response to Finding**

Management's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Management's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Harrisonburg, Virginia  
November 6, 2017





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

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

**Report on Compliance for Each Major Federal Program**

We have audited the County of Rockingham, Virginia's (County) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2017. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

**Basis for Qualified Opinion on the Medical Assistance Program**

As described in the accompanying Schedule of Findings and Questioned Costs, the Harrisonburg-Rockingham Social Services District did not comply with the requirements of CFDA 93.778 Medical Assistance Program as described in finding number 2017-002 for Eligibility. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

### **Qualified Opinion on the Medical Assistance Program**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Medical Assistance Program for the year ended June 30, 2017.

### **Unmodified Opinion on Each of the Other Major Federal Programs**

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2017.

### **Other Matters**

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

### **Report on Internal Control over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2017-002, that we consider to be a material weakness.

### **The County's Response to Finding**

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

### **Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*PBMares, LLP*

Harrisonburg, Virginia  
November 6, 2017

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2017**


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**Section I. SUMMARY OF AUDITOR'S RESULTS***Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified?	<u>      </u> Yes	<u>  √  </u> No
Significant deficiencies identified?	<u>      </u> Yes	<u>  √  </u> None Reported
Noncompliance material to financial statements noted?	<u>      </u> Yes	<u>  √  </u> No

*Federal Awards*

Internal control over major programs:

Material weakness identified?	<u>  √  </u> Yes	<u>      </u> No
Significant deficiencies identified?	<u>      </u> Yes	<u>  √  </u> None Reported

Type of auditor's report issued on compliance for major federal programs:

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

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

  √   Yes             No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
SNAP Cluster:	
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
TANF Cluster:	
93.558	Temporary Assistance to Needy Families
93.658	Foster Care – Title IV-E
93.659	Adoption Assistance
Medicaid Cluster:	
93.778	Medical Assistance Program
84.010	Title 1 Grants to Local Educational Agencies
Dollar threshold used to distinguish between type A and type B programs	
	\$ 750,000
Auditee qualified as low-risk auditee?	
	<u>      </u> Yes <u>  √  </u> No

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2017**

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**Section II. FINANCIAL STATEMENT FINDING**

A. Compliance Finding

**2017-001: Compliance with Virginia Initiative for Employment not Welfare (VIEW) requirements**

Criteria and Condition: In conjunction with our audit in accordance with the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, we performed procedures to ensure a selection of VIEW purchased service transactions were in accordance with policy and appropriate based on the individual VIEW Participant's Activity and Service Plan.

Context: Of the 25 transactions tested, eight were not in accordance with the VIEW Participant's Activity and Service Plan. The Activity and Service Plans did not properly include all eligible supportive services.

Cause: Lack of documentation of services needed on the VIEW Participant's Activity and Service Plan.

Effect: Noncompliance with requirements may result in improper payments on behalf of individuals who participate in the VIEW program.

Recommendation: We recommend procedures be implemented to ensure all transactions are in accordance with policy and are appropriate based on the VIEW Participant's Activity and Service Plan.

Views of Responsible Officials: Management concurs with the findings of the lack of documentation in the VIEW Participant's Activity and Service Plan in accordance with the payments for services on behalf of the individuals who participate in the VIEW program. In the implementation of new procedures to ensure all transactions are in accordance with policy including eligibility and documented as supportive services the factors, listed below, have been considered in the development of the agency's Plan of Action.

Two program plans were reviewed:

- 1- The VIEW Annual Workforce Plan - designed to assist agencies in planning and implementing programs make optimum use of allocated funds to increase client employment and earnings.
- 2- The EPPE for a VIEW FSS Worker – transformed to have clear job expectations which are program driven and set within the worker's Performance Evaluation.

Guidelines of the VIEW Program were reviewed:

- 1- The goal of the VIEW Program is to assist program participants in obtaining employment with wages and benefits sufficient to make continued or future receipt of public assistance unnecessary.
- 2- Identify and evaluate the participant's occupational skills, strengths, and weaknesses, and describe in detail how this information will be used to assess immediate employability.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2017**

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**Section II. FINANCIAL STATEMENT FINDING (Continued)**

A. Compliance Finding (Continued)

**2017-001: Compliance with Virginia Initiative for Employment not Welfare (VIEW) requirements (Continued)**

Views of Responsible Officials (Continued):

Guidelines of the VIEW Program were reviewed (continued):

- 3- Participant's assessment will help identify additional skills, training or education needed to enhance employability.
- 4- The VIEW Participant's Activity and Service Plan will include needed supportive services to obtain and enhance employability. Each specific service provided will be recorded as to the accordance with goal achievement.

**Section III. FINDING AND QUESTIONED COSTS FOR FEDERAL AWARDS**

A. Department of Health and Human Services

**2017-002: Eligibility – Medical Assistance Program**

Information on the Federal Program: CFDA title and number: Medical Assistance Program – 93.778; Award period: Year Ended June 30, 2017; Name of federal agency: Department of Health and Human Services; Pass-through entity name: Virginia Department of Social Services

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

Context: Of the 60 eligibility determinations tested, five redeterminations within the specified 12 month timeframe were not performed. Although the Code of Federal Regulations allows certain eligibility factors such as blindness and disability to be considered as continuing until the conditions are no longer met, other eligibility factors which may change require redeterminations be performed.

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

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

Questioned Costs: Undeterminable

Repeat Finding: This is a repeat finding, as the prior year finding was identified as 2016-001.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2017**

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**Section III. FINDING AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)**

A. Department of Health and Human Services (Continued)

**2017-002: Eligibility – Medical Assistance Program (Continued)**

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

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

- 1- The agency, like the State as a whole, experienced increased caseloads, that is, new applications, denials, and ongoing cases, as a result of the recession of 2008. Assistance cases peaked in 2013, but have not yet significantly declined.
- 2- The Virginia Department of Social Services (VDSS) implemented a new automated benefit determination and management system, Virginia Client Management System (VaCMS), in October 2013. The program is a rule based Medical Assistance determination and case management system that has been developed and modified as it rolled out to local agencies. Although the system's functionality has improved and become more reliable and workable, it continues to expand and be modified through the various Medical Assistance programs. Effective October 2016, VACMS encompasses SNAP and all remaining assistance programs. With the inclusion of other benefit programs, VACMS has experienced other functionality complications, such as: systems outages / offline, system latency and, program enhancements for one program that has led to incorrect determinations for other programs due to incorrect application of rules and policy by the system.
- 3- Over the last two years, management has worked to establish clear job expectations which are set within the worker's Performance Evaluation criteria. Recognizing that there are staff performance concerns, special attention has been given to the Benefit Program Specialists who have been struggling to achieve agency and policy expectations.
- 4- Although agency management has increased the use of local and Virginia Department of Social Services generated data to monitor unit and individual worker performance, the focus has been upon the worker who has cases which have exceeded, or are about to exceed, new application or renewal time frames. This post monitoring perspective has resulted in improved management attention to the issues of timeliness, but has been after the fact, often failing to avoid the late determination.

**CORRECTIVE ACTION PLAN**  
**Year Ended June 30, 2017**

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**Identifying Number: 2017-001 Compliance with Virginia Initiative for Employment not Welfare (VIEW) requirements.**

Finding: Eight transactions tested were not in accordance with the VIEW Participant's Activity and Service Plan.

Corrective Action Taken or Planned:

Management staff and VIEW case workers will ensure that proper payments on behalf of individuals who participate in the VIEW program occurs which includes increasing documentation on the VIEW Participant's Activity and Service Plan for each supportive service and how it is related to the participant in achieving goals on obtaining and enhancing employability.

- 1- Service Plan Review – Every six months each VIEW Participant's Activity and Service Plan will be reviewed to ensure the funding of supportive services are identified in accordance of need as to obtain and enhance employability.
- 2- Increase Documentation – Documentation will be provided for each service that the participant is provided and will be detailed on how that specific service is related to increasing the client employment and earnings.
- 3- Process of Approval of Funding – Each supportive service will be checked for proper payment by the use of the purchase order. The check off system will ensure that services which a purchase order is created as approval are listed on the VIEW Participant's Activity and Service Plan as well as appropriate length of time of service indicated as a continuing need.
- 4- Management staff will review with staff the optimum use of allocated funds on a monthly basis and will use the VIEW regional consultant to help guide best practices for the program.
- 5- This Corrective Action Plan became effective November 1, 2017.



**CORRECTIVE ACTION PLAN**  
**Year Ended June 30, 2017**

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**Identifying Number: 2017-002 Eligibility**

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

Corrective Action Taken or Planned:

- 1- Management staff will increase use of VDSS and locally generated data. The following data reports will be utilized:

Case Eligibility Review Summary

- a. Provides summary data by worker for:
  - i. Cases to be reviewed over next four months
  - ii. Current cases not yet reviewed

Locality Active Enrollment Report

- a. Provides case specific information of each enrollee and their renewal status

MA Renewal Manager

- a. Provides case worker specific information for:
  - iii. Renewals due
  - iv. Packet sending
  - v. Renewal received

Employee Review Log

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

Automated Exparte' Report

- a. Provides individual case data that indicates if the case is automatically reviewed, other information mandatory, or renewal packet is required to be generated.

- 2- Because management's prior focus has been upon cases approaching, or already out of compliance, focus will now be upon data that is prospective, that is, assessing cases which need action early enough to intercede and prevent late processing.

Monthly / Weekly Tracking Review (real time interaction with staff)

- a. Management reviews pending application status with staff on a weekly basis
- b. Management assesses current month reviews and status to ensure timely processing to prevent out of compliance issues.

- 3- Management staff will be reviewing timeline and status of various cases, to determine, (1) whether renewal packets have been sent, (2) whether check lists of needed information have been sent, and (3) whether cases are being processed timely. Same method as item number 2.

- 4- VDSS performs automated renewals on MAGI and a limited number of non – MAGI (SSI recipient) cases that meet state criteria. This process helps to reduce cases either not being reviewed or an untimely review.

- 5- VDSS automatically generates and sends renewal packets to clients, eliminating worker error.

- 6- This Corrective Action Plan became effective October 1, 2017.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**Year Ended June 30, 2017**

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**Identifying Number: 2016-001**

**Audit Finding:**

**FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

**A. Department of Health and Human Services**

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

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

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

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

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

Questioned costs: Undeterminable

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

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

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**Year Ended June 30, 2017**

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**Identifying Number: 2016-001 (Continued)**

**Audit Finding:** (Continued)

**FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)**

**A. Department of Health and Human Services (Continued)**

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

**Views of Responsible Officials:** (Continued)

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

**Corrective Action Taken:**

**Department of Health and Human Services**

Current Status: Refer to the Corrective Action Plan for finding 2017-002 for an update on the finding noted above.