

Comprehensive Annual Financial Report



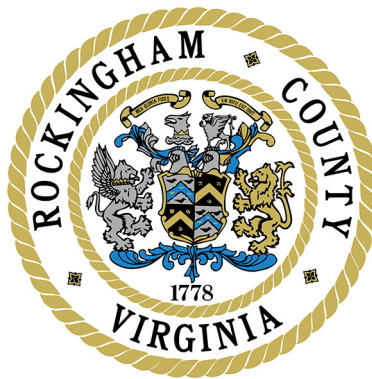
Rockingham County, Virginia

Fiscal Year Ended June 30, 2019



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2019



Prepared by:

Department of Finance
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**COUNTY OF ROCKINGHAM, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2019**

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INTRODUCTORY SECTION



STEPHEN G. KING
County Administrator



ROCKINGHAM COUNTY

BOARD OF SUPERVISORS

PABLO CUEVAS

Election District No. 1

SALLIE WOLFE-GARRISON

Election District No. 2

RICK L. CHANDLER

Election District No. 3

WILLIAM B. KYGER, JR.

Election District No. 4

MICHAEL A. BREEDEN

Election District No. 5

November 22, 2019

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

Members of the Board:

It is my pleasure to submit to you the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019. The Code of the Commonwealth of Virginia requires that all local governments shall be audited annually with a report to the Governing Body. The CAFR fulfills this reporting requirement. 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.

The financial statements included in this report, which have earned an unmodified ("clean") audit opinion, conform to the standards of financial reporting as prescribed by the Governmental Accounting Standards Board (GASB), the Government Finance Officers Association of the United States and Canada (GFOA), and the Auditor of Public Accounts (APA).

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

The County's financial statements have been audited by PB Mares LLP, a certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by County management; and evaluating the overall financial statement presentation. The independent auditor's report is located at the front of the Financial Section of the CAFR.

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 81,422. The independent city of Harrisonburg, with an estimated population of 54,606 serves as the County seat, and is the largest city in western Virginia between the Roanoke and the Washington, D.C. metropolitan areas.

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

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

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

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

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

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

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

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

The Board establishes a time and place for a public hearing on the budget. A hearing must be held at least seven days prior to the adoption of the budget. Except for the School's budget, which may only be increased or decreased by major category or as a whole, the Board may insert new items of expenditure or may increase, decrease or remove items of expenditure (other than debt service or other legal requirements). On June 13, 2018, the Board approved the budget for fiscal year 2019. During the fiscal year 2019, as is customary, the Board also approved supplemental budget amendments.

Local Economy

The County continues to enjoy a relatively stable and diverse local economy. The County has a varied manufacturing, industrial, distribution, services, and higher education base that adds to the relative stability of the unemployment rate (currently 2.0%). 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 25,135 students.

According to the 2017 U.S. Census of Agriculture, Rockingham County is ranked 1st in the state and 45th in the U.S. for total value of agricultural products sold (\$796 million) with 2,026 farms totaling 228,542 acres. Also from the census, Rockingham County is ranked 1st in the state for the following three commodity group sales: Milk and other dairy products and eggs. Rockingham County further ranked 1st in the state and 21st in the U.S. for all eight livestock categories.

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

Existing businesses in the County have experienced growth over the last several years and other businesses are planning for growth in the next two to five years. Those businesses include, Miller-Coors, Merck, Sysco, Danone, LSC Communications, Shenandoah Growers, Virginia Poultry Growers Cooperative, Dynamic Aviation, Interchange, and Great Eastern Resorts. Merck announced in May 2019 that they will be investing \$1 billion and adding an estimated 100 jobs over the next three years in Rockingham County. 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:

- Beginning construction of Phase 2 of the school renovation projects at John C. Myers and Fulks Run Elementary Schools. The projects are to be completed in the summer of 2020.

- Beginning construction of a fire response facility along Port Republic Road. Construction is to be completed in March 2020.
- Installation of field lights on four baseball/softball fields and two multipurpose fields at Rockingham Park at the Crossroads.
- Completed construction of space for Court Services and Fire & Rescue training at 20 East Gay Street.
- Completed construction of a new courtroom and judge's chambers on the second floor of the General District and Juvenile & Domestic (J&DR) Courts building in order to provide a courtroom for a new J&DR judge assigned by the Commonwealth of Virginia beginning in July of 2019. Completed renovations to first floor of building on adjacent property to house the Chief Magistrate.
- Awarded contract to construct a new courtroom and modify an existing courtroom, add and update judge's chambers, expand inmate holding area, provide additional waiting area for the public, add area for consultation with legal counsel, and update office space, utilizing space vacated by Court Services and the Chief Magistrate.
- Completed construction of approximately 16,500 linear feet of new waterline along McGaheysville Road.
- Continued the phased upgrade of the County's financial management software. Payroll and Human Resources modules were implemented in early 2015. Utility billing systems was implemented in Fiscal Year 2019. The Commissioner of the Revenue and Treasurer systems will be implemented in Fiscal Year 2020.
- Continued construction of heating, ventilation, and air conditioning (HVAC) system upgrades in the Harrisonburg-Rockingham Regional Jail.
- Held a public hearing to receive comment on the issuance of an \$8,000,000 bond to renovate existing buildings and construct a new building for the Harrisonburg-Rockingham Community Services Board ("CSB"). This project will be funded with contributions from Rockingham County, the City of Harrisonburg and the CSB.
- Worked with the Virginia Department of Transportation (VDOT), to complete critical road infrastructure projects:
 - Completed the construction of the Crowe Drive Extension Project in partnership with InterChange Cold Storage, LLC. This project widened existing Crowe Drive to three lanes beginning at Cecil Wampler Road.
 - Completed the construction of the Massanetta Springs Road improvement project in cooperation with the Preston Lake development. The project begins just north of the Massanetta Springs conference center and extends to Route 33.
 - Advertised for construction bids for Bike and Buggy Lanes on Route 42 in the Town of Dayton, extended from the town limits to Erickson Avenue, with construction to be completed in calendar year 2020.

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

These items include:

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

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

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

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

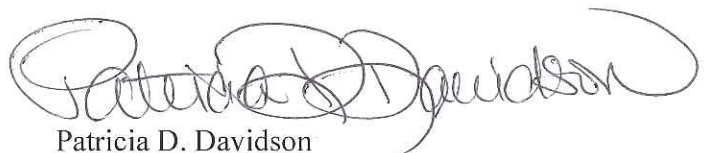
The Government Finance Officers Association of the United States and Canada has awarded the County a Certificate of Achievement for Excellence in Financial Reporting for thirty-seven consecutive years. This award certifies the County's continuing efforts to achieve the highest standards in government 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, 2019

Board of Supervisors

	Michael A. Breeden, Chair District 5	
	William B. Kyger, Jr., Vice-Chair District 4	
Pablo Cuevas District 1		Sallie Wolfe-Garrison District 2
	Rick Chandler District 3	

County Administrator

Stephen G. King

School Board

	Dr. Charlette E. McQuilkin, Chair District 4	
	Lowell Fulk, Vice-Chair District 2	
Jackie Lohr District 1		Renee A. Reed District 3
	Dan R. Breeden District 5	

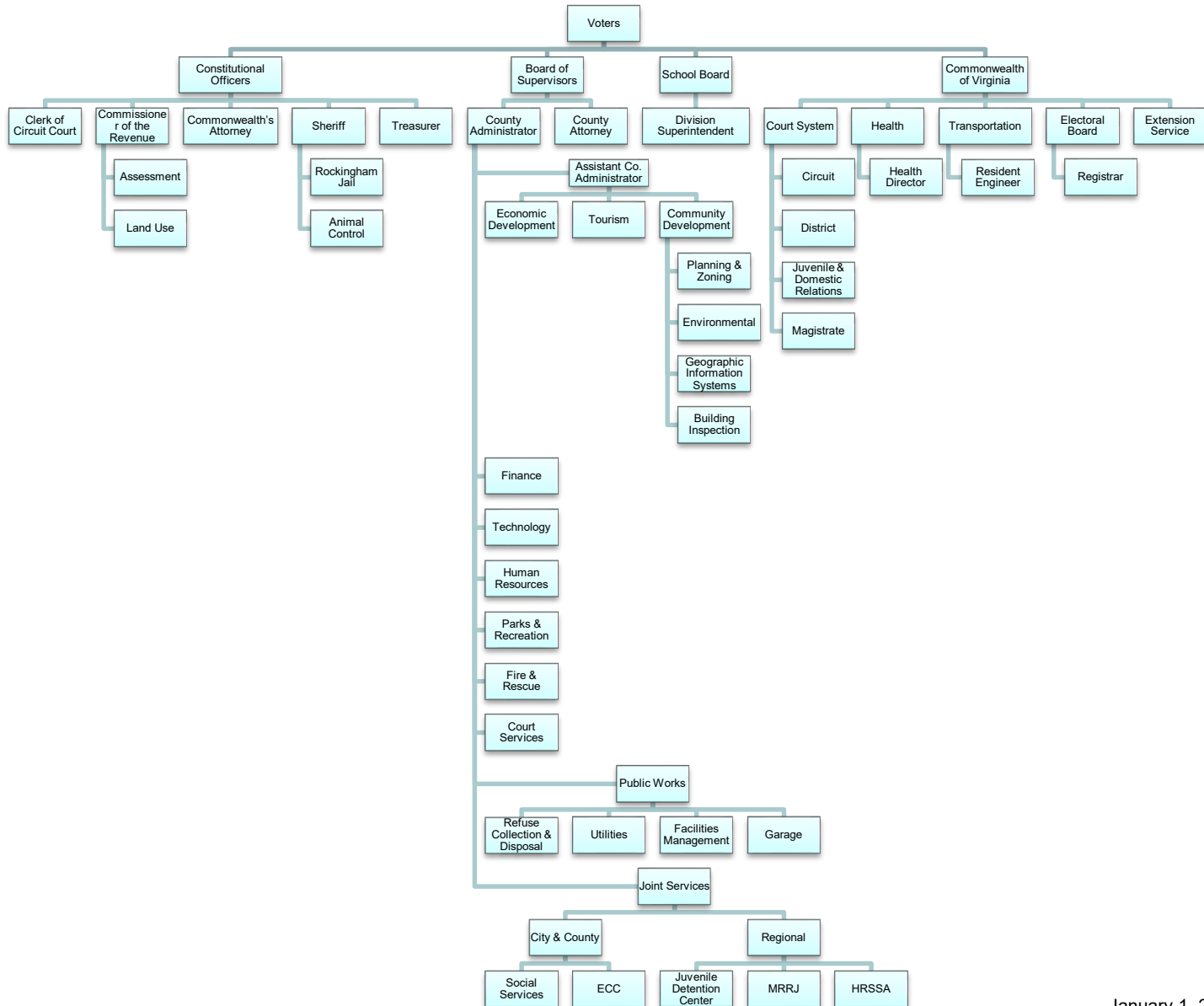
Superintendent of Schools

Dr. Oskar Scheikl

Other Officials

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

Rockingham County, VA Government Organizational Chart



January 1, 2018



Government Finance Officers Association

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

Presented to

**County of Rockingham
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the budgetary comparison of the General Fund of the County of Rockingham, Virginia (County), as of and for the year ended June 30, 2019, 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, 2019, the respective changes in financial position and the budgetary comparison of the General Fund and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Policy

As discussed in Note 24 to the financial statements, the County restated beginning net position of the Governmental Activities, Business-Type Activities, Water and Sewer Fund, Solid Waste Fund, Nonmajor Proprietary Fund (Lily Subdivision Sanitary District), and Component Units, School Board and Harrisonburg-Rockingham Social Services District, in order to record the increase in the capitalization threshold.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis and the required supplementary information on pages 12-26 and 134-155, 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 22, 2019 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

PBmares, LLP

Harrisonburg, Virginia
November 22, 2019

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, 2019. 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 \$45,242 at June 30, 2019. Of this amount, there was \$84,621 invested in the County's capital assets, net of related debt, \$624 in restricted funds assets, and a negative \$40,003 in unrestricted funds.
- The negative \$40,003 in unrestricted funds is a result of recording \$73,290 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 \$39,692. Approximately 62 percent of this total amount, \$24,457 is available for spending at the government's discretion (unassigned fund balance). There is an additional \$2,376 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 \$24,547, which represents 19 percent of total General Fund expenditures. As mentioned above, an additional \$2,376, which represents 2 percent of total General Fund expenditures, is assigned to future unspecified capital outlays in the General Capital Projects Fund.

Overview of the Financial Statements

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

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

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

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

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

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

The government-wide financial statements can be found on pages 27-30 of this report.

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

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

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

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

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

The basic governmental fund financial statements can be found on pages 31-34 of this report.

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

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

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

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

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

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

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

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$45,242 at the close of the most recent fiscal year. This is an increase of \$19,070 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, \$84,621, reflects its investment in capital assets (e.g. land, easements, buildings, improvements, machinery and equipment, software, and construction in progress, net of accumulated depreciation and amortization), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to its citizens; consequently, these assets are not readily available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves would not likely be used to liquidate these liabilities. The balance increased from the prior year balance of \$75,582 to \$84,621.

An additional portion of the County's net position, \$624, represents resources that are subject to external restrictions on how they may be used. There was a decrease of \$4,519 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 improved from negative \$54,553 to negative \$40,003. 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, 2019 and 2018

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 57,233	\$ 55,813	\$ 27,097	\$ 27,431	\$ 84,330	\$ 83,244
Capital assets, net	56,808	52,451	65,613	64,936	122,421	117,387
Total assets	114,041	108,264	92,710	92,367	206,751	200,631
Deferred outflows of resources	3,468	2,922	734	728	4,202	3,650
Other liabilities	9,475	9,018	806	2,514	10,281	11,532
Noncurrent liabilities	109,524	118,921	44,482	45,394	154,006	164,315
Total liabilities	118,999	127,939	45,288	47,908	164,287	175,847
Deferred inflows of resources	1,307	2,077	117	185	1,424	2,262
Net position:						
Net investment in capital assets	48,294	42,039	36,327	33,543	84,621	75,582
Restricted	624	404	-	4,739	624	5,143
Unrestricted (deficit)	(51,715)	(61,273)	11,712	6,720	(40,003)	(54,553)
Total net position	\$ (2,797)	\$ (18,830)	\$ 48,039	\$ 45,002	\$ 45,242	\$ 26,172

	Component Units			
	School Board		Harrisonburg- Rockingham Social Services District	
	2019	2018	2019	2018
Current and other assets	\$ 32,416	\$ 38,480	\$ 9,486	\$ 9,009
Capital assets, net	138,615	138,028	2,103	2,238
Total assets	171,031	176,508	11,589	11,247
Deferred outflows of resources	19,419	16,323	966	829
Other liabilities	24,110	25,365	1,601	1,828
Noncurrent liabilities	139,106	141,345	4,075	4,095
Total liabilities	163,216	166,710	5,676	5,923
Deferred inflows of resources	12,711	13,843	366	590
Net position:				
Net investment in capital assets	138,615	138,028	2,103	2,238
Restricted	-	4,134	2,473	2,121
Unrestricted (deficit)	(124,092)	(129,884)	1,937	1,204
Total net position	\$ 14,523	\$ 12,278	\$ 6,513	\$ 5,563

County of Rockingham, Virginia
Summary Statement of Changes in Net Position
Years Ended June 30, 2019 and 2018

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 12,216	\$ 11,284	\$ 14,467	\$ 13,529	\$ 26,683	\$ 24,813
Operating grants and contributions	10,617	10,458	1,545	1,415	12,162	11,873
Capital grants and contributions	1,822	3,141	-	-	1,822	3,141
General revenues:						
General property taxes	91,966	88,480	-	-	91,966	88,480
Other local taxes	12,547	11,722	-	-	12,547	11,722
Intergovernmental non-categorical aid	8,394	8,584	-	-	8,394	8,584
Use of money and property	1,612	712	532	273	2,144	985
Miscellaneous	3,439	536	770	775	4,209	1,311
Total revenues	142,613	134,917	17,314	15,992	159,927	150,909
Expenses:						
General government administration	5,857	5,955	-	-	5,857	5,955
Judicial administration	4,924	4,831	-	-	4,924	4,831
Public safety	29,708	30,668	-	-	29,708	30,668
Public works	7,133	9,565	14,277	13,990	21,410	23,555
Health and social services	6,725	8,212	-	-	6,725	8,212
Education	61,670	85,021	-	-	61,670	85,021
Parks, recreation and cultural	2,777	2,504	-	-	2,777	2,504
Community development	4,466	4,383	-	-	4,466	4,383
Interest	3,320	3,401	-	-	3,320	3,401
Total expenses	126,580	154,540	14,277	13,990	140,857	168,530
Change in net position	16,033	(19,623)	3,037	2,002	19,070	(17,621)
Net position, beginning, as restated	(18,830)	793	45,002	43,000	26,172	43,793
Net position, ending	\$ (2,797)	\$ (18,830)	\$ 48,039	\$ 45,002	\$ 45,242	\$ 26,172

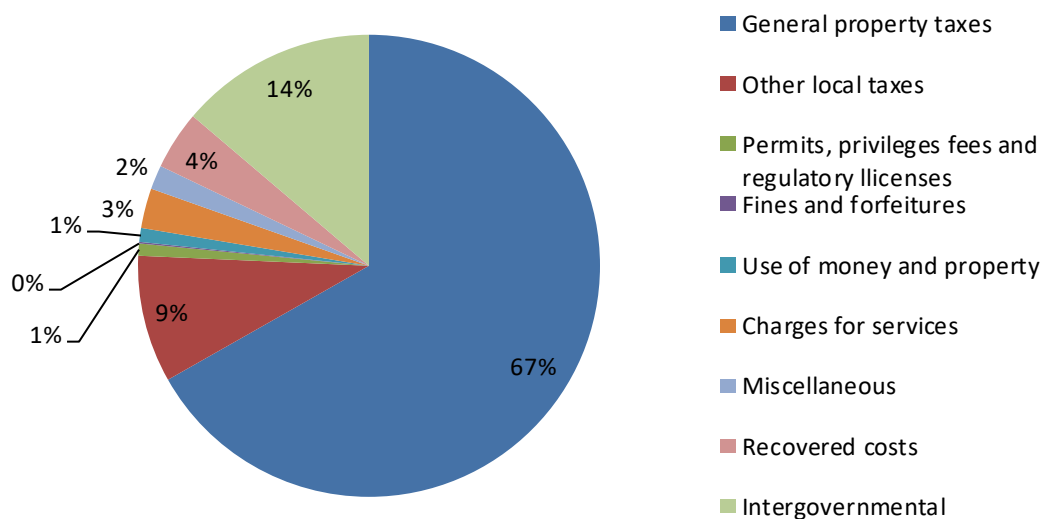
County of Rockingham, Virginia
Summary Statement of Changes in Net Position (Continued)
Years Ended June 30, 2019 and 2018

	Component Units			
	School Board		Harrisonburg-Rockingham Social Services District	
	2019	2018	2019	2018
Revenues:				
Program revenues:				
Charges for services	\$ 5,021	\$ 5,452	\$ -	\$ -
Operating grants and contributions	82,460	79,994	18,053	17,606
Capital grants and contributions	-	99	-	-
General revenues:				
Grants and contributions not restricted to specific programs	61,692	85,030	8,491	8,209
Intergovernmental non-categorical aid	72	74	-	-
Use of money and property	162	137	134	41
Miscellaneous	192	250	48	49
Total revenues	149,599	171,036	26,726	25,905
Expenses:				
Health and social services	-	-	25,776	26,332
Education	147,354	148,669	-	-
Total expenses	147,354	148,669	25,776	26,332
Change in net position	2,245	22,367	950	(427)
Net position, beginning, as restated	12,278	(10,089)	5,563	5,990
Net position, ending	\$ 14,523	\$ 12,278	\$ 6,513	\$ 5,563

Governmental activities. Governmental activities decreased the deficit in the County’s net position by \$16,033 compared to an increased deficit in the County’s net position by \$19,623 in fiscal year 2018. Key factors for this change are as follows:

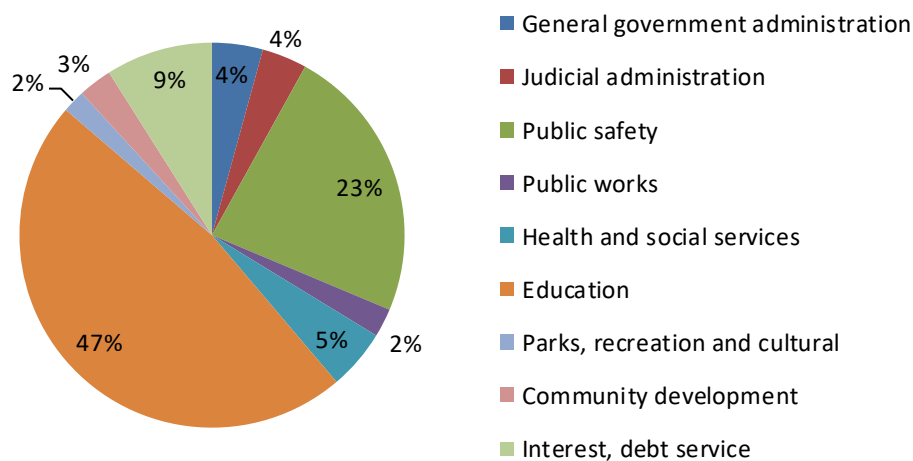
Total revenues increased \$7,696 (from \$134,917 to \$142,613) compared to last year. Revenues by source are shown in the chart below. Revenues from general property taxes make up 67 percent of total revenues.

Revenues by Source - Governmental Activities



Total expenses decreased by \$27,961 (from \$154,540 to \$126,579) compared to last year. The local transfer to Education in the amount of \$61,670 makes up 49 percent of total Governmental activities with Public Safety coming in second at 23 percent of the total.

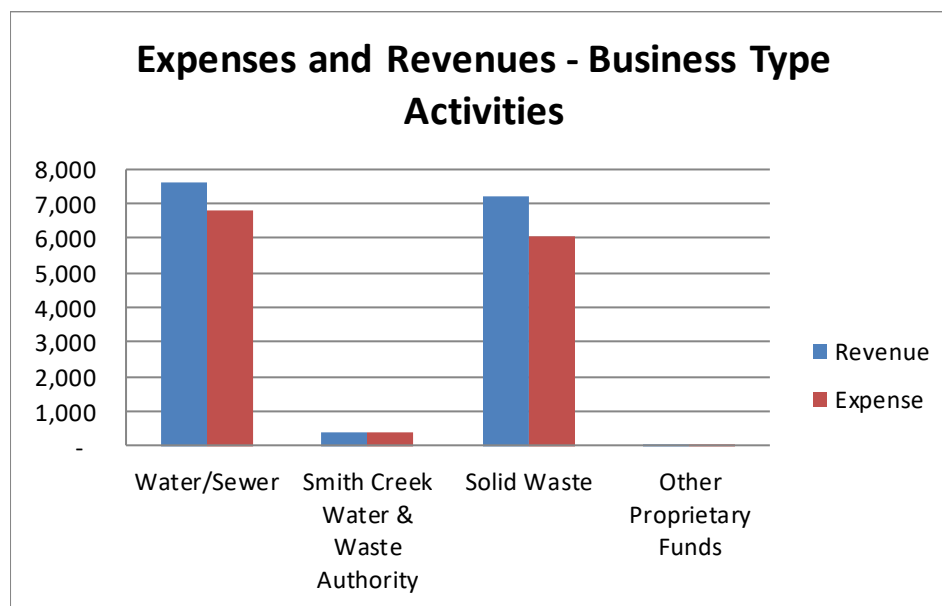
Expenditures by Type - Governmental Activities



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

Business-type activities. Business-type activities increased the County’s net position by \$3,037 compared to an increase of \$2,002 last fiscal year. Each of these businesses is monitored on a regular basis to assure that they are operating as a self-sustaining enterprise.

Revenues and Expenses – Business-type Activities



Component Unit – School Board. The School Board’s net position increased by \$2,245 this fiscal year compared to an increase of \$22,367 in fiscal year 2018. Key elements of this increase are as follows:

1. Revenues decreased by \$21,437 (from \$171,036 to \$149,599) primarily due to a decrease in the local transfer from government (from \$85,030 to \$61,692) due to the previous fiscal years transfer of debt service proceeds.
2. Expenses also decreased by a total of \$1,315 (from \$148,669 to \$147,354) due to slightly lower operating costs.
3. Included in 2019 Expenses are depreciation and amortization totaling \$8,712, 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 \$39,692, an increase of \$872 in comparison with the prior year.

Approximately 62 percent of this total amount \$24,457 constitutes unassigned general fund balance, which is available for spending at the government's discretion. In addition, another 6 percent of this total amount \$2,376 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 \$24,457, while total fund balance reached \$29,579. 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 23 percent of that same amount.

The fund balance of the County's General Fund decreased \$894 during the current fiscal year compared to an increase of \$3,042 for fiscal year 2018. This \$894 decrease is significantly better than the original budget, which projected a \$1,687 decrease, and the final budget projecting an \$11,829 decrease. The key factors influencing these results are as follows:

- Total expenditures decreased by \$20,068 compared to last year. The key components with changes were:
 - General government administration increased \$190 compared to the prior fiscal year total of \$5,349.
 - Judicial administration increased \$677 compared to the prior fiscal year total of \$4,233.
 - Public safety increased \$706 compared to the prior fiscal year total of \$29,546.
 - Public works was increased \$194 compared to the prior fiscal year total of \$2,928.
 - Health and social services decreased \$284 compared to the prior fiscal year total of \$6,868.
 - Education decreased \$23,289 compared to the prior fiscal year total of \$84,981 due to a carryforward of loan proceeds from fiscal year 2018.
 - Community development increased \$190 compared to prior fiscal year total of 3,479.
 - Parks, Recreation and cultural increased \$84 compared to prior fiscal year total of \$2,392.
 - Principal and interest increased \$1,464 compared to the prior fiscal year total of \$10,211.

The General Capital Projects Fund has a total fund balance of \$9,595, 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 \$11,975 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 \$3,037 this fiscal year to \$48,039. The largest portion of the net position, \$36,327, continues to reflect the County's net investment in capital assets.

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

General Fund Budgetary Highlights

Total revenues were \$5,392 over the final budgeted amounts and the key factors for this were:

- General property taxes were \$2,356 greater than the budget due to an increase in Personal Property tax assessments and Machinery and Tools tax assessed values as several large businesses in the County expanded.
- Miscellaneous revenue was \$2,070 greater than budgeted due to the sale of property.

Total expenditures were \$5,515 under the final budgeted amounts and the key factors were:

- The appropriation to the Rockingham County School Board for general operations was less than the final budget by \$2,711. The remaining funds were left unspent at year-end by the School Board in recognition of the need to conserve resources.
- Public Safety was \$853 less than budgeted primarily due to the Lighting Upgrades and HVAC renovations in the jail. Much of the work remains to be completed in fiscal year 2020.
- 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, 2019, amounted to \$122,421 (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 \$122,421 compared to \$117,387 last year.

County of Rockingham, Virginia Summary Statement of Capital Assets June 30, 2019 and 2018

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Non-depreciable assets:						
Land	\$ 3,658	\$ 3,226	\$ 2,549	\$ 2,549	\$ 6,207	\$ 5,775
Easements	-	-	227	227	227	227
Construction in progress	6,100	8,835	16,490	14,566	22,590	23,401
Depreciable capital assets:						
Buildings	49,724	48,981	1,561	839	51,285	49,820
Improvements	20,135	11,170	77,284	76,909	97,419	88,079
Machinery and equipment	18,102	17,390	5,443	4,852	23,545	22,242
Software	1,658	1,598	-	-	1,658	1,598
Accumulated depreciation and amortization	(42,569)	(38,749)	(37,941)	(35,006)	(80,510)	(73,755)
Capital assets, net	\$ 56,808	\$ 52,451	\$ 65,613	\$ 64,936	\$ 122,421	\$ 117,387

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

- Construction in progress under Governmental Activities of \$2,423 for the Jail HVAC Renovation.
- Construction in progress under Business-type Activities of \$1,400 for the McGaheysville Waterline Project.
- Improvements under Governmental Activities of \$1,233 for Rockingham Park at the Crossroads.
- Improvements under Governmental Activities of \$977 for County Administration Building Renovation Phase 1 & 2.
- Construction in progress under Business-type Activities of \$919 for Landfill Cell 5A.
- Construction in progress under Governmental Activities of \$885 for Field Lights at Rockingham Park at the Crossroads.
- Buildings under Business-type Activities of \$703 for the Three Springs Water Treatment Plant Finish Pump Project.
- Construction in progress under Governmental Activities of \$549 for a 2019 Pierce Enforcer Pumper.
- Construction in progress under Governmental Activities of \$446 for District Court Renovations.

County of Rockingham, Virginia
Summary Statement of Capital Assets (Continued)
June 30, 2019 and 2018

	Component Units			
	School Board		Harrisonburg-Rockingham Social Services District	
	2019	2018	2019	2018
Non-depreciable assets:				
Land	\$ 5,470	\$ 5,470	\$ 202	\$ 202
Easements	37	37	-	-
Construction in progress	6,950	22,796	-	-
Depreciable capital assets:				
Buildings	181,553	176,491	501	501
Improvements	71,766	52,469	1,920	1,920
Machinery and equipment	37,174	36,387	96	110
Software	-	-	-	-
Accumulated depreciation and amortization	(164,335)	(155,622)	(616)	(495)
Capital assets, net	\$ 138,615	\$ 138,028	\$ 2,103	\$ 2,238

A decrease in construction in progress for the component unit School Board of \$21,922 was mainly attributed to the completed renovation and construction of John Wayland Elementary School, Pleasant Valley Elementary School and Rockingham Academy.

An increase in construction in progress for the component unit School Board of \$6,076 was the construction for renovations at Fulks Run Elementary and John C. Myers Elementary.

The increase in buildings for the component unit School Board of \$5,061 was the completed construction of Rockingham Academy.

The increase in improvements for the component unit School Board of \$19,296 was the completed renovation of John Wayland Elementary School and Pleasant Valley Elementary School. The increase also included library casework at John Wayland and Pleasant Valley as well as handicap parking and access at Spotswood High School. Other increases were due to softball field lights at all four high schools, roof and gas line replacement at MTC and other improvements at MTC.

The overall increase of machinery and equipment for the component unit School Board was for four passenger busses, a van, and kitchen equipment at John Wayland and Pleasant Valley Elementary Schools.

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 \$77,217. 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, 2019 and 2018**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ 73,290	\$ 79,062	\$ -	\$ -	\$ 73,290	\$ 79,062
Unamortized premiums	3,927	4,278	3,091	3,334	7,018	7,612
Capital leases	8,515	10,411	-	-	8,515	10,411
Note payable	8,320	9,886	-	-	8,320	9,886
Revenue bonds	-	-	26,596	28,511	26,596	28,511
Landfill obligation	-	-	13,208	11,929	13,208	11,929
Compensated absences	985	808	165	178	1,150	986
Net pension liability	8,311	8,629	743	770	9,054	9,399
Other postemployment benefits	6,176	5,847	679	672	6,855	6,519
	<u>\$ 109,524</u>	<u>\$ 118,921</u>	<u>\$ 44,482</u>	<u>\$ 45,394</u>	<u>\$ 154,006</u>	<u>\$ 164,315</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 2019 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
81,422	\$ 10,139,358	\$ 77,217	0.0076	\$ 1

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

Economic Factors and Next Year's Budget and Rates

- The unemployment rate for September 2019 in Rockingham County was two percent, which is lower than the 2.4 percent rate a year ago. This compares close to the Virginia statewide unemployment rate of 2.7 percent and the United States national average of 3.5 percent.
- Fiscal year 2020 General Fund Revenue is budgeted to increase 3.3 percent to \$137,726 in comparison to the fiscal year 2019 Adopted Budget of \$133,308.
- 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 2020 General Fund Expenditures are budgeted to increase 3.3 percent to \$137,726 in comparison to the fiscal year 2019 Adopted Budget of \$133,308.
- The unassigned fund balance in the General Fund at fiscal year-end was \$24,457. The County has appropriated \$1,569 of this amount for spending in the fiscal year 2020 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 2020.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF NET POSITION

June 30, 2019

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Totals	School Board	Harrisonburg- Rockingham Social Services District	Nonmajor
ASSETS						
Cash and cash equivalents	\$ 22,153,114	\$ 15,519,210	\$ 37,672,324	\$ 14,439,660	\$ 3,683,180	\$ 21,478
Investments	14,328,084	9,618,014	23,946,098	8,324,174	2,282,720	4,758
Receivables, net:						
Property taxes	3,937,242	-	3,937,242	-	-	-
Utility taxes	95,096	-	95,096	-	-	-
Trade and other accounts	2,375,315	1,667,671	4,042,986	343,936	32,957	6,000
Accrued interest	142,896	83,179	226,075	54,229	20,618	43
Due from other governments	9,430,725	-	9,430,725	4,950,021	3,324,563	-
Internal balances	153,795	(153,795)	-	-	-	-
Prepaid items	542,127	55,566	597,693	3,685,912	142,329	-
Inventory	33,814	307,365	341,179	160,111	-	-
Investment in Harrisonburg-Rockingham Social Services District	4,040,740	-	4,040,740	-	-	-
Net pension asset	-	-	-	457,774	-	-
Capital assets, net of accumulated depreciation and amortization:						
Land	3,658,262	2,549,023	6,207,285	5,469,535	202,036	-
Easements	-	227,156	227,156	36,654	-	-
Buildings and improvements	49,723,401	1,561,099	51,284,500	181,553,158	500,979	-
Improvements other than buildings	20,135,244	77,283,888	97,419,132	71,766,277	1,919,861	-
Machinery and equipment	18,101,919	5,442,619	23,544,538	37,174,479	95,897	-
Software	1,657,690	-	1,657,690	-	-	-
Construction in progress	6,100,190	16,490,346	22,590,536	6,949,520	-	-
Less accumulated depreciation and amortization	(42,568,575)	(37,941,209)	(80,509,784)	(164,334,382)	(615,370)	-
Total assets	114,041,079	92,710,132	206,751,211	171,031,058	11,589,770	32,279
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charge on refunding	-	400,607	400,607	-	-	-
Pension plan	2,389,534	213,739	2,603,273	13,742,200	669,889	-
Other postemployment benefits	1,078,131	119,787	1,197,918	5,676,844	296,277	-
Total deferred outflows of resources	3,467,665	734,133	4,201,798	19,419,044	966,166	-

LIABILITIES						
Accounts payable	3,245,546	399,997	3,645,543	6,442,286	1,291,567	-
Accrued payroll	1,123,244	109,176	1,232,420	13,865,867	309,749	-
Accrued liabilities	379,998	-	379,998	-	-	-
Accrued interest	1,683,914	296,551	1,980,465	-	-	-
Unearned revenue	2,424,606	-	2,424,606	1,779,027	-	-
Insurance and benefit claims	617,548	-	617,548	1,852,643	-	-
Due to other governments	-	-	-	170,499	-	-
Noncurrent liabilities:						
Due within one year:						
Bonds payable	6,165,890	1,977,415	8,143,305	-	-	-
Capital leases	1,919,297	-	1,919,297	-	-	-
Notes from direct borrowings and direct placements	1,596,970	-	1,596,970	-	-	-
Compensated absences	632,713	101,299	734,012	2,438,481	28,576	-
Due in more than one year:						
Bonds payable, net	71,050,985	27,709,225	98,760,210	-	-	-
Capital leases	6,595,000	-	6,595,000	-	-	-
Notes from direct borrowings and direct placements	6,723,467	-	6,723,467	-	-	-
Landfill obligation	-	13,208,442	13,208,442	-	-	-
Compensated absences	352,604	63,663	416,267	1,063,948	17,556	-
Net pension liability	8,311,036	743,408	9,054,444	97,190,000	2,329,940	-
Other postemployment benefits	6,176,081	679,090	6,855,171	38,413,872	1,699,028	-
Total liabilities	118,998,899	45,288,266	164,287,165	163,216,623	5,676,416	-
DEFERRED INFLOWS OF RESOURCES						
Pension plan	1,166,740	104,362	1,271,102	11,853,245	327,087	-
Other postemployment benefits	140,208	12,475	152,683	857,471	39,317	-
Total deferred inflows of resources	1,306,948	116,837	1,423,785	12,710,716	366,404	-
NET POSITION						
Net investment in capital assets	48,293,834	36,326,889	84,620,723	138,615,241	2,103,403	-
Restricted:						
Nonexpendable minority interest	-	-	-	-	2,472,376	-
Judicial administration	77,255	-	77,255	-	-	-
Public safety	286,788	-	286,788	-	-	-
Community development	260,215	-	260,215	-	-	-
Unrestricted (deficit)	(51,715,195)	11,712,273	(40,002,922)	(124,092,478)	1,937,337	32,279
Total net position	\$ (2,797,103)	\$ 48,039,162	\$ 45,242,059	\$ 14,522,763	\$ 6,513,116	\$ 32,279

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF ACTIVITIES Year Ended June 30, 2019

					Net (Expense) Revenue and Changes in Net Position					
								Component Units		
					Primary Government			Harrisonburg-Rockingham		
					Governmental	Business-type		School	Social Services	Nonmajor
Functions/Programs	Expenses	Charges for Services	Grants and Contributions	Capital Grants and Contributions	Activities	Activities	Totals	Board	District	Discretely Presented
Primary Government:										
Governmental activities:										
General government administration	\$ 5,856,138	\$ 1,940	\$ 436,847	\$ -	\$ (5,417,351)	\$ -	\$ (5,417,351)	\$ -	\$ -	\$ -
Judicial administration	4,924,189	1,793,772	2,669,219	-	(461,198)	-	(461,198)	-	-	-
Public safety	29,707,762	8,330,264	7,201,417	-	(14,176,081)	-	(14,176,081)	-	-	-
Public works	7,132,527	1,193,105	-	1,722,006	(4,217,416)	-	(4,217,416)	-	-	-
Health and social services	6,725,322	24,152	284,782	-	(6,416,388)	-	(6,416,388)	-	-	-
Education	61,670,147	-	-	-	(61,670,147)	-	(61,670,147)	-	-	-
Parks, recreation and cultural	2,776,941	872,572	-	100,000	(1,804,369)	-	(1,804,369)	-	-	-
Community development	4,466,472	-	25,000	-	(4,441,472)	-	(4,441,472)	-	-	-
Interest	3,319,832	-	-	-	(3,319,832)	-	(3,319,832)	-	-	-
Total governmental activities	126,579,330	12,215,805	10,617,265	1,822,006	(101,924,254)	-	(101,924,254)	-	-	-
Business-type activities:										
Water and sewer	7,781,690	7,899,974	1,468,780	-	-	1,587,064	1,587,064	-	-	-
Solid waste	6,495,025	6,567,397	75,918	-	-	148,290	148,290	-	-	-
Total business-type activities	14,276,715	14,467,371	1,544,698	-	-	1,735,354	1,735,354	-	-	-
Total primary government	\$ 140,856,045	\$ 26,683,176	\$ 12,161,963	\$ 1,822,006	(101,924,254)	1,735,354	(100,188,900)	-	-	-
Component Units:										
Rockingham County School Board:										
Education:										
Instruction	\$ 113,318,228	\$ 3,136,243	\$ 78,910,724	\$ -	-	-	-	(31,271,261)	-	-
Administration, attendance and health	5,574,296	-	-	-	-	-	-	(5,574,296)	-	-
Pupil transportation services	9,861,011	-	-	-	-	-	-	(9,861,011)	-	-
Operation and maintenance services	13,566,374	-	-	-	-	-	-	(13,566,374)	-	-
School food services	5,033,504	1,884,464	3,550,071	-	-	-	-	401,031	-	-
Total school board	147,353,413	5,020,707	82,460,795	-	-	-	-	(59,871,911)	-	-

Harrisonburg-Rockingham Social Services District:										
Social Services:										
Public assistance	7,139,235	-	5,142,885	-	-	-	-	(1,996,350)	-	
Children's services	9,909,365	-	5,516,368	-	-	-	-	(4,392,997)	-	
Administration:										
Health and human services	8,655,093	-	7,321,658	-	-	-	-	(1,333,435)	-	
VJCCA	72,575	-	72,416	-	-	-	-	(159)	-	
Total social services district	25,776,268	-	18,053,327	-	-	-	-	(7,722,941)	-	
Economic Development Authority:										
Economic development	1,538,676	6,000	-	1,537,476	-	-	-	-	4,800	
Rockingham County Recreation Foundation:										
Parks and recreation	130,250	-	-	-	-	-	-	-	(130,250)	
Total component units	\$ 174,798,607	\$ 5,026,707	\$ 100,514,122	\$ 1,537,476	-	-	-	(59,871,911)	(7,722,941)	(125,450)
General revenues:										
Taxes:										
General property taxes					91,965,599	-	91,965,599	-	-	-
Other local taxes:										
Local sales and use					6,650,321	-	6,650,321	-	-	-
Consumer utility					1,114,925	-	1,114,925	-	-	-
Motor vehicle licenses					1,350,626	-	1,350,626	-	-	-
Food and beverage					1,275,618	-	1,275,618	-	-	-
Other					2,155,195	-	2,155,195	-	-	-
Grants and contributions not restricted to specific programs					-	-	-	61,691,628	8,491,193	-
Intergovernmental, non-categorical aid					8,393,935	-	8,393,935	71,192	-	-
Use of money and property					1,612,133	532,278	2,144,411	161,674	134,457	277
Miscellaneous					3,438,994	769,890	4,208,884	192,128	47,022	100,511
Total general revenues					117,957,346	1,302,168	119,259,514	62,116,622	8,672,672	100,788
Change in net position					16,033,092	3,037,522	19,070,614	2,244,711	949,731	(24,662)
Net position, beginning, as restated					(18,830,195)	45,001,640	26,171,445	12,278,052	5,563,385	56,941
Net position, ending					\$ (2,797,103)	\$ 48,039,162	\$ 45,242,059	\$ 14,522,763	\$ 6,513,116	\$ 32,279

COUNTY OF ROCKINGHAM, VIRGINIA

BALANCE SHEET – GOVERNMENTAL FUNDS June 30, 2019

	General	General Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 14,313,680	\$ 5,292,353	\$ 366,520	\$ 19,972,553
Investments	8,920,229	3,280,037	157,801	12,358,067
Receivables, net:				
Property taxes	3,937,242	-	-	3,937,242
Utility taxes	95,096	-	-	95,096
Trade and other accounts	1,102,105	1,119,274	147,923	2,369,302
Accrued interest	95,855	33,102	1,819	130,776
Due from other governments	3,647,040	2,523,120	-	6,170,160
Prepaid items	542,127	-	-	542,127
Inventory	26,762	-	-	26,762
Advance to other funds	153,795	-	-	153,795
Investment in Harrisonburg-Rockingham Social Services District	3,698,071	-	-	3,698,071
Total assets	\$ 36,532,002	\$ 12,247,886	\$ 674,063	\$ 49,453,951
LIABILITIES				
Accounts payable	\$ 813,713	\$ 2,273,353	\$ 1,194	\$ 3,088,260
Accrued payroll	1,121,555	-	1,689	1,123,244
Accrued liabilities	-	379,998	-	379,998
Unearned revenue	1,678,483	-	153,114	1,831,597
Total liabilities	3,613,751	2,653,351	155,997	6,423,099
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	3,233,395	-	-	3,233,395
Unavailable revenue - radio lease	105,458	-	-	105,458
Total deferred inflows of resources	3,338,853	-	-	3,338,853
FUND BALANCES				
Nonspendable:				
Prepaid items	542,127	-	-	542,127
Inventory	26,762	-	-	26,762
Advance to other funds	153,795	-	-	153,795
Restricted for:				
Harrisonburg-Rockingham Social Services District	3,698,071	-	-	3,698,071
Judicial administration	-	-	77,255	77,255
Public safety	106,192	-	180,596	286,788
Community development	-	-	260,215	260,215
Committed to:				
General government administration	-	969,038	-	969,038
Public safety	208,674	3,272,382	-	3,481,056
Public works	244,206	2,192,412	-	2,436,618
Parks, recreation and cultural	-	784,724	-	784,724
Assigned to:				
Public safety	142,979	-	-	142,979
Capital outlay	-	2,375,979	-	2,375,979
Unassigned:				
General fund	24,456,592	-	-	24,456,592
Total fund balances	29,579,398	9,594,535	518,066	39,691,999
Total liabilities, deferred inflows of resources and fund balances	\$ 36,532,002	\$ 12,247,886	\$ 674,063	\$ 49,453,951

COUNTY OF ROCKINGHAM, VIRGINIA

RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION June 30, 2019

	Governmental Funds	
Total fund balances - total governmental funds	\$ 39,691,999	
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	\$ 99,376,706	
Less accumulated depreciation and amortization	<u>(42,568,575)</u>	
Net capital assets		56,808,131
Unavailable revenue represents amounts that were not available to fund current expenditures and, therefore, is not reported as revenue in the governmental funds.		
		3,338,853
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		342,669
Deferred outflows of resources represent a consumption of net position that applies to a future period and are not recognized as deferred outflows of resources in the governmental funds.		
Pension plan	2,389,534	
Other postemployment benefits	<u>1,078,131</u>	
		3,467,665
Internal Service Funds are used by management to charge the costs of goods provided to other departments or funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		
		2,807,920
Long-term due from other government - pension		1,901,652
Long-term due from other government - other postemployment benefits		1,358,913
Long-term liabilities, including bonds payable, are not due and payable in the funds.		
General obligation bonds, including unamortized premiums	(77,216,875)	
Capital leases	(8,514,297)	
Notes from direct borrowings and direct placements	(8,320,437)	
Compensated absences	(985,317)	
Interest payable	(1,683,914)	
Other postemployment benefits	(6,176,081)	
Net pension liability	<u>(8,311,036)</u>	
		(111,207,957)
Deferred inflows of resources represent an acquisition of net position that applies to a future period and are not recognized as deferred inflows of resources in the governmental funds.		
Pension plan	(1,166,740)	
Other postemployment benefits	<u>(140,208)</u>	
		(1,306,948)
Net position of governmental activities		<u><u>\$ (2,797,103)</u></u>

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS Year Ended June 30, 2019

	General	General Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
General property taxes	\$ 91,989,158	\$ -	\$ -	\$ 91,989,158
Other local taxes	12,264,922	-	281,763	12,546,685
Permits, privilege fees and regulatory licenses	1,166,099	-	-	1,166,099
Fines and forfeitures	156,451	-	45,740	202,191
Use of money and property	1,326,279	207,045	8,638	1,541,962
Charges for services	3,851,156	-	-	3,851,156
Miscellaneous	2,319,720	1,219,274	-	3,538,994
Recovered costs	5,654,290	1,592,396	-	7,246,686
Intergovernmental	18,996,337	1,722,006	14,863	20,733,206
Total revenues	137,724,412	4,740,721	351,004	142,816,137
Expenditures:				
Current:				
General government administration	5,539,382	-	-	5,539,382
Judicial administration	4,909,592	-	8,064	4,917,656
Public safety	30,252,162	-	18,890	30,271,052
Public works	3,121,323	-	-	3,121,323
Health and social services	6,584,606	-	-	6,584,606
Education	61,691,628	-	-	61,691,628
Parks, recreation and cultural	2,476,069	-	-	2,476,069
Community development	3,669,410	-	22,500	3,691,910
Capital outlays	-	11,975,289	-	11,975,289
Debt service:				
Principal	7,668,695	-	-	7,668,695
Interest and fiscal charges	4,006,518	-	-	4,006,518
Total expenditures	129,919,385	11,975,289	49,454	141,944,128
Excess (deficiency) of revenues over (under) expenses	7,805,027	(7,234,568)	301,550	872,009
Other financing sources (uses):				
Transfers in	-	8,699,500	-	8,699,500
Transfers out	(8,699,500)	-	-	(8,699,500)
Other financing sources (uses), net	(8,699,500)	8,699,500	-	-
Net change in fund balances	(894,473)	1,464,932	301,550	872,009
Fund balance, beginning	30,473,871	8,129,603	216,516	38,819,990
Fund balance, ending	\$ 29,579,398	\$ 9,594,535	\$ 518,066	\$ 39,691,999

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, 2019

	Governmental Funds	
Net change in fund balances - total governmental funds	\$	872,009
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	\$	8,204,800
Less depreciation and amortization expense		(3,847,110)
Excess of capital outlays over depreciation and amortization		4,357,690
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Unavailable revenue		(273,886)
Investment in Harrisonburg-Rockingham Social Services District		(96,987)
Long-term due from other government - pension		(472,981)
Long-term due from other government - other postemployment benefits		(71,899)
		(915,753)
Deferred outflows of resources - pension plan contributions subsequent to measurement date		2,029,218
Deferred outflows of resources - other postemployment benefits contributions subsequent to measurement date		960,561
Principal repayments:		
General obligation debt		5,771,477
Capital leases		1,897,218
Notes from direct borrowings and direct placements - payments recorded in public safety		1,566,077
		9,234,772
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		335,442
Compensated absences		(177,767)
Other postemployment benefits expense		(737,874)
Amortization of premium		351,244
Pension expense		(947,428)
		(1,176,383)
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		7,385,621
Total expenses		(6,714,643)
		670,978
Change in net position of governmental activities	\$	16,033,092

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND Year Ended June 30, 2019

	General Fund			Variance with Final Budget Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
General property taxes	\$ 89,633,000	\$ 89,633,000	\$ 91,989,158	\$ 2,356,158
Other local taxes	11,741,350	11,741,350	12,264,922	523,572
Permits, privilege fees and regulatory licenses	1,470,300	1,470,300	1,166,099	(304,201)
Fines and forfeitures	151,500	151,500	156,451	4,951
Use of money and property	638,608	638,608	1,326,279	687,671
Charges for services	3,585,054	3,585,054	3,851,156	266,102
Miscellaneous	220,000	250,000	2,319,720	2,069,720
Recovered costs	5,435,696	5,435,696	5,654,290	218,594
Intergovernmental	18,746,149	19,426,768	18,996,337	(430,431)
Total revenues	131,621,657	132,332,276	137,724,412	5,392,136
Expenditures:				
Current:				
General government administration	5,764,472	5,755,178	5,539,382	(215,796)
Judicial administration	4,435,089	5,077,708	4,909,592	(168,116)
Public safety	30,685,532	31,105,118	30,252,162	(852,956)
Public works	3,309,181	3,518,270	3,121,323	(396,947)
Health and social services	6,686,861	7,286,861	6,584,606	(702,255)
Education	62,723,163	64,403,024	61,691,628	(2,711,396)
Parks, recreation and cultural	2,529,679	2,582,779	2,476,069	(106,710)
Community development	3,875,839	3,984,039	3,669,410	(314,629)
Debt service:				
Principal	7,668,695	7,668,695	7,668,695	-
Interest and fiscal charges	4,052,044	4,052,544	4,006,518	(46,026)
Total expenditures	131,730,555	135,434,216	129,919,385	(5,514,831)
Excess (deficiency) of revenues over (under) expenditures	(108,898)	(3,101,940)	7,805,027	10,906,967
Other financing uses:				
Transfers out	(1,577,771)	(8,727,271)	(8,699,500)	27,771
Total other financing uses	(1,577,771)	(8,727,271)	(8,699,500)	27,771
Net change in fund balance	(1,686,669)	(11,829,211)	(894,473)	10,934,738
Fund balance, beginning	1,686,669	11,829,211	30,473,871	18,644,660
Fund balance, ending	\$ -	\$ -	\$ 29,579,398	\$ 29,579,398

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF NET POSITION – PROPRIETARY FUNDS June 30, 2019

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water and Sewer	Smith Creek Water & Waste Authority	Solid Waste	Nonmajor Proprietary Funds	Totals	
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 8,735,205	\$ 97,984	\$ 6,645,484	\$ 40,537	\$ 15,519,210	\$ 8,695,099
Investments	5,413,809	60,728	4,118,354	25,123	9,618,014	5,388,953
Trade and other accounts receivable	967,976	52,614	639,470	7,611	1,667,671	12,767
Accrued interest	46,440	472	36,042	225	83,179	48,478
Prepaid items	25,141	-	30,425	-	55,566	-
Inventory	307,365	-	-	-	307,365	7,052
Total current assets	15,495,936	211,798	11,469,775	73,496	27,251,005	14,152,349
Noncurrent assets:						
Capital assets:						
Land	362,198	-	2,166,225	20,600	2,549,023	-
Easements	206,525	-	-	20,631	227,156	-
Buildings and improvements	721,784	-	839,315	-	1,561,099	-
Improvements other than buildings	42,256,208	6,616,233	26,499,600	1,911,847	77,283,888	-
Machinery and equipment	866,046	309,829	4,237,852	28,892	5,442,619	-
Construction in progress	3,424,956	-	13,065,390	-	16,490,346	-
Less accumulated depreciation and amortization	(16,093,059)	(2,317,514)	(19,039,974)	(490,662)	(37,941,209)	-
Total capital assets, net of accumulated depreciation and amortization	31,744,658	4,608,548	27,768,408	1,491,308	65,612,922	-
Total noncurrent assets	31,744,658	4,608,548	27,768,408	1,491,308	65,612,922	-
Total assets	47,240,594	4,820,346	39,238,183	1,564,804	92,863,927	14,152,349
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charge on refunding	400,607	-	-	-	400,607	-
Pension plan	102,120	-	111,619	-	213,739	-
Other postemployment benefits	55,580	-	64,207	-	119,787	-
Total deferred outflows of resources	558,307	-	175,826	-	734,133	-
LIABILITIES						
Current liabilities:						
Accounts payable and deposits	186,657	39,622	170,388	3,330	399,997	624,300
Compensated absences	48,273	-	53,026	-	101,299	-
Accrued payroll	47,659	-	61,517	-	109,176	-
Accrued interest	135,916	14,001	139,363	7,271	296,551	-
Advance from other funds	-	-	-	153,795	153,795	-
Unearned revenue	-	-	-	-	-	2,372,036
Insurance and benefit claims	-	-	-	-	-	2,470,191
Revenue bonds	790,000	204,682	930,000	52,733	1,977,415	-
Total current liabilities	1,208,505	258,305	1,354,294	217,129	3,038,233	5,466,527
Noncurrent liabilities:						
Compensated absences	35,807	-	27,856	-	63,663	-
Revenue bonds	12,983,445	1,026,668	13,227,705	471,407	27,709,225	-
Net pension liability	355,185	-	388,223	-	743,408	-
Other postemployment benefits liability	315,505	-	363,585	-	679,090	-
Landfill obligation	-	-	13,208,442	-	13,208,442	-
Total noncurrent liabilities	13,689,942	1,026,668	27,215,811	471,407	42,403,828	-
Total liabilities	14,898,447	1,284,973	28,570,105	688,536	45,442,061	5,466,527
DEFERRED INFLOWS OF RESOURCES						
Pension plan	49,862	-	54,500	-	104,362	-
Other postemployment benefits	5,969	-	6,506	-	12,475	-
Total deferred inflows of resources	55,831	-	61,006	-	116,837	-
NET POSITION						
Net investment in capital assets	18,371,820	3,377,198	13,610,703	967,168	36,326,889	-
Unrestricted (deficit)	14,472,803	158,175	(2,827,805)	(90,900)	11,712,273	8,685,822
Total net position	\$ 32,844,623	\$ 3,535,373	\$ 10,782,898	\$ 876,268	\$ 48,039,162	\$ 8,685,822

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – PROPRIETARY FUNDS Year Ended June 30, 2019

	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	\$ 7,338,871	\$ 375,444	\$ 6,567,397	\$ 63,539	\$ 14,345,251	\$ 29,129,137
Sale of processed gas	-	-	499,023	-	499,023	-
Connection fees	106,664	15,456	-	-	122,120	-
Other revenue	146,144	50	124,673	-	270,867	-
Total operating revenues	7,591,679	390,950	7,191,093	63,539	15,237,261	29,129,137
Operating expenses:						
Personal services	938,825	-	1,140,599	-	2,079,424	-
Fringe benefits	339,816	-	390,415	-	730,231	-
Contractual services	423,253	80,614	674,408	10,617	1,188,892	3,289,971
Regional Sewer Authority assessment:						
Operations and maintenance	1,281,961	-	-	-	1,281,961	-
Debt service	1,685,389	-	-	-	1,685,389	-
Risk financing and benefit payments	-	-	-	-	-	23,391,754
Internal services	64,643	-	48,617	-	113,260	-
Electrical services	382,235	14,554	38,201	-	434,990	-
Repairs and maintenance	-	-	254,156	-	254,156	-
Landfill closure	-	-	1,279,532	-	1,279,532	-
Other charges	644,332	149,324	498,256	18,614	1,310,526	44,212
Depreciation and amortization	1,015,690	132,324	1,747,851	39,681	2,935,546	-
Total operating expenses	6,776,144	376,816	6,072,035	68,912	13,293,907	26,725,937
Operating income (loss)	815,535	14,134	1,119,058	(5,373)	1,943,354	2,403,200
Nonoperating revenues (expenses):						
Connection availability fees	1,226,636	242,144	-	-	1,468,780	-
Intergovernmental	-	-	75,918	-	75,918	-
Interest revenue	328,310	1,606	200,952	1,410	532,278	280,686
Interest expense	(502,625)	(39,285)	(422,990)	(17,908)	(982,808)	-
Total nonoperating revenues (expenses), net	1,052,321	204,465	(146,120)	(16,498)	1,094,168	280,686
Change in net position	1,867,856	218,599	972,938	(21,871)	3,037,522	2,683,886
Total net position, beginning, as restated	30,976,767	3,316,774	9,809,960	898,139	45,001,640	6,001,936
Total net position, ending	\$ 32,844,623	\$ 3,535,373	\$ 10,782,898	\$ 876,268	\$ 48,039,162	\$ 8,685,822

**STATEMENT OF CASH FLOWS –
PROPRIETARY FUNDS
Year Ended June 30, 2019**

	Business-type Activities - Enterprise Funds					Governmental Activity - Internal Service Funds
	Water and Sewer	Smith Creek Water & Waste Authority	Solid Waste	Nonmajor Proprietary Funds	Totals	
Cash flows from operating activities:						
Receipts from interfund services provided	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,135,025
Receipts from customers	7,556,600	390,952	6,548,012	62,218	14,557,782	-
Claims and benefits paid	-	-	-	-	-	(23,555,742)
Payments to suppliers for goods and services	(4,907,054)	(246,815)	(2,212,254)	(29,953)	(7,396,076)	(3,596,243)
Payments to employees for services	(1,334,878)	-	(1,636,527)	-	(2,971,405)	-
Internal activity - payments to other funds	(64,643)	-	(48,617)	-	(113,260)	-
Other receipts	146,144	50	623,696	-	769,890	-
Net cash provided by operating activities	1,396,169	144,187	3,274,310	32,265	4,846,931	1,983,040
Cash flows from noncapital financing activities:						
Intergovernmental - grants	-	-	75,918	-	75,918	-
Net cash provided by noncapital financing activities	-	-	75,918	-	75,918	-
Cash flows from capital and related financing activities:						
Advance from other funds	-	-	-	15,041	15,041	-
Connection availability fees	1,226,636	242,144	-	-	1,468,780	-
Principal paid on bonds	(750,000)	(198,911)	(915,000)	(51,224)	(1,915,135)	-
Interest paid and fiscal charges on outstanding debt	(559,289)	(40,496)	(576,847)	(18,402)	(1,195,034)	-
Acquisition and construction of capital assets	(2,148,135)	-	(1,425,517)	-	(3,573,652)	-
Net cash provided by (used in) capital and related financing activities	(2,230,788)	2,737	(2,917,364)	(54,585)	(5,200,000)	-
Cash flows from investing activities:						
Proceeds on sale of investments	-	-	3,095,945	10,000	3,105,945	(585,914)
Purchases of investments	(535,660)	(56,407)	-	-	(592,067)	-
Interest received on investment securities	310,269	1,134	183,887	1,388	496,678	259,498
Net cash provided by (used in) investing activities	(225,391)	(55,273)	3,279,832	11,388	3,010,556	(326,416)
Net change in cash and cash equivalents	(1,060,010)	91,651	3,712,696	(10,932)	2,733,405	1,656,624
Cash and cash equivalents:						
Beginning	9,795,215	6,333	2,932,788	51,469	12,785,805	7,038,475
Ending	\$ 8,735,205	\$ 97,984	\$ 6,645,484	\$ 40,537	\$ 15,519,210	\$ 8,695,099

**STATEMENT OF CASH FLOWS –
PROPRIETARY FUNDS
Year Ended June 30, 2019**

	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)	\$ 815,535	\$ 14,134	\$ 1,119,058	\$ (5,373)	\$ 1,943,354	\$ 2,403,200
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation and amortization	1,015,690	132,324	1,747,851	39,681	2,935,546	-
Pension expense	(51,449)	-	(26,979)	-	(78,428)	-
Other postemployment benefits expense	3,804	-	(14,365)	-	(10,561)	-
Change in assets and liabilities:						
Decrease (increase) in:						
Trade and other accounts receivable	111,065	52	479,638	(1,321)	589,434	(1,028)
Prepaid items	3,915	-	20,781	-	24,696	-
Inventory	(40,368)	-	-	-	(40,368)	(817)
Increase (decrease) in:						
Accounts payable and deposits	(453,431)	(2,323)	(768,014)	(722)	(1,224,490)	(261,243)
Accrued liabilities	(974)	-	(16,059)	-	(17,033)	-
Unearned revenue	-	-	(499,023)	-	(499,023)	6,916
Insurance and benefit claims	-	-	-	-	-	(163,988)
Deferred outflows - pension plan	15,311	-	17,490	-	32,801	-
Deferred outflows - other postemployment benefits	(22,929)	-	(65,600)	-	(88,529)	-
Landfill obligation	-	-	1,279,532	-	1,279,532	-
Net cash provided by operating activities	\$ 1,396,169	\$ 144,187	\$ 3,274,310	\$ 32,265	\$ 4,846,931	\$ 1,983,040
Schedule of noncash capital and related financing activities:						
Capital assets acquired through incurrence of accounts payable	\$ -	\$ -	\$ 38,381	\$ -	\$ 38,381	\$ -

COUNTY OF ROCKINGHAM, VIRGINIA

**STATEMENT OF NET POSITION –
FIDUCIARY FUNDS
June 30, 2019**

	Agency Funds
<hr/>	
ASSETS	
Cash and cash equivalents	\$ 1,419,002
Accounts receivable	<hr/> 262,262
Total assets	<hr/> <hr/> \$ 1,681,264
LIABILITIES	
Accounts payable	<hr/> \$ 1,681,264
Total liabilities	<hr/> <hr/> \$ 1,681,264

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies

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

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

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

A. Reporting Entity

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

Blended Component Units:

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

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

During the current year, the County adopted GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, GASB Statement No. 83, *Certain Asset Retirement Obligations*, and early adopted GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

Discretely Presented Component Units:

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

1) School Board

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

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

School Cafeteria Fund accounts for the centralized school cafeteria operations.

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

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

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

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

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

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

Massanutten Technical Center
325 Pleasant Valley Road
Harrisonburg, Virginia 22801

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

Discretely Presented Component Units: (Continued)

2) Harrisonburg-Rockingham Social Services District

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

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

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

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

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

1) Economic Development Authority

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

Discretely Presented Component Units: (Continued)

1) Economic Development Authority (Continued)

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

The Authority is reported as a discretely presented component unit because the voting majority of the Authority's governing body is appointed by the Board of Supervisors and there is a benefit and burden relationship. The Authority is fiscally dependent on the County. The Authority does not issue separate financial statements but is included in the County's financial statements for fiscal year ended June 30, 2019 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, 2019 as a discretely presented component unit.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items.

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

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

The County reports the following major governmental funds:

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

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

The County reports the following major enterprise funds:

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

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

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

The County reports the following Internal Service Funds:

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

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

The County also reports the following fund type:

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

D. Budgetary Data

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

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

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

1. Deposits and Investments

Cash and Cash Equivalents

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

Investments

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

2. Property Taxes

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

3. Prepaid Items

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

4. Inventory

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

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

5. Capital Assets

Capital assets are defined by the County as assets with an initial, individual cost of more than \$25,000 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.

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

6. Deferred Outflows/Inflows of Resources

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

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

7. Compensated Absences

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

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

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

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

In the discretely presented component unit, the School Board, a 12-month employee can accumulate up to 36 days of vacation and an unlimited amount of sick leave. An employee earns one day of sick leave at the end of each month worked up to a maximum of 12 days per year. A new employee is eligible to transfer up to 90 sick leave days from another Virginia school district. Upon retirement after age 55, all full-time school employees will be compensated at one day for every three days of unused sick leave up to a maximum of two months of current salary.

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

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

8. 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.

9. 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.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

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

10. 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.

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

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

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

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

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

11. 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.

12. Other Postemployment Benefits

Medical Insurance Program

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

Group Life Insurance Program

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

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

12. Other Postemployment Benefits (Continued)

Health Insurance Credit Program

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

F. Use of Estimates

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

G. Subsequent Events

The County has evaluated subsequent events through November 22, 2019, 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.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Investments. The State Treasurer's Local Government Investment Pool Program (LGIP Program) was established pursuant to Section 2.2-4605 of the *Code of Virginia*. The Treasury Board of the Commonwealth sponsors the Program and has delegated certain functions to the State Treasurer. The Program is comprised of two portfolios: the Local Government Investment Pool (LGIP) portfolio, which is designed to meet participants daily operational cash management needs, and the Local Government Investment Pool – Extended Maturity (LGIP - EM), which is designed to meet the longer term investment needs of Virginia's public funds investors. The Program is not registered with the Securities Exchange Commission as an investment company. The LGIP portfolio is managed in accordance with the requirements of GASB Statement No. 79. The County's investment in the LGIP, totaling \$42,760,653, is stated at amortized cost and classified as cash and cash equivalents. The LGIP has been assigned an "AAAm" rating by Standard & Poor's. The maturity of the LGIP is less than one year. The County also has investments in an LGIP - EM portfolio, totaling \$10,881,417, which is stated at fair value and classified as investments. The LGIP Extended Maturity has been assigned an "AAAf/S1" rating by Standard & Poor's. The maturity of the LGIP Extended Maturity is greater than one year.

Investment Policy

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

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, 2019, 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%
Federal Agency Mortgage-Backed Securities	35%	35%
Municipal Obligations	20%	5%
Commercial Paper	35%	5%
Bankers' Acceptances	35%	5%
Corporate Notes	35%	5%
Negotiable Certificates of Deposit and Bank Deposit Notes	35%	5%
Money Market Mutual Funds	100%	50%
Principle Stability Pools	100%	100%
Short-term Bond Pools	100%	100%
Repurchase Agreements	35%	35%
Supranational Bonds	35%	10%
Bank Deposits and Non-Negotiable Certificates of Deposit	100%	100%

The Sector Limit and Issuer Limit should be applied to the total investment portfolio value at the date of acquisition. When investing in a Pool, the County shall limit its investment to ten percent of the total assets of the Pool.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Credit Risk

As of June 30, 2019, 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. Principle stability pools must be rated “AAAm” (or its equivalent) by an NRSRO. Short-term bond pools with a maximum duration of three years must be rated “AAF” (or its equivalent) by an NRSRO. Repurchase agreements, with final maturity less than five years, must be rated “AA” (or its equivalent) by an NRSRO. Supranational bonds with final maturity of less than five years must have a rating of “AA” (or its equivalent) by at least two NRSROs, one of which must be either Moody’s Investors Services or Standard & Poor’s.

Credit Risk (Continued)

As of June 30, 2019, 46% was invested in “AA+” U.S. Agency Securities, 22% was invested in “AAA, AA+, AA-, AA, A+, A-1, A-1+, and A-” Corporate obligations, and 32% 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.

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, 2019, there were no investments in any single issuer that exceed 5% of the total portfolio.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Interest Rate Risk

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

	Fair Value	Investment Maturities	
		Less Than 1 Year	1 - 5 Years
U.S. Treasury Obligations	\$ 7,718,871	\$ -	\$ 7,718,871
Corporate Notes	5,634,455	2,899,641	2,734,814
Federal Agency Obligations	8,099,474	3,240,181	4,859,293
LGIP Extended Maturity	10,881,417	-	10,881,417
	<u>\$ 32,334,217</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 three 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, 2019:

- U.S. Treasury obligations of \$7,718,871 are valued using quoted market prices (Level 1 inputs).
- Federal agency obligations of \$8,099,474 are valued using quoted market prices (Level 1 inputs).
- Money market mutual funds of \$95,997 are valued using quoted market prices (Level 1 inputs).
- Corporate notes of \$5,634,455 are valued using quoted market prices (Level 1 inputs).
- LGIP Extended Maturity of \$10,881,417 are valued using quoted market prices (Level 1 input).

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 3. Receivables, Unavailable and Unearned Revenues

Receivables at June 30, 2019 for the County's individual major funds and nonmajor funds and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Primary Government

	General Fund	General Capital Projects	Nonmajor Governmental Fund	Water and Sewer Fund	Smith Creek Water & Waste Authority
Property taxes	\$ 4,737,242	\$ -	\$ -	\$ -	\$ -
Utility taxes	95,096	-	-	-	-
Trade and other accounts	1,102,105	1,119,274	147,923	983,476	55,314
Gross receivables	5,934,443	1,119,274	147,923	983,476	55,314
Less allowance for uncollectable accounts	800,000	-	-	15,500	2,700
Net receivables	\$ 5,134,443	\$ 1,119,274	\$ 147,923	\$ 967,976	\$ 52,614

	Solid Waste Fund	Nonmajor Proprietary Funds	Internal Service Funds	Totals
Property taxes	\$ -	\$ -	\$ -	\$ 4,737,242
Utility taxes	-	-	-	95,096
Trade and other accounts	646,770	12,811	12,767	4,080,440
Gross receivables	646,770	12,811	12,767	8,912,778
Less allowance for uncollectable accounts	7,300	5,200	-	830,700
Net receivables	\$ 639,470	\$ 7,611	\$ 12,767	\$ 8,082,078

The County determines its allowance for uncollectible accounts using historical collection data and specific account analysis. The total allowance for uncollectible accounts amounted to \$830,700 as of June 30, 2019.

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 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)	\$ 3,233,395	\$ -
Radio Agreement with other localities (General Fund)	105,458	-
Advance collection of 2019-2020 taxes (General Fund)	-	1,301,260
Personal Property Tax Relief Act – state reimbursement (General Fund)	-	369,000
Equitable Sharing Program (Asset Forfeiture Fund)	-	153,114
Other (General Fund)	-	8,223
	<u>\$ 3,338,853</u>	<u>\$ 1,831,597</u>

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>\$ 2,372,036</u>
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COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 4. Due From Other Governments

Amounts due from other governments include the following:

Primary Government:

Governmental Funds:

General Fund:

Commonwealth of Virginia:

Local sales and use taxes	\$ 1,226,927
Communications sales and use taxes	215,685

Categorical aid:

Shared costs:

Commissioner of the Revenue	17,050
Commonwealth Attorney	77,031
Sheriff	524,961
Clerk of Circuit Court	50,589
Treasurer	15,699
Other	20,344

Federal government:

Boarding and care of prisoners	17,856
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Categorical aid:

Health and Human Services - SAMHSA	161,154
Ground transportation	10,235
Emergency Management Performance	19,022
Other	2,944

City of Harrisonburg	1,157,946
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Other local governments	129,597
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Total General Fund	3,647,040
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General Capital Projects Fund:

Commonwealth of Virginia:

Revenue sharing	982,117
Economic Development Access Program	650,000

City of Harrisonburg	891,003
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Total General Capital Projects Fund	2,523,120
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Total Governmental Funds	6,170,160
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Government-wide:

Governmental Activities:

City of Harrisonburg – pension plan	1,901,652
City of Harrisonburg – other postemployment benefits	1,358,913

Total Governmental Activities	3,260,565
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Total Primary Government	\$ 9,430,725
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COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 4. Due From Other Governments (Continued)

Component Unit - School Board:

Governmental Funds:

School Operating Fund:

Commonwealth of Virginia:

State sales tax receipts \$ 1,689,376

Federal government:

Education grants 807,793

Total School Operating Fund 2,497,169

School Cafeteria Fund:

Commonwealth of Virginia:

School food program 72,634

Total School Cafeteria Fund 72,634

Massanutten Technical Center:

Commonwealth of Virginia:

Education grants 67,360

Total Massanutten Technical Center 67,360

Total Component Unit - School Board - Governmental Funds 2,637,163

Government-wide:

Governmental Activities:

City of Harrisonburg – pension plan 1,886,632

City of Harrisonburg – other postemployment benefits 426,226

Total Component Unit – School Board - Governmental Activities \$ 4,950,021

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 \$ 284,169

Federal government:

Public assistance and administration 485,442

Total Operating Fund 769,611

Special Revenue – Children's Services Act Fund:

Commonwealth of Virginia:

Children's Services Act 840,348

Total Special Revenue Fund 840,348

**Total Component Unit – Harrisonburg-Rockingham
Social Services District – Governmental Funds** 1,609,959

Government-wide:

Governmental Activities:

City of Harrisonburg – pension plan 993,569

City of Harrisonburg – other postemployment benefits 721,035

**Total Component Unit – Harrisonburg-Rockingham
Social Services District – Governmental Activities** \$ 3,324,563

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2019 is as follows:

Primary Government

	Beginning Balance, as Restated	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets not being depreciated or amortized:					
Land	\$ 3,225,766	\$ 432,496	\$ -	\$ -	\$ 3,658,262
Construction in progress	8,835,185	4,789,670	-	(7,524,665)	6,100,190
Total capital assets not being depreciated or amortized	12,060,951	5,222,166	-	(7,524,665)	9,758,452
Capital assets being depreciated or amortized:					
Buildings and improvements	48,980,277	743,124	-	-	49,723,401
Improvements other than buildings	11,170,288	1,440,291	-	7,524,665	20,135,244
Machinery and equipment	17,389,647	739,219	(26,947)	-	18,101,919
Software	1,597,690	60,000	-	-	1,657,690
Total capital assets being depreciated or amortized	79,137,902	2,982,634	(26,947)	7,524,665	89,618,254
Less accumulated depreciation and amortization for:					
Buildings and improvements	(24,341,253)	(1,626,205)	-	-	(25,967,458)
Improvements other than buildings	(5,156,523)	(716,742)	-	-	(5,873,265)
Machinery and equipment	(7,748,563)	(1,430,419)	26,947	-	(9,152,035)
Software	(1,502,073)	(73,744)	-	-	(1,575,817)
Total accumulated depreciation and amortization	(38,748,412)	(3,847,110)	26,947	-	(42,568,575)
Total capital assets being depreciated or amortized, net	40,389,490	(864,476)	-	7,524,665	47,049,679
Governmental activities capital assets, net*	\$ 52,450,441	\$ 4,357,690	\$ -	\$ -	\$ 56,808,131

* Restatement was made in the current year because of a change in accounting policy, specifically the capitalization threshold.

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

Governmental activities:	
General government administration	\$ 559,662
Judicial administration	367,697
Public safety	1,637,606
Public works	124,639
Health and social services	43,730
Parks, recreation and cultural	296,716
Community development	817,060
Total depreciation and amortization expense - governmental activities	\$ 3,847,110

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets (Continued)

Primary Government (Continued)

	Beginning Balance, as Restated	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets not being depreciated or amortized:					
Land	\$ 2,549,023	\$ -	\$ -	\$ -	\$ 2,549,023
Easements	227,156	-	-	-	227,156
Construction in progress	14,564,929	2,318,964	-	(393,547)	16,490,346
Total capital assets not being depreciated or amortized	17,341,108	2,318,964	-	(393,547)	19,266,525
Capital assets being depreciated or amortized:					
Buildings and improvements	839,315	462,830	-	258,954	1,561,099
Improvements other than buildings	76,909,417	239,878	-	134,593	77,283,888
Machinery and equipment	4,852,258	590,361	-	-	5,442,619
Total capital assets being depreciated or amortized	82,600,990	1,293,069	-	393,547	84,287,606
Less accumulated depreciation and amortization for:					
Buildings and improvements	(191,245)	(47,780)	-	-	(239,025)
Improvements other than buildings	(31,645,939)	(2,447,154)	-	-	(34,093,093)
Machinery and equipment	(3,168,479)	(440,612)	-	-	(3,609,091)
Total accumulated depreciation and amortization	(35,005,663)	(2,935,546)	-	-	(37,941,209)
Total capital assets being depreciated and amortized, net	47,595,327	(1,642,477)	-	393,547	46,346,397
Business-type activities capital assets, net*	\$ 64,936,435	\$ 676,487	\$ -	\$ -	\$ 65,612,922

* Restatement was made in the current year because of a change in accounting policy, specifically the capitalization threshold.

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

Business-type activities:	
Water and Sewer	\$ 1,015,690
Solid Waste	1,747,851
Smith Creek Water & Waste Authority	132,324
Lilly Subdivision Sanitary District	9,717
Countryside Sanitary District	6,120
Penn Laird Sewer Authority	23,844
Total depreciation and amortization expense - business-type activities	\$ 2,935,546

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets (Continued)

Component Unit – School Board

	Beginning Balance, as Restated	Increases	Decreases	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	22,796,266	6,075,854	(34,850)	(21,887,750)	6,949,520
Total capital assets not being depreciated or amortized	28,302,455	6,075,854	(34,850)	(21,887,750)	12,455,709
Capital assets being depreciated or amortized:					
Buildings and improvements	176,491,856	46,821	-	5,014,481	181,553,158
Improvements other than buildings	52,469,930	2,751,891	-	16,544,456	71,766,277
Machinery and equipment	36,386,102	459,564	-	328,813	37,174,479
Total capital assets being depreciated or amortized	265,347,888	3,258,276	-	21,887,750	290,493,914
Less accumulated depreciation and amortization for:					
Buildings and improvements	(101,451,207)	(5,174,917)	-	-	(106,626,124)
Improvements other than buildings	(24,383,443)	(2,323,055)	-	-	(26,706,498)
Machinery and equipment	(29,787,303)	(1,214,457)	-	-	(31,001,760)
Total accumulated depreciation and amortization	(155,621,953)	(8,712,429)	-	-	(164,334,382)
Total capital assets being depreciated and amortized, net	109,725,935	(5,454,153)	-	21,887,750	126,159,532
School Board capital assets, net*	\$ 138,028,390	\$ 621,701	\$ (34,850)	\$ -	\$ 138,615,241

* Restatement was made in the current year because of a change in accounting policy, specifically the capitalization threshold.

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

Component Unit - School Board:	
Instruction	\$ 7,119,779
Pupil transportation services	951,861
Operation and maintenance services	640,789
Total depreciation and amortization expense - Component Unit - School Board	\$ 8,712,429

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets (Continued)

Component Unit – Harrisonburg-Rockingham Social Services District

	Beginning Balance, as Restated	Increases	Decreases	Transfers	Ending Balance
Capital assets not being depreciated or amortized:					
Land	\$ 202,036	\$ -	\$ -	\$ -	\$ 202,036
Total capital assets not being depreciated or amortized	202,036	-	-	-	202,036
Capital assets being depreciated or amortized:					
Buildings and improvements	500,979	-	-	-	500,979
Improvements other than buildings	1,919,861	-	-	-	1,919,861
Machinery and equipment	95,897	-	-	-	95,897
Total capital assets being depreciated or amortized	2,516,737	-	-	-	2,516,737
Less accumulated depreciation and amortization for:					
Buildings and improvements	(112,720)	(25,049)	-	-	(137,769)
Improvements other than buildings	(328,956)	(95,993)	-	-	(424,949)
Machinery and equipment	(38,755)	(13,897)	-	-	(52,652)
Total accumulated depreciation and amortization	(480,431)	(134,939)	-	-	(615,370)
Total capital assets being depreciated and amortized, net	2,036,306	(134,939)	-	-	1,901,367
Harrisonburg-Rockingham Social Services District capital assets, net*	\$ 2,238,342	\$ (134,939)	\$ -	\$ -	\$ 2,103,403

* Restatement was made in the current year because of a change in accounting policy, specifically the capitalization threshold.

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 - Health and human services	<u>\$ 134,939</u>
Total depreciation and amortization expense - Component Unit - Harrisonburg-Rockingham Social Services District	<u>\$ 134,939</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 6. Commitments

The County has active projects and significant project commitments as of June 30, 2019 as follows:

Primary Government

Project	Expended to June 30, 2019	Remaining Commitment
Jail HVAC	\$ 2,561,282	\$ 2,013,051

Governmental Activities

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, was payable in equal monthly installments of \$1,523. The annual rental shall increase by 1.5% each subsequent year.

The total minimum rental commitment at June 30, 2019, under this lease is as follows:

	Minimum Rental Commitment
During the next five years	\$ 97,009
During the remaining term of the lease	61,768
	<u>\$ 158,777</u>

Business-type Activities

Project	Expended to June 30, 2019	Remaining Commitment
McGaheysville Waterline Project	\$ 3,385,548	\$ 400,000

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 6. Commitments (Continued)

School Board Component Unit

Project	Expended to June 30, 2019	Remaining Commitment
Fulks Run Elementary School	\$ 2,537,274	\$ 3,276,290
John C. Myers Elementary School	4,101,404	8,508,358
	<u>\$ 6,638,678</u>	<u>\$ 11,784,648</u>

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

Note 7. Encumbrances

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

General fund	\$ 209,604
Capital projects fund	9,493,076
Water and sewer fund	<u>48,300</u>
Total	<u><u>\$ 9,750,980</u></u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 8. Long-Term Obligations

Primary Government

The following is a summary of long-term liability activity of the primary government for the year ended June 30, 2019:

Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds and notes payable:					
General obligation bonds	\$ 79,061,589	\$ -	\$ (5,771,477)	\$ 73,290,112	\$ 6,165,890
Capital leases	10,411,515	-	(1,897,218)	8,514,297	1,919,297
Notes from direct borrowings and direct placements	9,886,514	-	(1,566,077)	8,320,437	1,596,970
Unamortized premiums	4,278,007	-	(351,244)	3,926,763	-
	103,637,625	-	(9,586,016)	94,051,609	9,682,157
Compensated absences	807,550	315,154	(137,387)	985,317	632,713
Governmental activities long-term activities	\$ 104,445,175	\$ 315,154	\$ (9,723,403)	\$ 95,036,926	\$ 10,314,870

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
2020	\$ 6,165,890	\$ 3,239,418	\$ 1,919,297	\$ 202,160
2021	5,840,678	2,944,523	1,315,000	156,186
2022	5,793,635	2,654,478	1,315,000	121,614
2023	6,004,991	2,358,522	1,320,000	86,958
2024	6,226,686	2,055,450	1,320,000	52,218
2025-2029	28,763,232	5,809,669	1,325,000	17,424
2030-2034	8,435,000	1,504,639	-	-
2035-2038	6,060,000	376,828	-	-
	\$ 73,290,112	\$ 20,943,527	\$ 8,514,297	\$ 636,560

Year(s) Ending June 30,	Notes from direct borrowings and direct placements	
	Principal	Interest
2020	\$ 1,596,970	\$ 166,434
2021	1,628,482	134,923
2022	1,660,624	102,780
2023	1,349,857	69,994
2024	1,031,065	45,234
2025	1,053,439	22,860
	\$ 8,320,437	\$ 542,225

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 8. Long-Term Obligations (Continued)

Primary Government (Continued)

\$8,421,223 1999A series, issued November 1999, final installment of \$517,103 due in July 2019, plus interest at 6.10%	\$ 517,103
\$4,190,343 2000 series, issued November 2000, due in annual maturities of \$242,448 to \$247,440 through July 2020, plus interest at 5.10%	489,888
\$5,077,993 2003 series, issued November 2003, due in annual maturities of \$275,690 to \$297,277 through July 2023, plus interest at 4.60% to 5.10%	1,429,991
\$9,404,190 2005 series, issued November 2005, due in annual maturities of \$491,346 to \$545,699 through July 2025, plus interest at 4.60% to 5.10%	3,630,255
\$13,147,200 2006 series, issued November 2006, due in annual maturities of \$679,076 to \$744,134 through July 15, 2026, plus interest at 4.35% to 4.60%	5,675,176
\$10,610,000 2007 series, issued May 2007, due in annual maturities of \$555,000 to \$810,000 through July 15, 2027, plus interest at 4.10% to 5.10%	6,065,000
\$6,364,713 2007 series, issued November 2007, due in annual maturities of \$322,887 to \$371,160 through July 2027, plus interest at 4.35% to 5.10%	3,108,053
\$11,630,000 2008 series, issued May 2008, due in annual maturities of \$570,000 to \$900,000 through July 2028, plus interest at 4.60% to 5.10%	7,260,000
\$12,701,410 2008 series, issued December 2008, due in annual maturities of \$622,340 to \$742,320 through July 2028, plus interest at 5.10% to 5.35%	6,794,646
\$24,560,000 2009 series, issued May 2009, due in annual maturities of \$1,150,000 to \$1,855,000 through July 2029, plus interest at 4.05% to 5.05%	16,285,000
\$22,540,000 2017 series, issued November 2017 due in annual maturities of \$740,000 to \$1,585,000 through July 2037, plus interest at 5.05%	<u>22,035,000</u>
Total General Obligation Bonds	<u>\$ 73,290,112</u>

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 8. Long-Term Obligations (Continued)

Primary Government (Continued)

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

Capital Leases:

Emergency Communications Center:

\$7,150,000 lease purchase contract, entered into December 2004, final installment of \$609,297 due in December 2019, plus interest payable semi-annually at 3.76% \$ 609,297

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% 4,740,000

SRI Project - taxable:

\$5,250,000 lease purchase contract, entered into November 2007, due in annual installments ranging from \$525,000 to \$530,000 through October 2024, plus interest payable semi-annually at 3.35% 3,165,000

Total capital leases

\$ 8,514,297

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

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

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

	Governmental Activities	
	Emergency Communications Center	SRI Project
Capital assets:		
Buildings and improvements	\$ -	\$ 18,249,809
Machinery and equipment	9,449,729	-
Less accumulated depreciation	(4,172,687)	(5,633,773)
	<u>\$ 5,277,042</u>	<u>\$ 12,616,036</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 8. Long-Term Obligations (Continued)

Primary Government (Continued)

Notes from direct borrowings and direct placements:

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 \$946,220 to \$1,053,439 through December 2024, plus interest payable at 2.17%

\$ 5,994,375

Radio Agreement

\$3,282,000 note issued in October 2017, due in semi-annual installments ranging from \$324,014 to \$340,691 through October 2022, plus interest

2,326,062

Total notes from direct borrowings and direct placements

\$ 8,320,437

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

Business-type Activities

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Business-type activities:					
Revenue bonds	\$ 28,510,627	\$ -	\$ (1,915,135)	\$ 26,595,492	\$ 1,977,415
Landfill obligation	11,928,910	1,279,532	-	13,208,442	-
Compensated absences	178,473	52,226	(65,737)	164,962	101,299
Unamortized premiums	3,333,718	-	(242,570)	3,091,148	-
Business-type activities long-term liabilities	\$ 43,951,728	\$ 1,331,758	\$ (2,223,442)	\$ 43,060,044	\$ 2,078,714

Annual requirements to amortize the revenue bonds are as follows:

Year(s) Ending June 30,	Revenue Bonds	
	Principal	Interest
2020	\$ 1,977,415	\$ 1,112,743
2021	1,824,907	1,035,280
2022	1,887,618	954,207
2023	1,889,772	864,676
2024	1,898,960	774,519
2025-2029	9,556,820	2,507,027
2030-2034	5,655,000	837,078
2035-2038	1,905,000	100,603
	\$ 26,595,492	\$ 8,186,133

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 8. Long-Term Obligations (Continued)

Primary Government (Continued)

Water and Sewer Fund

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

\$9,630,000 issued August 2015, due in annual installments of \$200,000 to \$805,000 through October 2035, plus interest payable semi-annually ranging from 3.02% to 5.13% \$ 8,780,000

Infrastructure Revenue Bonds (Virginia Pooled Financing Program):

\$3,695,000 issued November 2017, due in installments of \$120,000 to \$265,000 in October 2037, plus interest payable semi-annually ranging from 3.13% to 5.13% 3,580,000

Solid Waste Fund

Infrastructure Revenue Bonds (Virginia Pooled Financing Program):

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

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% 3,400,002

Infrastructure Revenue Bond (Virginia Pooled Financing Program):

\$9,845,000 issued May 2017, due in annual installments of \$505,000 to \$870,000 through October 2031, plus interest payable semi-annually ranging from 3.05% to 5.13% 8,855,000

Smith Creek Water & Waste Authority

Virginia Revolving Loan Fund:

\$2,078,500 issued November 2001, due in semi-annual installments of \$63,777 to \$69,737 through September 2022, including interest at 3.0% 467,039

Wastewater System Revenue Refunding Bond, Series 2012:

\$1,250,936 issued in April 2012, due in annual installments of \$76,011 to \$94,037 through August 2027, including interest at 2.66% 764,311

Countryside Sanitary District

Virginia Revolving Loan Fund:

\$171,288 issued June 2006, due in semi-annual installments of \$4,674 to \$5,763 through April 2026, including interest at 3.25% 72,816

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 8. Long-Term Obligations (Continued)

Primary Government (Continued)

Lilly Subdivision Sanitary District

Infrastructure Revenue Bonds (Virginia Pooled Financing Program):

\$456,490 issued April 2008, due in semi-annual installments of \$11,713 to
\$15,381 through August 2028, including interest at 3.05% \$ 225,116

Penn Laird Sewer Authority

Wastewater System Revenue Refunding Bond Series 2012:

\$370,232 issued April 2012, due in annual installments of \$22,705 to \$28,089
through August 2027, including interest at 2.66% 226,208

\$ 26,595,492

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

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

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

The County's general obligation bonds contain a provision that in the event of default, the timing of repayment of outstanding amounts become immediately due.

The County's revenue bonds contain a provision that in the event of default, the timing of the repayment of outstanding amounts may become immediately due.

The following is a summary of long-term liability activity transactions of the Component Unit – School Board, for the year ended June 30, 2019:

Component Unit – School Board

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated absences	\$ 3,792,664	\$ 4,760,508	\$ (5,050,743)	\$ 3,502,429	\$ 2,438,481

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 8. Long-Term Obligations (Continued)

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, 2019:

Component Unit – Harrisonburg-Rockingham Social Services District

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated absences	\$ 38,793	\$ 17,871	\$ (10,532)	\$ 46,132	\$ 28,576

Note 9. Government Services Provided by Authorities

The County of Rockingham, City of Harrisonburg, and the Towns of Bridgewater, Mt. Crawford, and Dayton entered into a guaranty agreement with the Harrisonburg-Rockingham Regional Sewer Authority (Authority) dated December 15, 1992. Under the terms of this agreement, these municipalities jointly and severally guaranteed the Authority's bonds payable, which then qualifies as a nonexchange of financial guarantees. HRRSA's outstanding bonds payable at June 30, 2019 consist of the following:

Series	Amount	Interest
Series 2007	\$ 30,000,000	2.52%
Series 2008	12,650,000	2.95 - 4.80%
Series 2008	33,219,297	2.72%
Series 2015	8,665,505	1.20%
Series 2017	12,740,000	2.25%

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 \$1,220,000, \$1,720,000, and \$180,000, respectively. To obtain a copy of the audited financial statements, contact the Authority at 856 North River Road, P. O. Box 8, Mt. Crawford, Virginia 22841.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan

Name of Plan: Virginia Retirement System (VRS)

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

Administering Entity: Virginia Retirement System (System)

A. Plan Description

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

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

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

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

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

B. Employees Covered by Benefit Terms

County and the District Plan (Agent Plan)

As of the June 30, 2017 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	291
Inactive members:	
Vested	89
Non-vested	144
Active elsewhere in VRS	299
Total inactive members	532
Active members	594
Total covered employees	1,417

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

B. Employees Covered by Benefit Terms (Continued)

School Board Non-Professional Plan (Agent Plan)

As of the June 30, 2017 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>247</u>
Inactive members:	
Vested	39
Non-vested	70
Active elsewhere in VRS	<u>46</u>
Total inactive members	<u>155</u>
Active members	<u>407</u>
Total covered employees	<u><u>809</u></u>

C. Contributions

County and the District Plan (Agent Plan)

The contribution requirement for active employees is governed by Section 51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The County and the District's contractually required contribution rate for the year ended June 30, 2019 was 10.30% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

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 \$2,779,605 and \$2,771,832 and for the years ended June 30, 2019 and 2018, respectively.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

C. Contributions (Continued)

School Board Non-Professional Plan (Agent Plan)

The contribution requirement for active employees is governed by Section 51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The School Board non-professional's contractually required contribution rate for the year ended June 30, 2019 was 5.44% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

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 \$467,316 and \$457,883 for the years ended June 30, 2019 and 2018, respectively.

School Board Professional Plan (Cost-Sharing Plan)

The contribution requirement for active employees is governed by Section 51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. The School Board professional's contractually required contribution rate for the year ended June 30, 2019 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board for the professional plan were \$10,627,884 and \$10,135,322 for the years ended June 30, 2019 and 2018, respectively.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

D. Net Pension Liability

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

The net pension liabilities (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For the County, District and School Board Non-Professional Plans, the NPLs were measured as of June 30, 2018. The total pension liabilities used to calculate the NPLs were determined by an actuarial valuation performed as of June 30, 2017 rolled forward to the measurement date of June 30, 2018.

School Board Professional Plan (Cost-Sharing Plan)

At June 30, 2019, the School Board reported a liability for the professional plan of \$97,190,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 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, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the School Board's proportion was 0.82645% as compared to 0.81860% at June 30, 2017.

School Board Professional Plan (Cost-Sharing Plan)

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2018, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows:

	Teacher Employee Retirement Plan
Total pension liability	\$ 46,679,555,000
Plan fiduciary net position	<u>34,919,563,000</u>
Employers' net pension liability	<u>\$ 11,759,992,000</u>

Plan fiduciary net position as a percentage of the total pension liability	74.81%
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The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

E. Actuarial Assumptions

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

General Employees

The total pension liability for General Employee's in the County and the District's retirement plan and the total pension liability for the General Employees in the School Board non-professional retirement plan were based on an actuarial valuation as of June 30, 2017, 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, 2018.

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 liabilities.

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

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

E. Actuarial Assumptions (Continued)

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

General Employees (Continued)

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

County and the District Plan (Agent Plan)

Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County and the District's retirement plan was based on an actuarial valuation as of June 30, 2017, 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, 2018.

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 liabilities.

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

E. Actuarial Assumptions (Continued)

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

Public Safety Employees with Hazardous Duty Benefits (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

School Board Professional Plan (Cost-Sharing Plan)

The total pension liability for the VRS Teacher retirement plan was based on an actuarial valuation as of June 30, 2017, 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, 2018.

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

E. Actuarial Assumptions (Continued)

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

Mortality Rates:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

F. Long-Term Expected Rate of Return

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

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

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

G. Discount Rate

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

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. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2018, the alternate rate was the employer contribution rate used in fiscal year 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015 actuarial valuations, whichever is greater. From July 1, 2018 on, participating employers are assumed to continue 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.

School Board Professional Plan (Cost-Sharing Plan)

The discount rate used to measure the total pension liability 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 ended June 30, 2018, the rate contributed by the employer for 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.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

H. Changes in the Net Pension Liability (Asset)

County and the District Plan (Agent Plan)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at June 30, 2017	\$ 103,387,337	\$ 91,538,425	\$ 11,848,912
Changes for the Year:			
Service cost	2,940,965	-	2,940,965
Interest	7,062,220	-	7,062,220
Difference between expected and actual experience	339,533	-	339,533
Contributions – employer	-	2,771,832	(2,771,832)
Contributions – employee	-	1,322,859	(1,322,859)
Net investment income	-	6,776,776	(6,776,776)
Benefit payments, including refunds of employee contributions	(4,996,969)	(4,996,969)	-
Administrative expense	-	(58,179)	58,179
Other changes	-	(6,042)	6,042
Net changes	5,345,749	5,810,277	(464,528)
Balances at June 30, 2018	\$ 108,733,086	\$ 97,348,702	\$ 11,384,384

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

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

School Board Non-Professional Plan (Agent Plan)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a)-(b)
Balances at June 30, 2017	\$ 33,297,247	\$ 33,302,136	\$ (4,889)
Changes for the Year:			
Service cost	767,863	-	767,863
Interest	2,273,515	-	2,273,515
Difference between expected and actual experience	(229,654)	-	(229,654)
Contributions – employer	-	457,883	(457,883)
Contributions – employee	-	388,565	(388,565)
Net investment income	-	2,441,647	(2,441,647)
Benefit payments, including refunds of employee contributions	(1,636,913)	(1,636,913)	-
Administrative expense	-	(21,318)	21,318
Other changes	-	(2,168)	2,168
Net changes	1,174,811	1,627,696	(452,885)
Balances at June 30, 2018	\$ 34,472,058	\$ 34,929,832	\$ (457,774)

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

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County net pension liability		\$ 9,054,444	
District net pension liability		2,329,940	
Total County and District net pension liability (asset)	\$ 26,811,029	11,384,384	\$ (1,255,752)
School Board non-professional net pension liability (asset)	3,380,701	(457,774)	(3,714,902)
School Board professional net pension liability	148,461,000	97,190,000	54,752,000

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

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

County and the District Plan (Agent Plan)

For the year ended June 30, 2019, the County and District recognized pension expense of \$1,234,047. At June 30, 2019, the County and District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	County		District		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 392,545	\$ (177,532)	\$ 101,012	\$ (45,684)	\$ 493,557	\$ (223,216)
Changes in assumptions	-	(421,488)	-	(108,460)	-	(529,948)
Net differences between projected and actual earnings on pension plan investments	-	(672,082)	-	(172,943)	-	(845,025)
Employer contributions subsequent to the measurement date	2,210,728	-	568,877	-	2,779,605	-
Total	\$ 2,603,273	\$ (1,271,102)	\$ 669,889	\$ (327,087)	\$ 3,273,162	\$ (1,598,189)

The \$2,779,605 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ending June 30,	Amount
2020	\$ 133,723
2021	(286,484)
2022	(871,291)
2023	(80,580)
	<u>\$ (1,104,632)</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

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

School Board Non-Professional Plan (Agent Plan)

For the year ended June 30, 2019, the School Board recognized pension expense related to its non-professional plan of (\$318,758). At June 30, 2019, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions for its non-professional plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (263,986)
Changes in assumptions	-	(155,716)
Net difference between projected and actual earnings on pension plan investments	-	(284,543)
Employer contributions subsequent to the measurement date	467,316	-
Total	\$ 467,316	\$ (704,245)

The \$467,316 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, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ending June 30,	Amount
2020	\$ (165,752)
2021	(157,630)
2022	(353,066)
2023	(27,797)
	<u>(704,245)</u>
	<u>\$ (704,245)</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

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

School Board Professional Plan (Cost-Sharing Plan)

For the year ended June 30, 2019, the School Board recognized pension expense related to the professional plan of \$6,367,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2019, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions for the professional plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (8,311,000)
Changes in assumptions	1,160,000	-
Net difference between projected and actual earnings on pension plan investments	-	(2,061,000)
Changes in proportion and differences between Employer contributions and proportionate share of contributions	1,487,000	(777,000)
Employer contributions subsequent to the measurement date	10,627,884	-
Total	\$ 13,274,884	\$ (11,149,000)

The \$10,627,884 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ending June 30,	Amount
2020	\$ (802,000)
2021	(2,006,000)
2022	(4,297,000)
2023	(1,147,000)
2024	(250,000)
	<u>\$ (8,502,000)</u>

K. Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan and VRS Teacher Retirement Plan is also available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits – Medical Insurance Program

A. Plan Description

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

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

County and the District

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

A. Plan Description (Continued)

County and the District (Continued)

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

School Board

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

B. Employees Covered by Benefit Terms

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

County and the District

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

School Board

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

C. Total Medical Insurance Program OPEB Liability

The County and the District's total Medical Insurance OPEB liability of \$6,473,199 was measured as of June 30, 2018 with a reporting date of June 30, 2019, and was determined by an actuarial valuation as of July 1, 2017. The School Board's total Medical Insurance OPEB liability of \$21,419,455 was measured as of June 30, 2018, and was determined by an actuarial valuation as of July 1, 2017.

D. Actuarial Assumptions and Other Inputs

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

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

D. Actuarial Assumptions and Other Inputs (Continued)

County and the District

Mortality Rates

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

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

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

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

School Board

Mortality Rates

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

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

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

E. Changes in the Total Medical Insurance OPEB Liability

County and the District

	Total Medical Insurance OPEB Liability
Balance at June 30, 2018	<u>\$ 6,080,229</u>
Changes for the year:	
Service cost	410,459
Interest	195,244
Contributions - employer	<u>(212,733)</u>
Net changes	<u>392,970</u>
Balance at June 30, 2019	<u><u>\$ 6,473,199</u></u>

School Board

	Total Medical Insurance OPEB Liability
Balance at June 30, 2018	<u>\$ 20,080,946</u>
Changes for the year:	
Service cost	1,198,594
Interest	646,053
Contributions - employer	<u>(506,138)</u>
Net changes	<u>1,338,509</u>
Balance at June 30, 2019	<u><u>\$ 21,419,455</u></u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

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

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

	1% Decrease (2.11%)	Current Discount Rate (3.11%)	1% Increase (4.11%)
County		\$ 5,200,316	
District		1,272,883	
Total County and the District	\$ 7,254,158	6,473,199	\$ 5,437,843
School Board	23,804,480	21,419,455	19,306,786

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

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

	1% Decrease (7.00% decreasing to 4% over 10 years)	Current Discount Rate (8.00% decreasing to 5% over 10 years)	1% Increase (9.00% decreasing to 6% over 10 years)
County		\$ 5,200,316	
District		1,272,883	
Total County and the District	\$ 5,652,504	6,473,199	\$ 7,475,167
School Board	18,611,142	21,419,455	24,803,993

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

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

For the year ended June 30, 2019, the County and the District and the School Board recognized Medical Insurance OPEB expense of \$605,703 and \$1,844,647, respectively.

County and the District

For the year ended June 30, 2019, the County and the District reported deferred outflows of resources to the Medical OPEB plan of \$957,574 and \$234,386, respectively, relating to contributions subsequent to the measurement date, which will be recognized as a reduction of the total Medical OPEB plan liability in the fiscal year ending June 30, 2020.

School Board

For the year ended June 30, 2019, the School Board reported deferred outflows of resources to the Medical OPEB plan of \$4,001,539 relating to contributions subsequent to the measurement date, which will be recognized as a reduction of the total Medical OPEB plan liability in the fiscal year ending June 30, 2020.

Note 12. Other Postemployment Benefits – Group Life Insurance Program

A. Plan Description

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

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

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

A. Plan Description (Continued)

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS (Continued)
<p>Benefit Amounts</p> <p>The benefits payable under the GLI have several components.</p> <ul style="list-style-type: none"> • Natural Death Benefit – The natural death benefit is equal to the employee’s covered compensation rounded to the next highest thousand and then doubled. • Accidental Death Benefit – The accidental death benefit is double the natural death benefit. • Other Benefit Provisions – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: <ul style="list-style-type: none"> ○ Accidental dismemberment benefit ○ Safety belt benefit ○ Repatriation benefit ○ Felonious assault benefit ○ Accelerated death benefit option
<p>Reduction in Benefit Amounts</p> <p>The benefit amounts provided to members covered under the GLI are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.</p>
<p>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</p> <p>For covered members with at least 30 years of creditable service, there is a minimum benefit payable under GLI. The minimum benefit was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 COLA and was increased to \$8,279 effective July 1, 2018.</p>

B. Contributions

The contribution requirements for the GLI are governed by Sections 51.1-506 and 51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% X 60%) and the employer component was 0.52% (1.31% X 40%). Employers may elect to pay all or part of the employee contribution, however, the employer must pay all of the employer contribution. Each employer’s contractually required employer contribution rate for the year ended June 30, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI from the participating employers for the years ended June 30, 2019 and June 30, 2018 were as follows.

	2019	2018
County and the District	\$ 141,235	\$ 134,478
School Board Non-Professional	43,459	42,045
School Board Professional	352,375	346,483

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

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

At June 30, 2019, the participating employers' reported liabilities for its proportionate share of the net GLI OPEB liability as follows:

	2019
County	\$ 1,654,855
District	426,145
Total County and the District	2,081,000
School Board Non-Professional	649,000
School Board Professional	5,317,000

The net GLI OPEB liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the net GLI OPEB liability was determined by an actuarial valuation as of that date. The covered employers' proportion of the net GLI OPEB liability was based on the covered employer's actuarially determined employer contributions to the GLI for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, comparisons of the participating employers' proportions to June 30, 2017 are as follows:

	2018	2017
County and the District	0.13702%	0.13592%
School Board Non-Professional	0.04267%	0.04331%
School Board Professional	0.35010%	0.34950%

For the year ended June 30, 2019, the County and the District, School Board non-professional, and School Board professional employees recognized GLI OPEB expense of \$27,000, \$0, and \$35,000, respectively. Since there was a change in the proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

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

At June 30, 2019, the employers reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

County and the District

	County		District		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 81,113	\$ (29,423)	\$ 20,887	\$ (7,577)	\$ 102,000	\$ (37,000)
Net difference between projected and actual earnings on GLI OPEB program investments	-	(54,075)	-	(13,925)	-	(68,000)
Change in assumptions	-	(69,185)	-	(17,815)	-	(87,000)
Changes in proportion	46,918	-	12,082	-	59,000	-
Employer contributions subsequent to the measurement date	112,313	-	28,922	-	141,235	-
Total	\$ 240,344	\$ (152,683)	\$ 61,891	\$ (39,317)	\$ 302,235	\$ (192,000)

The \$141,235 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the net GLI OPEB liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ending June 30,	Amount
2020	\$ (19,000)
2021	(19,000)
2022	(19,000)
2023	1,000
2024	16,000
Thereafter	9,000
Total	\$ (31,000)

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

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

School Board Non-Professional

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 32,000	\$ (12,000)
Net difference between projected and actual earnings on GLI OPEB program investments	-	(21,000)
Change in assumptions	-	(27,000)
Changes in proportion	-	(23,000)
Employer contributions subsequent to the measurement date	43,459	-
Total	\$ 75,459	\$ (83,000)

The \$43,459 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the net GLI OPEB liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ending June 30,	Amount
2020	\$ (15,000)
2021	(15,000)
2022	(15,000)
2023	(9,000)
2024	(1,000)
Thereafter	4,000
Total	\$ (51,000)

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

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

School Board Professional

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 260,000	\$ (95,000)
Net difference between projected and actual earnings on GLI OPEB program investments	-	(173,000)
Change in assumptions	-	(222,000)
Changes in proportion	8,000	(17,000)
Employer contributions subsequent to the measurement date	352,375	-
Total	\$ 620,375	\$ (507,000)

The \$352,375 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the net GLI OPEB liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ending June 30,	Amount
2020	\$ (81,000)
2021	(81,000)
2022	(81,000)
2023	(31,000)
2024	15,000
Thereafter	20,000
Total	\$ (239,000)

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

D. Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2017, 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, 2018.

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

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

School Board Professional

Mortality Rates – Teachers

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

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

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

D. Actuarial Assumptions (Continued)

County, District and School Board Non-Professional

Mortality Rates – General Employees

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

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

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

Mortality Rates – Hazardous Duty Employees

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

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

D. Actuarial Assumptions (Continued)

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

Mortality Rates – Hazardous Duty Employees (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

E. Net GLI OPEB Liability

The net OPEB liability (NOL) for the GLI represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2018, NOL amounts for the GLI are as follows:

	Group Life Insurance OPEB Program
Total GLI OPEB liability	\$ 3,113,508,000
Plan fiduciary net position	<u>1,594,773,000</u>
Employers' net GLI OPEB liability	<u>\$ 1,518,735,000</u>

Plan fiduciary net position as a percentage of the total GLI OPEB liability	51.22%
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The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

F. Long-Term Expected Rate of Return

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

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

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

G. Discount Rate

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County		\$ 1,654,855	
District		426,145	
Total County and the District	\$ 2,720,000	2,081,000	\$ 1,563,000
School Board Non-Professional	847,000	649,000	487,000
School Board Professional	6,949,000	5,317,000	3,993,000

I. Group Life Insurance Program Fiduciary Net Position

Detailed information about the GLI's fiduciary net position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, Virginia, 23218-2500.

Note 13. Other Postemployment Benefits – Health Insurance Credit Program

A. Plan Description

School Board Non-Professional and School Board Professional Plans

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

A. Plan Description (Continued)

School Board Non-Professional Plan

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

A. Plan Description (Continued)

School Board Professional Plan

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

B. Employees Covered by Benefit Terms

School Board Non-Professional Plan

As of the June 30, 2017 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan.

	<u>Number</u>
Inactive members:	
Inactive members or their beneficiaries currently receiving benefits	148
Vested	<u>3</u>
Total inactive members	<u>151</u>
 Active members	 <u>407</u>
Total covered employees	 <u><u>558</u></u>

C. Contributions

School Board Non-Professional and School Board Professional Plans

The contribution requirement for active employees is governed by Section 51.1-1402(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. For the year ended June 30, 2019, the contractually required employer contribution rates for the School Board non-professional and School Board professional was 0.65% and 1.20%, respectively, of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the HIC Program from the participating employers for the years ended June 30, 2019 and 2018 were as follows:

	2019	2018
School Board Professional	\$ 813,949	\$ 807,757
School Board Non-Professional	63,061	52,735

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

D. Net HIC OPEB Liability

School Board Non-Professional Plan

The School Board Non-Professional plan's net HIC OPEB liability was measured as of June 30, 2018. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2017, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

School Board Professional Plan

The net OPEB liability (NOL) for the Teacher Employee HIC represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2018, NOL amounts for the Teacher Employee HIC are as follows:

	Teacher Employee HIC OPEB Plan
Total teacher employee HIC OPEB liability	\$1,381,313,000
Plan fiduciary net position	111,639,000
Teacher employee net HIC OPEB liability	<u>\$1,269,674,000</u>
Plan fiduciary net position as a percentage of the total teacher employee HIC OPEB liability	8.08%

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

E. Actuarial Assumptions

School Board Non-Professional and School Board Professional Plans

The total HIC OPEB liabilities were based on an actuarial valuation as of June 30, 2017, 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, 2018.

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

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

School Board Non-Professional Plan

Mortality Rates – General Employees

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

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

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

E. Actuarial Assumptions (Continued)

School Board Professional Plan

Mortality Rates – Teachers

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

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

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

F. Long-Term Expected Rate of Return

School Board Non-Professional and School Board Professional Plans

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

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

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

G. Discount Rate

School Board Non-Professional and School Board Professional Plans

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

H. Changes in Net HIC OPEB Liability

School Board Non-Professional Plan

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (a-b)
Balance at June 30, 2017	\$ 969,182	\$ 423,804	\$ 545,378
Changes for the year:			
Service cost	18,080	-	18,080
Interest	65,306	-	65,306
Differences between expected and actual experience	33,710	-	33,710
Contributions - employer	-	52,735	(52,735)
Net investment income	-	28,613	(28,613)
Benefit payments, including refunds of employee contributions	(72,469)	(72,469)	-
Administrative expenses	-	(666)	666
Other changes	-	(1,625)	1,625
Net changes	44,627	6,588	38,039
Balance at June 30, 2018	\$ 1,013,809	\$ 430,392	\$ 583,417

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

School Board Non-Professional and School Board Professional Plans

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School Board Professional	\$ 11,666,000	\$ 10,445,000	\$ 9,406,000
School Board Non-Professional	676,645	583,417	503,799

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

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

School Board Non-Professional Plan

For the year ended June 30, 2019, the School Board non-professional plan recognized HIC OPEB expense of \$56,737. At June 30, 2019, the School Board non-professional plan reported deferred outflows of resources and deferred inflows of resources related to the HIC OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 26,252	\$ -
Net difference between projected and actual earnings on HIC OPEB program investments	209	(10,312)
Change in assumptions	-	(13,159)
Employer contributions subsequent to the measurement date	63,061	-
Total	\$ 89,522	\$ (23,471)

The \$63,061 reported as deferred outflows of resources related to the HIC OPEB resulting from the school Board non-professional plan's contributions subsequent to the measurement date will be recognized as a reduction of the total HIC OPEB liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ending June 30,	Amount
2020	\$ (680)
2021	(680)
2022	702
2023	3,648
Total	\$ 2,990

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

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

School Board Professional Plan

At June 30, 2019, the School Board professional plan reported a liability of \$10,445,000 for its proportionate share of the Teacher Employee HIC total OPEB liability. The total Teacher Employee HIC OPEB liability was measured as of June 30, 2017 and the total Teacher Employee HIC OPEB liability used to calculate the total Teacher Employee HIC OPEB liability was determined by an actuarial valuation as of that date. The School Board professional plan's proportion of the total Teacher Employee HIC OPEB liability was based on the School Board professional plan's actuarially determined employer contributions to the Teacher Employee HIC OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the School Board professional plan's proportion of the Teacher Employee HIC was 0.82261% as compared to 0.81579% at June 30, 2017.

For the year ended June 30, 2019, the School Board professional plan recognized Teacher Employee HIC OPEB expense of \$847,000. Since there was a change in proportionate share between measurement dates, a portion of the Teacher Employee HIC net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2019, the School Board professional plan reported deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (52,000)
Net difference between projected and actual earnings on HIC OPEB program investments	-	(8,000)
Change in assumptions	-	(91,000)
Changes in proportionate share	76,000	(93,000)
Employer contributions subsequent to the measurement date	813,949	-
Total	\$ 889,949	\$ (244,000)

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

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

School Board Professional Plan (Continued)

The \$813,949 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the School Board professional plan's contributions subsequent to the measurement date will be recognized as a reduction of the total Teacher Employee HIC OPEB liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ending June 30,	Amount
2020	\$ (32,000)
2021	(32,000)
2022	(32,000)
2023	(28,000)
2024	(29,000)
Thereafter	(15,000)
Total	\$ (168,000)

K. HIC Credit Program Plan Data

Information about the VRS Political Subdivision and Teacher Employee HIC is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, Virginia, 23218-2500.

Note 14. Advances To/From Other Funds

Interfund balances as of June 30, 2019 are as follows:

Payable Fund	Receivable Fund
Primary Government:	General Fund:
Lilly Subdivision Sanitary District	\$ 153,795
	<u>\$ 153,795</u>

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 15. Interfund Transfers

A summary of interfund transfer activity is presented as follows:

Transfer to Fund	General Fund	Total Transferred in
Primary Government:		
Governmental funds:		
General Capital Projects Fund	\$ 8,699,500	\$ 8,699,500
Total transferred out	\$ 8,699,500	\$ 8,699,500

The transfer from the General Fund to the General Capital Projects Fund was to fund various projects, including the Jail HVAC project, Administration Center and District Court renovations, purchase of land and computer equipment, Rockingham Park lighting and Port Road Emergency Response Station.

Note 16. Major Customers

The Water and Sewer Fund has one major customer. For the year ended June 30, 2019, water and sewer revenue from this customer was approximately \$3.67 million. Accounts receivable from this customer were approximately \$551,000 at June 30, 2019.

The Solid Waste Fund has three major customers. Revenues from these customers for the year ended June 30, 2019 were approximately \$3.91 million. Accounts receivable from these customers were approximately \$326,000 at June 30, 2019.

The Smith Creek Water & Waste Authority has one major customer. For the year ended June 30, 2019, revenue from this customer was approximately \$84,000. Accounts receivable from this customer were approximately \$3,000 at June 30, 2019.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 17. Landfill Closure and Postclosure Care Cost

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

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date the landfill stops accepting waste, the Solid Waste Fund reports a portion of these closure and postclosure care costs as an operating expense in each period based on the landfill capacity used as of each balance sheet date. The County has recorded \$13,208,442 as landfill closure and postclosure liability at June 30, 2019. The landfill's total capacity used to date is 91.33% for active cells.

The Solid Waste Fund will report the County's estimated liability of closure and post-closure care of \$1,219,000 for the active cell as the remaining estimated capacity is filled. These amounts are based on the cost to perform all closure and post-closure care in 2019. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The estimated remaining life of the landfill is approximately three years and does not account for future expansion.

Note 18. Risk Management

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

Auto, Liability and Workers' Compensation Insurance

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 18. Risk Management (Continued)

Health Insurance

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

Based on the requirements of GASB Statement No. 10, the County records an estimated liability for indemnity healthcare claims. The following represents the change in the fund's claims liability for 2019, 2018, and 2017:

Fiscal Year Ended	Beginning Liability	Claims and Changes in Estimates	Claim Payments	Ending Liability
June 30, 2019	\$ 2,634,179	\$ 23,391,754	\$ 23,555,742	\$ 2,470,191
June 30, 2018	2,076,649	26,244,427	25,686,897	2,634,179
June 30, 2017	2,516,803	23,745,763	24,185,917	2,076,649

The ending liability is reported by the following:

Fiscal Year Ended	Governmental Activities	Component Unit - School Board	Total
June 30, 2019	\$ 604,657	\$ 1,865,534	\$ 2,470,191
June 30, 2018	658,545	1,975,634	2,634,179
June 30, 2017	550,016	1,526,633	2,076,649

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 19. Tax Abatements and the Technology Zone Grant Program

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

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

For the fiscal year ended June 30, 2019, the County abated property taxes totaling \$1,537,476 under this grant program, including the following tax abatement agreements that each exceeded 10 percent of the total amount abated:

- Property tax abatement to a pharmaceutical facility in the amount of \$251,561.
- Property tax abatement to a beverage facility in the amount of \$1,148,737.
- Property tax abatement to a printing facility in the amount of \$137,178.

Note 20. Pending GASB Statements

At June 30, 2019, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by the County. The statements which might impact the County are as follows:

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

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 20. Pending GASB Statements (Continued)

GASB Statement No. 91, *Conduit Debt Obligations*, will provide a single method of reporting conduit debt obligations by issuer and eliminate diversity in practice associated with (1) commitments extended by issuer, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. Statement No. 91 will be effective for fiscal years beginning after December 15, 2020.

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

Note 21. Joint Venture

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

In fiscal year 2019, the County's contributions to the HRECC totaled approximately \$2,244,118.

Note 22. Middle River Regional Jail Authority

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

The total paid by the County to become a member jurisdiction of MRRJA was \$926,124 in fiscal year 2019, 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.

The total paid by the County to MRRJA for operating purposes of MRRJA was \$1,030,987 in fiscal year 2019.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 23. Contingency

Federal and State-Assisted Programs

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

Note 24. Change in Accounting Policy

As of June 30, 2019, the County had a change in accounting policy, specifically to increase the capitalization threshold to \$25,000. The following adjustments have been made:

	Governmental Activities	Business-type Activities
Net position, as originally reported, July 1, 2018	\$ (18,175,812)	\$ 45,229,057
Net adjustment as a result of change in accounting policy	(654,383)	(227,417)
Net position, as restated, July 1, 2018	<u>\$ (18,830,195)</u>	<u>\$ 45,001,640</u>

	Water and Sewer Fund	Solid Waste Fund	Lilly Subdivision Sanitary District	Nonmajor Proprietary Fund
Net position, as originally reported, July 1, 2018	\$ 31,133,332	\$ 9,879,652	\$ 8,425	\$ 8,425
Net adjustment as a result of change in accounting policy	(156,565)	(69,692)	(1,160)	(1,160)
Net position, as restated, July 1, 2018	<u>\$ 30,976,767</u>	<u>\$ 9,809,960</u>	<u>\$ 7,265</u>	<u>\$ 7,265</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 25. Subsequent Events

The Board held a public hearing and approved the issuance of \$6,000,000 for a Virginia Resources Authority Loan for the construction and renovation of the Harrisonburg/Rockingham Community Services Board. The debt issuance closed August 14, 2019.

The Board created the Lake Shenandoah Stormwater Control Authority; the public hearing was held on July 17, 2019 and it was approved August 28, 2019.

The Board held a public hearing and approved the issuance of up to \$4,750,000 for a Virginia Resources Authority Loan for the construction of a new Fire Station on September 11, 2019.

The Board held a public hearing on September 11, 2019 and approved the application for a Virginia Public School Authority loan in the amount up to \$22M.

On September 25, 2019, the Board adopted changes to Financial Policies, adding Capitalization Guidelines

Also subsequent to fiscal year ended June 30, 2019, the Board appropriated \$630,000 for the purchase of a fire truck.

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

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

	Fiscal Year June 30,				
	2014	2015	2016	2017	2018
Total Pension Liability:					
Service cost	\$ 2,559,508	\$ 2,661,858	\$ 2,758,824	\$ 2,913,015	\$ 2,940,965
Interest	5,820,012	6,141,573	6,430,742	6,822,375	7,062,220
Differences between expected and actual experience	-	(528,816)	852,638	(394,616)	339,533
Changes of assumptions	-	-	-	(1,115,528)	-
Benefit payments, including refunds of employee contributions	(3,578,397)	(3,993,176)	(4,294,088)	(4,600,811)	(4,996,969)
Net change in total pension liability	4,801,123	4,281,439	5,748,116	3,624,435	5,345,749
Total pension liability - beginning	84,932,224	89,733,347	94,014,786	99,762,902	103,387,337
Total pension liability - ending (a)	\$ 89,733,347	\$ 94,014,786	\$ 99,762,902	\$ 103,387,337	\$ 108,733,086
Plan Fiduciary Net Position:					
Contributions - employer	\$ 2,759,564	\$ 2,826,572	\$ 3,003,059	\$ 2,681,076	\$ 2,771,832
Contributions - employee	1,125,148	1,139,839	1,224,047	1,249,882	1,322,859
Net investment income	10,584,504	3,573,047	1,428,469	10,038,185	6,776,776
Benefit payments, including refunds of employee contributions	(3,578,397)	(3,993,176)	(4,294,088)	(4,600,811)	(4,996,969)
Administrative expense	(56,223)	(48,216)	(49,968)	(57,528)	(58,179)
Other changes	558	(753)	(602)	(8,946)	(6,042)
Net change in plan fiduciary net position	10,835,154	3,497,313	1,310,917	9,301,858	5,810,277
Plan fiduciary net position - beginning	66,593,183	77,428,337	80,925,650	82,236,567	91,538,425
Plan fiduciary net position - ending (b)	\$ 77,428,337	\$ 80,925,650	\$ 82,236,567	\$ 91,538,425	\$ 97,348,702
County and District's net pension liability - ending (a) - (b)	\$ 12,305,010	\$ 13,089,136	\$ 17,526,335	\$ 11,848,912	\$ 11,384,384
Plan fiduciary net position as a percentage of the total pension liability	86.29%	86.08%	82.43%	88.54%	89.53%
Covered payroll	\$ 21,677,643	\$ 22,204,022	\$ 23,590,408	\$ 24,642,243	\$ 25,476,397
County and District's net pension liability as a percentage of covered payroll	56.76%	58.95%	74.29%	48.08%	44.69%

Note to Schedule:

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

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

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

	Fiscal Year June 30,				
	2014	2015	2016	2017	2018
Total Pension Liability:					
Service cost	\$ 832,108	\$ 817,545	\$ 820,429	\$ 811,126	\$ 767,863
Interest	1,948,144	2,045,747	2,128,901	2,213,159	2,273,515
Differences between expected and actual experience	-	(294,432)	(259,762)	(176,386)	(229,654)
Changes of assumptions	-	-	-	(388,130)	-
Benefit payments, including refunds of employee contributions	(1,423,602)	(1,348,250)	(1,413,634)	(1,558,151)	(1,636,913)
Net change in total pension liability	1,356,650	1,220,610	1,275,934	901,618	1,174,811
Total pension liability - beginning	28,542,435	29,899,085	31,119,695	32,395,629	33,297,247
Total pension liability - ending (a)	\$ 29,899,085	\$ 31,119,695	\$ 32,395,629	\$ 33,297,247	\$ 34,472,058
Plan Fiduciary Net Position:					
Contributions - employer	\$ 722,711	\$ 635,842	\$ 641,139	\$ 458,757	\$ 457,883
Contributions - employee	390,659	394,565	407,589	388,720	388,565
Net investment income	4,013,113	1,334,387	527,774	3,671,538	2,441,647
Benefit payments, including refunds of employee contributions	(1,423,602)	(1,348,250)	(1,413,634)	(1,558,151)	(1,636,913)
Administrative expense	(21,667)	(18,317)	(18,743)	(21,471)	(21,318)
Other changes	212	(283)	(223)	(3,254)	(2,168)
Net change in plan fiduciary net position	3,681,426	997,944	143,902	2,936,139	1,627,696
Plan fiduciary net position - beginning	25,542,725	29,224,151	30,222,095	30,365,997	33,302,136
Plan fiduciary net position - ending (b)	\$ 29,224,151	\$ 30,222,095	\$ 30,365,997	\$ 33,302,136	\$ 34,929,832
School Board non-professional net pension liability (asset) - ending (a) - (b)	\$ 674,934	\$ 897,600	\$ 2,029,632	\$ (4,889)	\$ (457,774)
Plan fiduciary net position as a percentage of the total pension liability	97.74%	97.12%	93.73%	100.01%	101.33%
Employer's covered payroll	\$ 8,867,620	\$ 7,801,742	\$ 7,866,736	\$ 7,671,522	\$ 7,656,906
School Board's non-professional net pension liability (asset) as a percentage of covered payroll	7.61%	11.51%	25.80%	-0.06%	-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 which information is available.

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

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

	Fiscal Year June 30,				
	2014	2015	2016	2017	2018
Employer's proportion of the net pension liability	0.81091%	0.82758%	0.82587%	0.81860%	0.82645%
Employer's proportionate share of the net pension liability	\$ 97,996,000	\$ 104,163,000	\$ 115,739,000	\$ 100,671,000	\$ 97,190,000
Employer's covered payroll	47,690,683	61,488,041	62,969,097	60,677,558	62,103,689
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	205.48%	169.40%	183.80%	165.91%	156.50%
Plan fiduciary net position as a percentage of the total pension liability	70.88%	70.68%	68.28%	72.92%	74.81%

Note to Schedule:

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

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

SCHEDULE OF COUNTY AND DISTRICT CONTRIBUTIONS – VIRGINIA RETIREMENT SYSTEM

	Fiscal Year June 30,					
	2014	2015	2016	2017	2018	2019
Contractually required contribution (CRC)	\$ 2,759,564	\$ 2,826,572	\$ 3,003,059	\$ 2,681,076	\$ 2,771,832	\$ 2,779,605
Contributions in relation to the CRC	2,759,564	2,826,572	3,003,059	2,681,076	2,771,832	2,779,605
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 21,677,643	\$ 22,204,022	\$ 23,590,408	\$ 24,642,243	\$ 25,476,397	\$ 26,986,456
Contributions as a percentage of covered payroll	12.73%	12.73%	12.73%	10.88%	10.88%	10.30%

Note to Schedule:

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

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

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

	Fiscal Year June 30,					
	2014	2015	2016	2017	2018	2019
Contractually required contribution (CRC)	\$ 722,711	\$ 635,842	\$ 641,139	\$ 458,757	\$ 457,883	\$ 467,316
Contributions in relation to the CRC	722,711	635,842	641,139	458,757	457,883	467,316
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 8,867,620	\$ 7,801,742	\$ 7,866,736	\$ 7,671,522	\$ 7,656,906	\$ 8,590,368
Contributions as a percentage of covered payroll	8.15%	8.15%	8.15%	5.98%	5.98%	5.44%

Note to Schedule:

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

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

SCHEDULE OF SCHOOL BOARD PROFESSIONAL CONTRIBUTIONS – VIRGINIA RETIREMENT SYSTEM

	Fiscal Year June 30,					
	2014	2015	2016	2017	2018	2019
Contractually required contribution (CRC)	\$ 6,915,149	\$ 8,915,766	\$ 8,853,455	\$ 8,895,330	\$ 10,135,322	\$ 10,627,884
Contributions in relation to the CRC	6,915,149	8,915,766	8,853,455	8,895,330	10,135,322	10,627,884
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 47,690,683	\$ 61,488,041	\$ 62,969,097	\$ 60,677,558	\$ 62,103,689	\$ 67,779,872
Contributions as a percentage of covered payroll	14.50%	14.50%	14.06%	14.66%	16.32%	15.68%

Note to Schedule:

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

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – VIRGINIA RETIREMENT SYSTEM

For the Year Ended June 30, 2019

Note 1. Changes of Benefit Terms

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

Note 2. Changes of Assumptions

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

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

General Employees

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

Public Safety Employees with Hazardous Duty Benefits

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

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – VIRGINIA RETIREMENT SYSTEM For the Year Ended June 30, 2019

Note 2. Changes of Assumptions (Continued)

School Board Professional Plan (Cost-Sharing)

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

Note 3. Contractually Required Contributions

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

Methods and assumptions used to determine contribution rates:

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

General Employees

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

Public Safety Employees with Hazardous Duty Benefits

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

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – VIRGINIA RETIREMENT SYSTEM For the Year Ended June 30, 2019

Note 3. Contractually Required Contributions (Continued)

School Board Professional Plan (Cost-Sharing Plan)

Mortality Rates:

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

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

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

	Fiscal Year June 30,	
	2018	2019
Total Medical Insurance OPEB liability:		
Service cost	\$ 390,913	\$ 410,459
Interest	183,392	195,244
Contributions - employer	(196,975)	(212,733)
Net change in total OPEB liability	377,330	392,970
Total Medical Insurance OPEB liability - beginning	5,702,899	6,080,229
County and District total Medical Insurance OPEB liability - ending	\$ 6,080,229	\$ 6,473,199
Plan fiduciary net position as a percentage of the total		
Medical Insurance OPEB liability	0.00%	0.00%
Covered payroll	\$ 25,476,397	\$ 26,986,456
Total OPEB liability as a percentage of covered payroll	23.87%	23.99%

Note to Schedule:

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

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

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

	Fiscal Year June 30,	
	2018	2019
Total Medical Insurance OPEB liability:		
Service cost	\$ 1,141,518	\$ 1,198,594
Interest	605,681	646,053
Contributions - employer	(468,646)	(506,138)
Net change in total OPEB liability	1,278,553	1,338,509
Total Medical Insurance OPEB liability - beginning	18,802,393	20,080,946
School Board total Medical Insurance OPEB liability - ending	\$ 20,080,946	\$ 21,419,455
Plan fiduciary net position as a percentage of the total Medical Insurance OPEB liability	0.00%	0.00%
Covered payroll	\$ 69,760,595	\$ 76,370,240
Total OPEB liability as a percentage of covered payroll	28.79%	28.05%

Note to Schedule:

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

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

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

	Fiscal Year June 30,	
	2018	2019
Contractually required contribution (CRC)	\$ 581,319	\$ 610,641
Contributions in relation to the CRC	581,319	610,641
Contribution deficiency (excess)	\$ -	\$ -
Employer's covered payroll	\$ 25,476,397	\$ 26,986,456
Contributions as a percentage of covered payroll	2.28%	2.26%

Note to Schedule:

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

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

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

	Fiscal Year June 30,	
	2018	2019
Contractually required contribution (CRC)	\$ 1,947,789	\$ 2,053,750
Contributions in relation to the CRC	1,947,789	2,053,750
Contribution deficiency (excess)	\$ -	\$ -
Employer's covered payroll	\$ 69,760,595	\$ 76,370,240
Contributions as a percentage of covered payroll	2.79%	2.69%

Note to Schedule:

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

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY – GROUP LIFE INSURANCE PROGRAM Measurement Dates of June 30, 2018 and 2017

	Fiscal Year June 30,	
	2017	2018
County and the District:		
Employer's proportion of the net GLI OPEB liability	0.13592%	0.13702%
Employer's proportionate share of the net GLI OPEB liability	\$ 2,045,000	\$ 2,081,000
Employer's covered payroll	25,071,813	26,053,355
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	8.16%	7.99%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	48.86%	51.22%
School Board Non-Professional:		
Employer's proportion of the net GLI OPEB liability	0.04331%	0.04267%
Employer's proportionate share of the net GLI OPEB liability	\$ 651,000	\$ 649,000
Employer's covered payroll	7,987,977	8,112,786
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	8.15%	8.00%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	48.86%	51.22%
School Board Professional:		
Employer's proportion of the net GLI OPEB liability	0.34950%	0.35010%
Employer's proportionate share of the net GLI OPEB liability	\$ 5,260,000	\$ 5,317,000
Employer's covered payroll	64,465,823	66,570,938
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	8.16%	7.99%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	48.86%	51.22%

Note to Schedule:

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

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

SCHEDULE OF EMPLOYER CONTRIBUTIONS – OPEB – GROUP LIFE INSURANCE PROGRAM Years Ended June 30, 2010 through 2019

	Fiscal Year June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
County and the District:										
Contractually required contribution (CRC)	\$ 40,765	\$ 55,025	\$ 54,128	\$ 97,241	\$ 102,169	\$ 107,086	\$ 114,244	\$ 130,373	\$ 134,478	\$ 141,235
Contributions in relation to the CRC	40,765	55,025	54,128	97,241	102,169	107,086	114,244	130,373	134,478	141,235
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 15,098,168	\$ 19,651,644	\$ 19,331,305	\$ 20,258,466	\$ 21,285,137	\$ 22,309,633	\$ 23,800,818	\$ 25,071,813	\$ 26,053,355	\$ 27,160,577
Contributions as a percentage of covered payroll	0.27%	0.28%	0.28%	0.48%	0.48%	0.48%	0.48%	0.52%	0.52%	0.52%
School Board Non-Professional:										
Contractually required contribution (CRC)	\$ 14,382	\$ 20,774	\$ 20,844	\$ 36,906	\$ 37,343	\$ 37,831	\$ 38,363	\$ 41,537	\$ 42,045	\$ 43,459
Contributions in relation to the CRC	14,382	20,774	20,844	36,906	37,343	37,831	38,363	41,537	42,045	43,459
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 5,326,748	\$ 7,419,401	\$ 7,444,380	\$ 7,688,796	\$ 7,779,696	\$ 7,881,447	\$ 7,992,255	\$ 7,987,977	\$ 8,112,786	\$ 8,357,500
Contributions as a percentage of covered payroll	0.27%	0.28%	0.28%	0.48%	0.48%	0.48%	0.48%	0.52%	0.52%	0.52%
School Board Professional:										
Contractually required contribution (CRC)	\$ 111,658	\$ 159,171	\$ 156,833	\$ 280,761	\$ 285,402	\$ 295,802	\$ 302,707	\$ 335,222	\$ 346,483	\$ 352,375
Contributions in relation to the CRC	111,658	159,171	156,833	280,761	285,402	295,802	302,707	335,222	346,483	352,375
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 41,354,990	\$ 56,846,852	\$ 56,011,783	\$ 58,491,814	\$ 59,458,766	\$ 61,625,384	\$ 63,064,004	\$ 64,465,823	\$ 66,570,938	\$ 67,764,423
Contributions as a percentage of covered payroll	0.27%	0.28%	0.28%	0.48%	0.48%	0.48%	0.48%	0.52%	0.52%	0.52%

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

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

	Fiscal Year June 30,	
	2017	2018
Total HIC OPEB liability:		
Service cost	\$ 19,552	\$ 18,080
Interest	65,388	65,306
Differences between expected and actual experience	-	33,710
Changes in assumptions	(22,380)	-
Benefit payments	(54,976)	(72,469)
Net change in total OPEB liability	7,584	44,627
Total HIC OPEB liability - beginning	961,598	969,182
Total HIC OPEB liability - ending (a)	<u>\$ 969,182</u>	<u>\$ 1,013,809</u>
Plan Fiduciary Net Position:		
Contributions - employer	\$ 51,835	\$ 52,735
Net investment income	43,842	28,613
Benefit payments, including refunds of employee	(54,976)	(72,469)
Administrative expense	(702)	(666)
Other changes	2,239	(1,625)
Net change in plan fiduciary net position	42,238	6,588
Plan fiduciary net position - beginning	381,566	423,804
Plan fiduciary net position - ending (b)	<u>\$ 423,804</u>	<u>\$ 430,392</u>
School Board non-professional net HIC OPEB liability - ending (a) - (b)	<u>\$ 545,378</u>	<u>\$ 583,417</u>
Plan fiduciary net position as a percentage of the total HIC OPEB liability	43.73%	42.45%
Covered payroll	\$ 7,979,559	\$ 8,112,786
Net OPEB liability as a percentage of covered payroll	6.83%	7.19%

Note to Schedule:

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

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

**SCHEDULE OF SCHOOL BOARD NON-PROFESSIONAL PLAN CONTRIBUTIONS –
OPEB – HEALTH INSURANCE CREDIT PROGRAM
Years Ended June 30, 2010 through 2019**

	Fiscal Year June 30,										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	
Contractually required contribution (CRC)	\$ 88,881	\$ 57,036	\$ 57,236	\$ 56,338	\$ 57,482	\$ 48,730	\$ 49,492	\$ 51,835	\$ 52,735	\$ 63,061	
Contributions in relation to the CRC	88,881	57,036	57,236	56,338	57,482	48,730	49,492	51,835	52,735	63,061	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Employer's covered payroll	\$ 7,345,568	\$ 7,407,332	\$ 7,433,221	\$ 7,613,200	\$ 7,767,822	\$ 7,859,697	\$ 7,982,504	\$ 7,979,559	\$ 8,112,786	\$ 9,701,692	
Contributions as a percentage of covered payroll	1.21%	0.77%	0.77%	0.74%	0.74%	0.62%	0.62%	0.65%	0.65%	0.65%	

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

SCHEDULE OF CHANGES IN THE SCHOOL BOARD PROFESSIONAL PLAN'S NET OPEB LIABILITY AND RELATED RATIOS – HEALTH INSURANCE CREDIT PROGRAM Measurement Dates of June 30, 2018 and 2017

	Fiscal Year June 30,	
	2017	2018
Employer's proportion of the net HIC OPEB liability	0.81579%	0.82261%
Employer's proportionate share of the net HIC OPEB liability	\$ 10,349,000	\$ 10,445,000
Employer's covered payroll	64,382,624	66,527,647
Employer's proportionate share of the net HIC OPEB liability as a percentage of its covered payroll	16.07%	15.70%
Plan fiduciary net position as a percentage of the total HIC OPEB liability	7.04%	8.08%

Note to Schedule:

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

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

SCHEDULE OF SCHOOL BOARD PROFESSIONAL PLAN CONTRIBUTIONS – OPEB – HEALTH INSURANCE CREDIT PROGRAM Years Ended June 30, 2010 through 2019

	Fiscal Year June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Contractually required contribution (CRC)	\$ 429,062	\$ 339,865	\$ 335,060	\$ 639,378	\$ 658,256	\$ 652,216	\$ 667,472	\$ 714,647	\$ 807,757	\$ 813,949
Contributions in relation to the CRC	429,062	339,865	335,060	639,378	658,256	652,216	667,472	714,647	807,757	813,949
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 41,255,915	\$ 56,644,157	\$ 55,843,292	\$ 57,601,643	\$ 59,302,346	\$ 61,529,796	\$ 62,969,099	\$ 64,382,624	\$ 66,527,647	\$ 66,717,131
Contributions as a percentage of covered payroll	1.04%	0.60%	0.60%	1.11%	1.11%	1.06%	1.06%	1.11%	1.21%	1.22%

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OTHER POSTEMPLOYMENT BENEFITS

Year Ended June 30, 2019

Note 1. Medical Insurance Program

A. Changes of Benefit Terms

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

B. Changes of Assumptions

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

2019	3.11%
2018	3.11%

Note 2. Group Life Insurance Program

A. Changes of Benefit Terms

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

B. Changes of Assumptions

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

School Board Professional

Teachers

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

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OTHER POSTEMPLOYMENT BENEFITS Year Ended June 30, 2019

Note 2. Group Life Insurance Program (Continued)

B. Changes of Assumptions (Continued)

County, District and School Board Non-Professional Plans

General Employees

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

Hazardous Duty Employees

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

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OTHER POSTEMPLOYMENT BENEFITS Year Ended June 30, 2019

Note 3. Health Insurance Credit Program

A. Changes of Benefit Terms

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

B. Changes of Assumptions

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

School Board Non-Professional Plan

Non-Largest Ten Locality Employers – General Employees

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

School Board Professional Plan

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

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

Tourism Fund - This fund is used to account for 60% of the transient occupancy tax collected for community development purposes.

COUNTY OF ROCKINGHAM, VIRGINIA

**COMBINING BALANCE SHEET –
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2019**

	Special Revenue		Total
	Asset		Nonmajor
	Forfeiture	Tourism	Governmental
	Fund	Fund	Funds
ASSETS			
Cash and cash equivalents	\$ 254,612	\$ 111,908	\$ 366,520
Investments	157,801	-	157,801
Accrued interest	1,435	384	1,819
Trade and other accounts	-	147,923	147,923
Total assets	\$ 413,848	\$ 260,215	\$ 674,063
LIABILITIES			
Accounts payable	\$ 1,194	\$ -	\$ 1,194
Accrued payroll	1,689	-	1,689
Unearned revenue	153,114	-	153,114
Total liabilities	155,997	-	155,997
FUND BALANCE			
Restricted for:			
Judicial administration	77,255	-	77,255
Public safety	180,596	-	180,596
Community development	-	260,215	260,215
Total fund balance	257,851	260,215	518,066
Total liabilities and fund balance	\$ 413,848	\$ 260,215	\$ 674,063

COUNTY OF ROCKINGHAM, VIRGINIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE –
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2019**

	Special Revenue		Total
	Asset	Tourism	Nonmajor
	Forfeiture	Fund	Governmental
	Fund	Fund	Funds
Revenues:			
Fines and forfeitures	\$ 45,740	\$ -	\$ 45,740
Use of money	7,686	952	8,638
Transient occupancy taxes	-	281,763	281,763
Intergovernmental	14,863	-	14,863
Total revenues	68,289	282,715	351,004
Expenditures:			
Current:			
Judicial administration	8,064	-	8,064
Public safety	18,890	-	18,890
Community development	-	22,500	22,500
Total expenditures	26,954	22,500	49,454
Net change in fund balance	41,335	260,215	301,550
Fund balance, beginning	216,516	-	216,516
Fund balance, ending	\$ 257,851	\$ 260,215	\$ 518,066

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, 2019

	Lilly Subdivision Sanitary District	Countryside Sanitary District	Penn Laird Sewer Authority	Total Nonmajor Proprietary Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ -	\$ 12,761	\$ 27,776	\$ 40,537
Investments	-	7,909	17,214	25,123
Trade and other accounts receivable, net	4,153	641	2,817	7,611
Accrued interest	-	71	154	225
Total current assets	4,153	21,382	47,961	73,496
Noncurrent assets:				
Capital assets:				
Land	20,600	-	-	20,600
Easements	-	-	20,631	20,631
Improvements other than buildings	485,858	306,022	1,119,967	1,911,847
Machinery and equipment	-	-	28,892	28,892
Less accumulated depreciation and amortization	(122,491)	(82,626)	(285,545)	(490,662)
Total capital assets, net of accumulated depreciation and amortization	383,967	223,396	883,945	1,491,308
Total noncurrent assets	383,967	223,396	883,945	1,491,308
Total assets	388,120	244,778	931,906	1,564,804
LIABILITIES				
Current liabilities:				
Accounts payable and deposits	1,929	646	755	3,330
Accrued interest	3,917	592	2,762	7,271
Advance from other funds	153,795	-	-	153,795
Revenue bonds	20,765	9,424	22,544	52,733
Total current liabilities	180,406	10,662	26,061	217,129
Noncurrent liabilities:				
Revenue bonds	204,351	63,392	203,664	471,407
Total noncurrent liabilities	204,351	63,392	203,664	471,407
Total liabilities	384,757	74,054	229,725	688,536
NET POSITION				
Net investment in capital assets	158,851	150,580	657,737	967,168
Unrestricted (deficit)	(155,488)	20,144	44,444	(90,900)
Total net position	\$ 3,363	\$ 170,724	\$ 702,181	\$ 876,268

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – NONMAJOR PROPRIETARY FUNDS Year Ended June 30, 2019

	Lilly Subdivision Sanitary District	Countryside Sanitary District	Penn Laird Sewer Authority	Total Nonmajor Proprietary Funds
Operating revenues:				
Charges for services	\$ 33,109	\$ 14,542	\$ 15,888	\$ 63,539
Total operating revenues	33,109	14,542	15,888	63,539
Operating expenses:				
Contractual services	6,837	3,780	-	10,617
Other charges	12,130	6,484	-	18,614
Depreciation and amortization	9,717	6,120	23,844	39,681
Total operating expenses	28,684	16,384	23,844	68,912
Operating income (loss)	4,425	(1,842)	(7,956)	(5,373)
Nonoperating revenues (expenses):				
Interest revenue	48	453	909	1,410
Interest expense	(8,375)	(2,515)	(7,018)	(17,908)
Total nonoperating expenses, net	(8,327)	(2,062)	(6,109)	(16,498)
Change in net position	(3,902)	(3,904)	(14,065)	(21,871)
Total net position, beginning, as restated	7,265	174,628	716,246	898,139
Total net position, ending	\$ 3,363	\$ 170,724	\$ 702,181	\$ 876,268

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF CASH FLOWS – NONMAJOR PROPRIETARY FUNDS Year Ended June 30, 2019

	Lilly Subdivision Sanitary District	Countryside Sanitary District	Penn Laird Sewer Authority	Total Nonmajor Proprietary Funds
Cash flows from operating activities:				
Receipts from customers	\$ 32,915	\$ 14,551	\$ 14,752	\$ 62,218
Payments to suppliers for goods and services	(19,051)	(10,827)	(75)	(29,953)
Net cash provided by operating activities	13,864	3,724	14,677	32,265
Cash flows from capital and related financing activities:				
Advance from other funds	15,041	-	-	15,041
Principal paid on outstanding debt	(20,146)	(9,125)	(21,953)	(51,224)
Interest paid and fiscal charges on outstanding debt	(8,807)	(2,589)	(7,006)	(18,402)
Net cash used in capital and related financing activities	(13,912)	(11,714)	(28,959)	(54,585)
Cash flows from investing activities:				
Proceeds on sale of investments	-	3,534	6,466	10,000
Interest received on investment securities	48	448	892	1,388
Net cash provided by investing activities	48	3,982	7,358	11,388
Net change in cash and cash equivalents	-	(4,008)	(6,924)	(10,932)
Cash and Cash Equivalents:				
Beginning	-	16,769	34,700	51,469
Ending	\$ -	\$ 12,761	\$ 27,776	\$ 40,537
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 4,425	\$ (1,842)	\$ (7,956)	\$ (5,373)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	9,717	6,120	23,844	39,681
Change in assets and liabilities:				
Decrease (increase) in accounts receivable	(194)	9	(1,136)	(1,321)
Decrease in accounts payable and deposits	(84)	(563)	(75)	(722)
Net cash provided by operating activities	\$ 13,864	\$ 3,724	\$ 14,677	\$ 32,265

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, 2019**

	Central Stores	Self - Insurance	Total Internal Service Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 9,050	\$ 8,686,049	\$ 8,695,099
Investments	5,609	5,383,344	5,388,953
Trade and other accounts receivable	3,761	9,006	12,767
Accrued interest	-	48,478	48,478
Inventory	7,052	-	7,052
Total assets	25,472	14,126,877	14,152,349
LIABILITIES			
Current liabilities:			
Accounts payable	1,615	622,685	624,300
Unearned revenue	-	2,372,036	2,372,036
Insurance and benefit claims	-	2,470,191	2,470,191
Total liabilities	1,615	5,464,912	5,466,527
NET POSITION			
Unrestricted	23,857	8,661,965	8,685,822
Total net position	\$ 23,857	\$ 8,661,965	\$ 8,685,822

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – INTERNAL SERVICE FUNDS Year Ended June 30, 2019

	Central Stores	Self - Insurance	Total Internal Service Funds
Operating revenues:			
Charges for services	\$ 44,220	\$ 29,084,917	\$ 29,129,137
Total operating revenues	44,220	29,084,917	29,129,137
Operating expenses:			
Contractual services	-	3,289,971	3,289,971
Risk financing and benefit payments	-	23,391,754	23,391,754
Other charges	44,212	-	44,212
Total operating expenses	44,212	26,681,725	26,725,937
Operating income	8	2,403,192	2,403,200
Nonoperating revenue:			
Interest	-	280,686	280,686
Total nonoperating revenue	-	280,686	280,686
Change in net position	8	2,683,878	2,683,886
Total net position, beginning	23,849	5,978,087	6,001,936
Total net position, ending	\$ 23,857	\$ 8,661,965	\$ 8,685,822

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF CASH FLOWS – INTERNAL SERVICE FUNDS Year Ended June 30, 2019

	Central Stores	Self - Insurance	Total Internal Service Funds
Cash flows from operating activities:			
Receipts from interfund services provided	\$ 43,785	\$ 29,091,240	\$ 29,135,025
Claims and benefits paid	-	(23,555,742)	(23,555,742)
Payments to suppliers for goods and services	(44,068)	(3,552,175)	(3,596,243)
Net cash provided by (used in) operating activities	(283)	1,983,323	1,983,040
Cash flows from investing activities:			
Sale (purchase) of investments	452	(586,366)	(585,914)
Interest received on investment securities	-	259,498	259,498
Net cash provided by (used in) investing activities	452	(326,868)	(326,416)
Net change in cash and cash equivalents	169	1,656,455	1,656,624
Cash and cash equivalents:			
Beginning	8,881	7,029,594	7,038,475
Ending	<u>\$ 9,050</u>	<u>\$ 8,686,049</u>	<u>\$ 8,695,099</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income	\$ 8	\$ 2,403,192	\$ 2,403,200
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Change in assets and liabilities:			
Decrease (increase) in:			
Accounts receivable	(435)	(593)	(1,028)
Inventory	(817)	-	(817)
Increase (decrease) in:			
Accounts payable	961	(262,204)	(261,243)
Unearned revenue	-	6,916	6,916
Insurance and benefit claims	-	(163,988)	(163,988)
Net cash provided by (used in) operating activities	\$ (283)	\$ 1,983,323	\$ 1,983,040

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, 2019

	Agency Funds								
	Special Welfare	Employee Benefits	Bond Escrow	Massanutten Technical Center	Emergency Medical Services	Soil and Water Conservation	Laird L Conrad Law Library	Totals	
ASSETS									
Cash and cash equivalents	\$ 67,299	\$ 117,118	\$ 425,091	\$ 296,142	\$ 404,040	\$ -	\$ 109,312	\$ 1,419,002	
Accounts receivable	-	-	1,553	158,706	5,847	95,781	375	262,262	
Total assets	\$ 67,299	\$ 117,118	\$ 426,644	\$ 454,848	\$ 409,887	\$ 95,781	\$ 109,687	\$ 1,681,264	
LIABILITIES									
Accounts payable	\$ 67,299	\$ 117,118	\$ 426,644	\$ 454,848	\$ 409,887	\$ 95,781	\$ 109,687	\$ 1,681,264	

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES –
ALL AGENCY FUNDS
Year Ended June 30, 2019**

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<u>SPECIAL WELFARE</u>				
ASSETS				
Cash and cash equivalents	\$ 58,265	\$ 143,762	\$ 134,728	\$ 67,299
LIABILITIES				
Accounts payable	\$ 58,265	\$ 143,762	\$ 134,728	\$ 67,299
<u>EMPLOYEE BENEFITS</u>				
ASSETS				
Cash and cash equivalents	\$ 32,041	\$ 475,065	\$ 389,988	\$ 117,118
Accounts receivable	17,389	-	17,389	-
Total assets	\$ 49,430	\$ 475,065	\$ 407,377	\$ 117,118
LIABILITIES				
Accounts payable	\$ 49,430	\$ 475,065	\$ 407,377	\$ 117,118
<u>BOND ESCROW</u>				
ASSETS				
Cash and cash equivalents	\$ 414,052	\$ 270,232	\$ 259,193	\$ 425,091
Accounts receivable	984	1,553	984	1,553
Total assets	\$ 415,036	\$ 271,785	\$ 260,177	\$ 426,644
LIABILITIES				
Accounts payable	\$ 415,036	\$ 271,785	\$ 260,177	\$ 426,644

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES –
ALL AGENCY FUNDS
Year Ended June 30, 2019**

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<u>MASSANUTTEN TECHNICAL CENTER</u>				
ASSETS				
Cash and cash equivalents	\$ 446,305	\$ 6,295,085	\$ 6,445,248	\$ 296,142
Accounts receivable	138,747	158,706	138,747	158,706
Total assets	\$ 585,052	\$ 6,453,791	\$ 6,583,995	\$ 454,848
LIABILITIES				
Accounts payable	\$ 585,052	\$ 6,453,791	\$ 6,583,995	\$ 454,848
<u>EMERGENCY MEDICAL SERVICES</u>				
ASSETS				
Cash and cash equivalents	\$ 355,364	\$ 1,454,065	\$ 1,405,389	\$ 404,040
Accounts receivable	4,790	5,847	4,790	5,847
Total assets	\$ 360,154	\$ 1,459,912	\$ 1,410,179	\$ 409,887
LIABILITIES				
Accounts payable	\$ 360,154	\$ 1,459,912	\$ 1,410,179	\$ 409,887
<u>SOIL AND WATER CONSERVATION</u>				
ASSETS				
Accounts receivable	\$ 74,376	\$ 292,872	\$ 271,467	\$ 95,781
LIABILITIES				
Accounts payable	\$ 74,376	\$ 292,872	\$ 271,467	\$ 95,781

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES –
ALL AGENCY FUNDS
Year Ended June 30, 2019**

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<u>LAIRD L CONRAD LAW LIBRARY</u>				
ASSETS				
Cash and cash equivalents	\$ 125,281	\$ 35,115	\$ 51,084	\$ 109,312
Accounts receivable	293	375	293	375
Total assets	\$ 125,574	\$ 35,490	\$ 51,377	\$ 109,687
LIABILITIES				
Accounts payable	\$ 125,574	\$ 35,490	\$ 51,377	\$ 109,687
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and cash equivalents	\$ 1,431,308	\$ 8,673,324	\$ 8,685,630	\$ 1,419,002
Accounts receivable	236,579	459,353	433,670	262,262
Total assets	\$ 1,667,887	\$ 9,132,677	\$ 9,119,300	\$ 1,681,264
LIABILITIES				
Accounts payable	\$ 1,667,887	\$ 9,132,677	\$ 9,119,300	\$ 1,681,264

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, 2019

	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	Nonmajor Governmental Fund - Massanutten Technical Center - Operating Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 5,056,015	\$ 1,164,070	\$ 1,522,207	\$ 182,830	\$ 7,925,122
Investments	3,133,252	715,257	943,417	113,312	4,905,238
Trade and other accounts receivable	179,255	58,789	9,049	90,089	337,182
Accrued interest	-	6,240	10,374	1,257	17,871
Due from other governments	2,497,169	72,634	-	67,360	2,637,163
Prepaid items	3,423,113	190,034	-	72,765	3,685,912
Inventory	76,544	83,567	-	-	160,111
Total assets	\$ 14,365,348	\$ 2,290,591	\$ 2,485,047	\$ 527,613	\$ 19,668,599
LIABILITIES					
Accounts payable	\$ 1,170,085	\$ 58,724	\$ 4,653,410	\$ 93,053	\$ 5,975,272
Accrued payroll	13,195,263	404,659	1,884	264,061	13,865,867
Due to other governments	-	-	-	170,499	170,499
Total liabilities	14,365,348	463,383	4,655,294	527,613	20,011,638
FUND BALANCES					
Nonspendable:					
Prepaid items	3,423,113	190,034	-	72,765	3,685,912
Inventory	76,544	83,567	-	-	160,111
Assigned to:					
Cafeteria	-	1,553,607	-	-	1,553,607
Unassigned (deficit)	(3,499,657)	-	(2,170,247)	(72,765)	(5,742,669)
Total fund balances (deficit)	-	1,827,208	(2,170,247)	-	(343,039)
Total liabilities and fund balances	\$ 14,365,348	\$ 2,290,591	\$ 2,485,047	\$ 527,613	\$ 19,668,599
Total fund balances					\$ (343,039)
Amounts reported for governmental activities in the Statement of Net Position are different because:					
Net pension asset used in governmental activities is not a current financial resource and, therefore, is not reported in the governmental funds.					457,774
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.					
Governmental capital assets				\$ 302,949,623	
Less accumulated depreciation and amortization				(164,334,382)	
Net capital assets					138,615,241
Deferred outflows of resources represents a consumption of net position that applies to a future period and are not recognized as deferred outflows of resources in the governmental funds.					
Pension plan				13,742,200	
Other postemployment benefits				5,676,844	19,419,044
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.					5,877,902
Long-term due from other government - pension plan				1,886,632	
Long-term due from other government - other postemployment benefits				426,226	2,312,858
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				(3,502,429)	
Other postemployment benefits				(38,413,872)	
Net pension liability				(97,190,000)	(139,106,301)
Deferred inflows of resources represents an acquisition of net position that applies to a future period and are not recognized as deferred inflows of resources in the governmental funds.					
Pension plan				(11,853,245)	
Other postemployment benefits				(857,471)	(12,710,716)
Net position of governmental activities					\$ 14,522,763

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD Year Ended June 30, 2019

	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	\$ 8,231	\$ 31,782	\$ 113,434	\$ 8,227	\$ 161,674
Charges for services	2,408,152	1,884,464	-	728,091	5,020,707
Miscellaneous	172,035	-	9,049	11,044	192,128
Appropriation from Primary Government	60,011,767	-	1,679,861	-	61,691,628
Intergovernmental	73,414,235	3,550,071	-	5,567,681	82,531,987
Total revenues	136,014,420	5,466,317	1,802,344	6,315,043	149,598,124
Expenditures:					
Current:					
Education	136,011,927	5,367,304	-	6,315,043	147,694,274
Capital outlays	-	-	9,063,819	-	9,063,819
Total expenditures	136,011,927	5,367,304	9,063,819	6,315,043	156,758,093
Excess (deficiency) of revenues over (under) expenditures	2,493	99,013	(7,261,475)	-	(7,159,969)
Other financing sources (uses):					
Transfers in	-	2,493	-	-	2,493
Transfers out	(2,493)	-	-	-	(2,493)
Other financing sources (uses)	(2,493)	2,493	-	-	-
Net change in fund balances	-	101,506	(7,261,475)	-	(7,159,969)
Fund balances, beginning	-	1,725,702	5,091,228	-	6,816,930
Fund balances (deficit), ending	\$ -	\$ 1,827,208	\$ (2,170,247)	\$ -	\$ (343,039)

Net change in fund balances \$ (7,159,969)

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

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

Expenditure for capital assets	\$ 9,334,130	
Less depreciation and amortization expense	(8,712,429)	
Excess of capital outlays over depreciation and amortization		621,701
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to decrease net position.		(34,850)
Long-term due from other government - pension plan	(109,004)	
Long-term due from other government - other postemployment benefits	(10,870)	
		(119,874)

Deferred outflows of resources - pension plan contributions subsequent to measurement date 11,095,200

Deferred outflows of resources - other postemployment benefits contributions subsequent to measurement date 5,274,383

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	290,235	
Other postemployment benefits expense	(4,217,114)	
Pension expense	(5,517,909)	
		(9,444,788)

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	22,024,202	
Total expenses	(20,011,294)	
		2,012,908

Change in net position of governmental activities \$ 2,244,711

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, 2019**

	Agency Funds		
	Massanutten		
	School	Technical	
	Activity	Center	
	Fund	Fund	Totals
ASSETS			
Cash and cash equivalents	\$ 1,689,135	\$ 168,750	\$ 1,857,885
Accounts receivable	63,484	3,925	67,409
Total assets	\$ 1,752,619	\$ 172,675	\$ 1,925,294
LIABILITIES			
Accounts payable	\$ 1,752,619	\$ 172,675	\$ 1,925,294
Total liabilities	\$ 1,752,619	\$ 172,675	\$ 1,925,294

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – SCHOOL BOARD – ALL AGENCY FUNDS Year Ended June 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<u>SCHOOL ACTIVITY FUND</u>				
ASSETS				
Cash and cash equivalents	\$ 1,737,917	\$ 4,558,908	\$ 4,607,690	\$ 1,689,135
Accounts receivable	30,703	63,484	30,703	63,484
Total assets	\$ 1,768,620	\$ 4,622,392	\$ 4,638,393	\$ 1,752,619
LIABILITIES				
Accounts payable	\$ 1,768,620	\$ 4,622,392	\$ 4,638,393	\$ 1,752,619
<u>MASSANUTTEN TECHNICAL CENTER ACTIVITY FUND</u>				
ASSETS				
Cash and cash equivalents	\$ 72,848	\$ 435,173	\$ 339,271	\$ 168,750
Accounts receivable	8,059	3,925	8,059	3,925
Total assets	\$ 80,907	\$ 439,098	\$ 347,330	\$ 172,675
LIABILITIES				
Accounts payable	\$ 80,907	\$ 439,098	\$ 347,330	\$ 172,675
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and cash equivalents	\$ 1,810,765	\$ 4,994,081	\$ 4,946,961	\$ 1,857,885
Accounts receivable	38,762	67,409	38,762	67,409
Total assets	\$ 1,849,527	\$ 5,061,490	\$ 4,985,723	\$ 1,925,294
LIABILITIES				
Accounts payable	\$ 1,849,527	\$ 5,061,490	\$ 4,985,723	\$ 1,925,294

**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, 2019

	Operating Fund	Special Revenue Children's Services Act Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 3,608,486	\$ 74,694	\$ 3,683,180
Investments	2,236,427	46,293	2,282,720
Trade and other accounts receivable	9,835	23,122	32,957
Accrued interest	20,618	-	20,618
Due from other governments	769,611	840,348	1,609,959
Prepaid items	137,399	4,930	142,329
Total assets	\$ 6,782,376	\$ 989,387	\$ 7,771,763
LIABILITIES			
Accounts payable	\$ 400,922	\$ 890,645	\$ 1,291,567
Accrued payroll	300,781	8,968	309,749
Total liabilities	701,703	899,613	1,601,316
FUND BALANCES			
Nonspendable:			
Prepaid items	137,399	4,930	142,329
Restricted for minority interest	2,436,742	35,634	2,472,376
Assigned to:			
Social services	3,506,532	49,210	3,555,742
Total fund balances	6,080,673	89,774	6,170,447
Total liabilities and fund balances	\$ 6,782,376	\$ 989,387	\$ 7,771,763
Fund balances			\$ 6,170,447
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		\$ 2,718,773	
Less accumulated depreciation and amortization		(615,370)	
Net capital assets			2,103,403
Deferred outflows of resources - pension plan represents a consumption of net position that applies to a future period and are not recognized as deferred outflows of resources in the governmental funds.			
Pension plan		669,889	
Other postemployment benefits		296,277	
			966,166
Long-term due from other government - pension plan		993,569	
Long-term due from other government - other postemployment benefits		721,035	
			1,714,604
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		(46,132)	
Other postemployment benefits		(1,699,028)	
Net pension liability		(2,329,940)	
			(4,075,100)
Deferred inflows of resources represents an acquisition of net position that applies to a future period and are not recognized as deferred inflows of resources in the governmental funds.			
Pension plan		(327,087)	
Other postemployment benefits		(39,317)	
			(366,404)
Net position of governmental activities			\$ 6,513,116

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, 2019

	Operating Fund	Special Revenue Children's Services Act Fund	Total Governmental Funds
Revenues:			
Use of money and property	\$ 125,950	\$ 8,507	\$ 134,457
Miscellaneous	1,806,137	1,763,458	3,569,595
Appropriation from Primary Government	2,559,126	2,409,494	4,968,620
Intergovernmental	12,536,959	5,516,368	18,053,327
Total revenues	17,028,172	9,697,827	26,725,999
Expenditures:			
Current:			
Health and social services	15,872,794	9,891,478	25,764,272
Total expenditures	15,872,794	9,891,478	25,764,272
Net change in fund balances	1,155,378	(193,651)	961,727
Fund balances, beginning	4,925,295	283,425	5,208,720
Fund balances, ending	\$ 6,080,673	\$ 89,774	\$ 6,170,447
Net change in fund balances			\$ 961,727
Reconciliation of amounts reported for governmental activities in the Statement of Activities:			
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which depreciation and amortization exceeded capital outlays in the current period.			
Expenditure for capital assets		\$ -	
Less depreciation and amortization expense		(134,939)	
Excess of depreciation and amortization over capital outlays			(134,939)
Long-term due from other government - pension plan		(231,354)	
Long-term due from other government - other postemployment benefits		(25,335)	
			(256,689)
Deferred outflows of resources - pension plan contributions subsequent to measurement date			568,877
Deferred outflows of resources - other postemployment benefits contributions subsequent to measurement date			263,309
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.			
Compensated absences		(7,339)	
Other postemployment benefits expense		(204,246)	
Pension expense		(240,969)	
			(452,554)
Change in net position of governmental activities			\$ 949,731

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, 2019**

	Economic Development Authority	Rockingham County Recreation Foundation	Total Nonmajor Discretely Presented Component Units
ASSETS			
Cash and cash equivalents	\$ 7,676	\$ 13,802	\$ 21,478
Investments	4,758	-	4,758
Accounts receivable	6,000	-	6,000
Accrued interest	43	-	43
Total assets	\$ 18,477	\$ 13,802	\$ 32,279
NET POSITION			
Unrestricted	\$ 18,477	\$ 13,802	\$ 32,279
Total net position	\$ 18,477	\$ 13,802	\$ 32,279

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS Year Ended June 30, 2019

	Economic Development Authority	Rockingham County Recreation Foundation	Total Nonmajor Discretely Presented Component Units
Operating revenues:			
Charges for services	\$ 6,000	\$ -	\$ 6,000
Miscellaneous - gifts and donations	-	100,500	100,500
Miscellaneous - other	-	11	11
Total operating revenues	6,000	100,511	106,511
Operating expenditures:			
Parks and recreation	-	130,250	130,250
Economic development	1,538,676	-	1,538,676
Total operating expenditures	1,538,676	130,250	1,668,926
Operating loss	(1,532,676)	(29,739)	(1,562,415)
Nonoperating revenues:			
Revenue from use of money	277	-	277
Loss before capital grants and contributions	(1,532,399)	(29,739)	(1,562,138)
Capital grants and contributions	1,537,476	-	1,537,476
Change in net position	5,077	(29,739)	(24,662)
Net position, beginning	13,400	43,541	56,941
Net position, ending	\$ 18,477	\$ 13,802	\$ 32,279

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF CASH FLOWS – NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS Year Ended June 30, 2019

	Economic Development Authority	Rockingham County Recreation Foundation	Total Nonmajor Discretely Presented Component Units
Cash flows from operating activities:			
Receipts from customers	\$ 5,975	\$ -	\$ 5,975
Payments to suppliers for goods and services	-	(130,250)	(130,250)
Other (payments) receipts	(1,538,676)	100,511	(1,438,165)
Net cash used in operating activities	(1,532,701)	(29,739)	(1,562,440)
Cash flows from capital and related financing activities:			
Intergovernmental - grants	1,537,476	-	1,537,476
Net cash provided by capital and related financing activities	1,537,476	-	1,537,476
Cash flows from investing activities:			
Purchases of investments	(1,764)	-	(1,764)
Interest received on investment securities	277	-	277
Net cash used in investing activities	(1,487)	-	(1,487)
Net change in cash and cash equivalents	3,288	(29,739)	(26,451)
Cash and cash equivalents:			
Beginning	4,388	43,541	47,929
Ending	\$ 7,676	\$ 13,802	\$ 21,478
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	\$ (1,532,676)	\$ (29,739)	\$ (1,562,415)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Increase in assets and liabilities:			
Accounts receivable	(25)	-	(25)
Net cash used in operating activities	\$ (1,532,701)	\$ (29,739)	\$ (1,562,440)

SUPPLEMENTAL SCHEDULES

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED
COMPONENT UNITS – SCHEDULE OF REVENUES –
BUDGET AND ACTUAL
Year Ended June 30, 2019**

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	\$ 58,730,000	\$ 58,730,000	\$ 58,690,436	\$ (39,564)
Real and personal public service corporation property taxes	2,346,000	2,346,000	2,481,007	135,007
Personal property taxes	16,587,000	16,587,000	16,806,468	219,468
Machinery and tools taxes	9,710,000	9,710,000	11,561,024	1,851,024
Merchants' capital taxes	1,505,000	1,505,000	1,435,702	(69,298)
Penalties and interest	755,000	755,000	1,014,521	259,521
Total general property taxes	89,633,000	89,633,000	91,989,158	2,356,158
Other local taxes:				
Local sales and use taxes	6,350,000	6,350,000	6,650,321	300,321
Consumer utility taxes	1,071,350	1,071,350	1,114,925	43,575
Utility gross receipts taxes	370,000	370,000	335,876	(34,124)
Bank stock taxes	100,000	100,000	151,654	51,654
Motor vehicle licenses	1,300,000	1,300,000	1,350,626	50,626
Taxes on recordation and wills	1,040,000	1,040,000	1,040,173	173
Transient occupancy taxes	260,000	260,000	330,780	70,780
Food and beverage taxes	1,250,000	1,250,000	1,275,618	25,618
ATV and moped sales tax	-	-	14,949	14,949
Total other local taxes	11,741,350	11,741,350	12,264,922	523,572
Permits, privilege fees and regulatory licenses:				
Animal licenses	20,000	20,000	32,304	12,304
Permits and other licenses	1,450,300	1,450,300	1,133,795	(316,505)
Total permits, privilege fees and regulatory licenses	1,470,300	1,470,300	1,166,099	(304,201)
Fines and forfeitures	151,500	151,500	156,451	4,951
Use of money and property:				
Revenue from use of money	50,000	50,000	809,646	759,646
Revenue from use of property	588,608	588,608	516,633	(71,975)
Total use of money and property	638,608	638,608	1,326,279	687,671

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED
COMPONENT UNITS – SCHEDULE OF REVENUES –
BUDGET AND ACTUAL
Year Ended June 30, 2019**

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	\$ 540,000	\$ 540,000	\$ 492,738	\$ (47,262)
Commonwealth attorney	202,000	202,000	199,290	(2,710)
Law enforcement and traffic control	283,300	283,300	294,682	11,382
EMS transport	500,000	500,000	545,560	45,560
Correction and detention	672,004	672,004	807,832	135,828
Parks and recreation	825,000	825,000	872,572	47,572
Computer services	1,750	1,750	1,940	190
Health	10,000	10,000	24,152	14,152
Garage fees	550,000	550,000	612,390	62,390
Planning and community development	1,000	1,000	-	(1,000)
Total charges for services	3,585,054	3,585,054	3,851,156	266,102
Miscellaneous	220,000	250,000	2,319,720	2,069,720
Recovered costs:				
City of Harrisonburg:				
Judicial administration	825,667	825,667	1,082,596	256,929
Public safety	3,801,085	3,801,085	3,391,500	(409,585)
Public works	442,896	442,896	580,715	137,819
Other entities:				
Public safety	366,048	366,048	599,479	233,431
Total recovered costs	5,435,696	5,435,696	5,654,290	218,594
Total revenue from local sources	112,875,508	112,905,508	118,728,075	5,822,567
Intergovernmental:				
Revenue from the Commonwealth:				
Non-categorical aid:				
Communications sales and use taxes	1,600,000	1,600,000	1,351,328	(248,672)
Mobile home titling taxes	80,000	80,000	67,532	(12,468)
Rental vehicle taxes	9,000	9,000	8,539	(461)
Personal property tax relief	6,000,000	6,000,000	6,222,836	222,836
Recordation taxes	300,000	300,000	255,129	(44,871)
Total non-categorical aid	7,989,000	7,989,000	7,905,364	(83,636)

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED
COMPONENT UNITS – SCHEDULE OF REVENUES –
BUDGET AND ACTUAL
Year Ended June 30, 2019**

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	\$ 948,515	\$ 948,515	\$ 936,563	\$ (11,952)
Sheriff	6,283,399	6,283,399	6,094,569	(188,830)
Commissioner of the revenue	204,024	204,024	203,533	(491)
Treasurer	186,069	186,069	185,728	(341)
Registrar/Electoral Board	50,000	50,000	47,586	(2,414)
Clerk of circuit court	-	833,328	819,334	(13,994)
Jail operations	1,097,008	495,080	408,921	(86,159)
Total shared costs	8,769,015	9,000,415	8,696,234	(304,181)
Other categorical aid:				
Emergency medical services	87,525	87,525	88,603	1,078
Community corrections	431,440	431,440	435,230	3,790
Fire program	186,000	186,000	199,139	13,139
Hazardous materials program	10,000	10,000	16,128	6,128
Victim witness	44,697	44,697	43,746	(951)
Records preservation	-	11,219	23,267	12,048
Domestic violence	40,000	40,000	45,000	5,000
Other	-	38,000	43,365	5,365
Total other categorical aid	799,662	848,881	894,478	45,597
Total categorical aid	9,568,677	9,849,296	9,590,712	(258,584)
Total revenue from the Commonwealth	17,557,677	17,838,296	17,496,076	(342,220)
Revenue from the federal government:				
Non-categorical aid:				
Payment for federal lands	425,000	425,000	488,571	63,571

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED
COMPONENT UNITS – SCHEDULE OF REVENUES –
BUDGET AND ACTUAL
Year Ended June 30, 2019**

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	\$ 130,000	\$ 130,000	\$ 131,237	\$ 1,237
FEMA	18,094	18,094	19,022	928
Highway safety	30,000	30,000	37,157	7,157
Health and human services	225,000	225,000	284,782	59,782
Behavioral health	52,080	52,080	23,211	(28,869)
Domestic violence coordinator	22,520	22,520	23,453	933
SAFER	265,778	265,778	289,918	24,140
Drug court	-	400,000	170,114	(229,886)
Edward Byrne crisis intervention	15,000	15,000	-	(15,000)
State criminal alien assistance	-	-	12,973	12,973
Incarceration	5,000	5,000	15,600	10,600
Other federal funds	-	-	4,223	4,223
Total categorical aid	763,472	1,163,472	1,011,690	(151,782)
Total revenue from the federal government	1,188,472	1,588,472	1,500,261	(88,211)
Total intergovernmental	18,746,149	19,426,768	18,996,337	(430,431)
Total General Fund	\$ 131,621,657	\$ 132,332,276	\$ 137,724,412	\$ 5,392,136
Special Revenue Funds:				
Asset Forfeiture Fund:				
Revenue from local sources:				
Fines and forfeitures:				
Seized funds - judicial administration	\$ 17,900	\$ 17,900	\$ 19,148	\$ 1,248
Seized funds - public safety	17,900	17,900	26,592	8,692
Total fines and forfeitures	35,800	35,800	45,740	9,940
Revenue from use of money	-	-	7,686	7,686
Total revenue from local sources	35,800	35,800	53,426	17,626
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
Seized funds - judicial administration	40,050	40,050	10,219	(29,831)
Seized funds - public safety	40,050	40,050	4,644	(35,406)
Total intergovernmental	80,100	80,100	14,863	(65,237)
Total Asset Forfeiture Fund	115,900	115,900	68,289	(47,611)
Tourism Fund:				
Revenue from local sources:				
Transient occupancy taxes	-	22,500	281,763	259,263
Revenue from use of money	-	-	952	952
Total revenue from local sources	-	22,500	282,715	260,215
Total Tourism Fund	-	22,500	282,715	260,215
Total Special Revenue Funds	\$ 115,900	\$ 138,400	\$ 351,004	\$ 212,604

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED
COMPONENT UNITS – SCHEDULE OF REVENUES –
BUDGET AND ACTUAL
Year Ended June 30, 2019**

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	\$ -	\$ -	\$ 207,045	\$ 207,045
Miscellaneous	-	1,242,486	1,219,274	(23,212)
Recovered costs:				
City of Harrisonburg share	1,000,000	1,387,500	1,592,396	204,896
Total revenue from local sources	1,000,000	2,629,986	3,018,715	388,729
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
VDOT Revenue Sharing	-	-	1,072,006	1,072,006
Economic Development Access Program	-	650,000	650,000	-
Total revenue from the Commonwealth	-	650,000	1,722,006	1,072,006
Total intergovernmental	-	650,000	1,722,006	1,072,006
Total General Capital Projects Fund	\$ 1,000,000	\$ 3,279,986	\$ 4,740,721	\$ 1,460,735
Grand Total Revenues - Primary Government	\$ 132,737,557	\$ 135,750,662	\$ 142,816,137	\$ 7,065,475
Major Component Units:				
Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of property	\$ 7,600	\$ 7,600	\$ 8,231	\$ 631
Charges for services	2,585,000	2,585,000	2,408,152	(176,848)
Miscellaneous	143,000	143,000	172,035	29,035
Appropriation from Primary Government	62,723,163	62,723,163	60,011,767	(2,711,396)
Total revenue from local sources	65,458,763	65,458,763	62,600,185	(2,858,578)

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED
COMPONENT UNITS – SCHEDULE OF REVENUES –
BUDGET AND ACTUAL
Year Ended June 30, 2019**

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	\$ 74,000	\$ 74,000	\$ 71,192	\$ (2,808)
Categorical aid:				
State sales tax receipts	13,787,391	13,787,391	13,968,412	181,021
Basic school aid	32,347,949	32,347,949	33,178,833	830,884
Other state school funds	20,138,408	20,138,408	20,837,790	699,382
Total categorical aid	66,273,748	66,273,748	67,985,035	1,711,287
Total revenue from the Commonwealth	66,347,748	66,347,748	68,056,227	1,708,479
Revenue from the federal government:				
Categorical aid:				
Title I	1,850,000	1,850,000	1,810,294	(39,706)
Title VIB	2,650,000	2,650,000	2,438,082	(211,918)
Other school funds	1,096,000	1,096,000	1,109,632	13,632
Total revenue from the federal government	5,596,000	5,596,000	5,358,008	(237,992)
Total intergovernmental	71,943,748	71,943,748	73,414,235	1,470,487
Total School Operating Fund	137,402,511	137,402,511	136,014,420	(1,388,091)
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money	9,000	9,000	31,782	22,782
Charges for services	2,056,193	2,056,193	1,884,464	(171,729)
Total revenue from local sources	2,065,193	2,065,193	1,916,246	(148,947)
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	130,000	130,000	114,297	(15,703)

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED
COMPONENT UNITS – SCHEDULE OF REVENUES –
BUDGET AND ACTUAL
Year Ended June 30, 2019**

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	\$ 3,334,742	\$ 3,334,742	\$ 3,435,774	\$ 101,032
Total intergovernmental	3,464,742	3,464,742	3,550,071	85,329
Total School Cafeteria Fund	5,529,935	5,529,935	5,466,317	(63,618)
School Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money	-	-	113,434	113,434
Miscellaneous	-	-	9,049	9,049
Appropriation from Primary Government	3,800,000	5,479,861	1,679,861	(3,800,000)
Total revenue from local sources	3,800,000	5,479,861	1,802,344	(3,677,517)
Total School Capital Projects Fund	3,800,000	5,479,861	1,802,344	(3,677,517)
Massanutten Technical Center - Operating Fund:				
Revenue from local sources:				
Revenue from use of money	-	-	8,227	8,227
Charges for services	640,100	640,100	728,091	87,991
Miscellaneous	6,000	6,000	11,044	5,044
Total revenue from local sources	646,100	646,100	747,362	101,262
Intergovernmental:				
Revenue from the Commonwealth	486,917	486,917	432,903	(54,014)
Revenue from the federal government	224,146	224,146	264,323	40,177
Local governments:				
Appropriation from Rockingham County School Board	3,683,917	4,012,406	3,876,007	(136,399)
Appropriation from the City of Harrisonburg	946,428	1,028,550	994,448	(34,102)
Total local governments	4,630,345	5,040,956	4,870,455	(170,501)
Total intergovernmental	5,341,408	5,752,019	5,567,681	(184,338)
Total Massanutten Technical Center - Operating Fund	5,987,508	6,398,119	6,315,043	(83,076)
Total Revenues - Component Unit - School Board	\$ 152,719,954	\$ 154,810,426	\$ 149,598,124	\$ (5,212,302)

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED
COMPONENT UNITS – SCHEDULE OF REVENUES –
BUDGET AND ACTUAL
Year Ended June 30, 2019**

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	\$ -	\$ -	\$ 125,950	\$ 125,950
Miscellaneous:				
City of Harrisonburg share	1,759,115	1,759,115	1,759,115	-
Other	46,179	46,179	47,022	843
Total miscellaneous	1,805,294	1,805,294	1,806,137	843
Appropriation from the Primary Government	2,353,078	2,353,078	2,559,126	206,048
Total revenue from local sources	4,158,372	4,158,372	4,491,213	332,841
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Social services administration:				
Public assistance and administration	7,687,589	7,687,589	5,142,885	(2,544,704)
Virginia department of juvenile justice:				
Virginia juvenile community crime control act grant	95,496	86,832	72,416	(14,416)
Total revenue from the Commonwealth	7,783,085	7,774,421	5,215,301	(2,559,120)
Revenue from the federal government:				
Categorical aid:				
Social services administration:				
Health and human services	7,626,328	7,666,328	7,321,658	(344,670)
Total intergovernmental	15,409,413	15,440,749	12,536,959	(2,903,790)
Total Harrisonburg-Rockingham Social Services District - Operating Fund	19,567,785	19,599,121	17,028,172	(2,570,949)
Special Revenue Fund:				
Children's Services Act Fund:				
Revenue from local sources:				
Revenue from use of money	-	-	8,507	8,507
Miscellaneous:				
City of Harrisonburg share	1,763,458	1,763,458	1,763,458	-
Appropriation from the Primary Government	1,809,494	2,409,494	2,409,494	-
Total revenue from local sources	3,572,952	4,172,952	4,181,459	8,507

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED
COMPONENT UNITS – SCHEDULE OF REVENUES –
BUDGET AND ACTUAL
Year Ended June 30, 2019**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Special Revenue Fund:				
Children's Services Act Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Social services administration:				
Children's Services Act	\$ 6,635,481	\$ 6,635,481	\$ 5,083,634	\$ (1,551,847)
Revenue from the federal government:				
Categorical aid:				
Social services administration:				
Children's Services Act	-	-	432,734	432,734
Total intergovernmental	6,635,481	6,635,481	5,516,368	(1,119,113)
Total Children's Services Act Fund	10,208,433	10,808,433	9,697,827	(1,110,606)
Total Revenues - Component Unit - Harrisonburg-Rockingham Social Services District	\$ 29,776,218	\$ 30,407,554	\$ 26,725,999	\$ (3,681,555)

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED
COMPONENT UNITS – SCHEDULE OF EXPENDITURES –
BUDGET AND ACTUAL
Year Ended June 30, 2019**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
General government administration:				
Legislative:				
Board of Supervisors	\$ 191,033	\$ 200,833	\$ 200,735	\$ (98)
General and financial:				
Executive administration	378,861	343,861	333,309	(10,552)
Legal services	573,209	629,209	629,094	(115)
Independent auditor and actuarial services	106,000	95,000	86,000	(9,000)
Commissioner of the revenue	688,530	661,836	646,085	(15,751)
Reassessment and equalization	203,849	188,849	183,592	(5,257)
Treasurer	596,269	580,769	577,101	(3,668)
Fiscal services	984,410	995,910	995,874	(36)
Human resources	363,642	368,942	368,859	(83)
Technology	1,343,558	1,327,308	1,163,185	(164,123)
Land use assessment	65,638	65,638	62,806	(2,832)
Total general and financial	5,303,966	5,257,322	5,045,905	(211,417)
Board of elections:				
Electoral board and officials	104,598	132,148	132,113	(35)
Registrar	164,875	164,875	160,629	(4,246)
Total board of elections	269,473	297,023	292,742	(4,281)
Total general government administration	5,764,472	5,755,178	5,539,382	(215,796)
Judicial administration:				
Courts:				
Circuit court	219,796	219,796	192,484	(27,312)
General district court	30,295	30,295	29,337	(958)
Magistrate	9,675	9,675	8,545	(1,130)
Juvenile and domestic relations court	39,170	39,170	26,788	(12,382)
Clerk of the circuit court	1,060,870	1,364,189	1,364,117	(72)
Department of court services	936,682	1,336,682	1,217,241	(119,441)
Total courts	2,296,488	2,999,807	2,838,512	(161,295)
Commonwealth attorney	2,138,601	2,077,901	2,071,080	(6,821)
Total judicial administration	4,435,089	5,077,708	4,909,592	(168,116)

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED
COMPONENT UNITS – SCHEDULE OF EXPENDITURES –
BUDGET AND ACTUAL
Year Ended June 30, 2019**

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	\$ 6,856,911	\$ 6,869,911	\$ 6,481,382	\$ (388,529)
Fire and rescue services:				
Fire and rescue	7,099,982	7,314,633	7,132,666	(181,967)
Volunteer fire companies	1,546,490	1,546,490	1,466,750	(79,740)
Ambulance and rescue squads	330,131	433,514	280,182	(153,332)
Fire extinction service	20,954	20,954	19,656	(1,298)
Total fire and rescue services	8,997,557	9,315,591	8,899,254	(416,337)
Correction and detention:				
County operated institutions	10,732,019	10,819,371	10,807,696	(11,675)
Building inspections	759,960	759,960	725,488	(34,472)
Other protection:				
Animal control	428,783	428,783	407,118	(21,665)
Emergency services	2,910,302	2,911,502	2,931,224	19,722
Total other protection	3,339,085	3,340,285	3,338,342	(1,943)
Total public safety	30,685,532	31,105,118	30,252,162	(852,956)
Public works:				
General administration	98,928	98,928	95,258	(3,670)
Garage operations	654,067	733,167	733,071	(96)
Maintenance:				
County property	1,153,509	1,247,031	1,009,496	(237,535)
Shared property	963,744	984,264	984,223	(41)
Human Services/Health department building	241,733	257,680	236,093	(21,587)
TV translator system	72,200	72,200	9,641	(62,559)
Research and technology center	125,000	125,000	53,541	(71,459)
Total public works	3,309,181	3,518,270	3,121,323	(396,947)

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED
COMPONENT UNITS – SCHEDULE OF EXPENDITURES –
BUDGET AND ACTUAL
Year Ended June 30, 2019**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Health and social services:				
Health:				
Supplement to local health department	\$ 662,108	\$ 666,324	\$ 666,324	\$ -
Mental health:				
Community Services Board	1,031,773	988,555	906,773	(81,782)
Social services:				
Property tax relief for elderly/handicapped	450,000	489,000	488,538	(462)
Appropriation to the Harrisonburg-Rockingham				
Social Services District	4,378,722	4,978,722	4,968,620	(10,102)
Change in investment in the Harrisonburg-Rockingham				
Social Services District	-	-	(609,909)	(609,909)
Institutional care	164,258	164,260	164,260	-
Total health and social services	6,686,861	7,286,861	6,584,606	(702,255)
Education:				
Appropriation to the Rockingham				
County School Board	62,723,163	64,403,024	61,691,628	(2,711,396)
Total education	62,723,163	64,403,024	61,691,628	(2,711,396)
Parks, recreation and cultural:				
Parks and recreation:				
Administration	243,516	265,016	264,039	(977)
Athletic events/programs	1,388,310	1,292,610	1,187,171	(105,439)
Rockingham Park	-	127,300	127,006	(294)
Total parks and recreation	1,631,826	1,684,926	1,578,216	(106,710)
Cultural:				
Regional library	897,853	897,853	897,853	-
Total parks, recreation and cultural	2,529,679	2,582,779	2,476,069	(106,710)
Community development:				
Planning and community development	703,172	703,172	659,898	(43,274)
Geographic information systems	149,857	149,857	142,990	(6,867)
Economic development	1,739,173	1,902,173	1,868,440	(33,733)
Soil and water conservation district	37,500	37,610	37,606	(4)
Cooperative extension program	149,532	139,222	132,261	(6,961)
Environmental management	215,412	225,612	225,480	(132)
Contributions, grants and other	881,193	826,393	602,735	(223,658)
Total community development	3,875,839	3,984,039	3,669,410	(314,629)

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED
COMPONENT UNITS – SCHEDULE OF EXPENDITURES –
BUDGET AND ACTUAL
Year Ended June 30, 2019**

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	\$ 1,897,218	\$ 1,897,218	\$ 1,897,218	\$ -
School Board	5,771,477	5,771,477	5,771,477	-
Total principal	7,668,695	7,668,695	7,668,695	-
Interest and fiscal charges:				
County	306,272	306,272	260,271	(46,001)
School Board	3,745,772	3,746,272	3,746,247	(25)
Total interest and fiscal charges	4,052,044	4,052,544	4,006,518	(46,026)
Total debt service	11,720,739	11,721,239	11,675,213	(46,026)
Total General Fund	\$ 131,730,555	\$ 135,434,216	\$ 129,919,385	\$ (5,514,831)
Special Revenue Funds:				
Asset Forfeiture Fund:				
Judicial administration:				
Commonwealth attorney	\$ 65,660	\$ 65,660	\$ 8,064	\$ (57,596)
Public safety:				
Law enforcement	50,240	50,240	18,890	(31,350)
Total Asset Forfeiture Fund	115,900	115,900	26,954	(88,946)
Tourism Fund:				
Community development:				
Marketing and promotion	-	-	22,500	22,500
Total Tourism Fund	-	-	22,500	22,500
Total Special Revenue Funds	\$ 115,900	\$ 115,900	\$ 49,454	\$ (66,446)
General Capital Projects Fund:				
Capital projects	\$ 2,550,000	\$ 23,591,046	\$ 11,975,289	\$ (11,615,757)
Total General Capital Projects Fund	\$ 2,550,000	\$ 23,591,046	\$ 11,975,289	\$ (11,615,757)
Grand Total Expenditures - Primary Government	\$ 134,396,455	\$ 159,141,162	\$ 141,944,128	\$ (17,197,034)

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED
COMPONENT UNITS – SCHEDULE OF EXPENDITURES –
BUDGET AND ACTUAL
Year Ended June 30, 2019**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Major Component Units:				
Component Unit - School Board:				
School Operating Fund:				
Education:				
Instruction	\$ 108,163,852	\$ 108,172,352	\$ 106,989,819	\$ (1,182,533)
Administration, attendance and health	6,276,271	6,267,771	6,085,771	(182,000)
Pupil transportation services	9,539,544	9,539,544	9,596,872	57,328
Operation and maintenance services	13,447,844	13,447,844	13,339,465	(108,379)
Total School Operating Fund	137,427,511	137,427,511	136,011,927	(1,415,584)
School Cafeteria Fund:				
Education:				
School food services	5,529,935	5,529,935	5,367,304	(162,631)
Total School Cafeteria Fund	5,529,935	5,529,935	5,367,304	(162,631)
School Capital Projects Fund:				
Capital projects	5,900,000	10,363,371	9,063,819	(1,299,552)
Total School Capital Projects Fund	5,900,000	10,363,371	9,063,819	(1,299,552)
Massanutten Technical Center - Operating Fund:				
Education:				
Secondary	4,920,203	5,330,814	5,251,982	(78,832)
Continuing education	1,067,305	1,067,305	1,063,061	(4,244)
Total Massanutten Technical Center - Operating Fund	5,987,508	6,398,119	6,315,043	(83,076)
Total Expenditures - Component Unit - School Board	\$ 154,844,954	\$ 159,718,936	\$ 156,758,093	\$ (2,960,843)

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED
COMPONENT UNITS – SCHEDULE OF EXPENDITURES –
BUDGET AND ACTUAL
Year Ended June 30, 2019**

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	\$ 10,401,266	\$ 10,291,266	\$ 7,139,235	\$ (3,152,031)
Administration:				
Health and human services	9,005,224	9,085,224	8,510,730	(574,494)
Virginia juvenile community crime control act grant	95,495	86,831	72,575	(14,256)
Capital projects	65,800	135,800	150,254	14,454
Total Operating Fund	19,567,785	19,599,121	15,872,794	(3,726,327)
Special Revenue Fund:				
Children's Services Act Fund:				
Children's Services Act	10,208,433	10,808,433	9,891,478	(916,955)
Total Children's Services Act Fund	10,208,433	10,808,433	9,891,478	(916,955)
Total Expenditures - Component Unit - Harrisonburg-Rockingham Social Services District	\$ 29,776,218	\$ 30,407,554	\$ 25,764,272	\$ (4,643,282)

STATISTICAL SECTION

COUNTY OF ROCKINGHAM, VIRGINIA

STATISTICAL SECTION TABLE OF CONTENTS

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

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

STATISTICAL SECTION

Comments Relative to Statistical Section

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

Table 2
Page 1

NET POSITION / ASSETS BY COMPONENT

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

	Fiscal Year June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Primary government:										
Governmental activities:										
Net investment in capital assets	\$ 31,494,506	\$ 31,571,104	\$ 34,323,744	\$ 34,110,413	\$ 34,093,586	\$ 33,589,878	\$ 34,854,168	\$ 38,692,548	\$ 42,693,309	\$ 48,293,834
Restricted	422,337	1,383,005	420,988	2,897,307	3,782,011	235,709	195,800	235,108	404,183	624,258
Unrestricted (deficit)	(68,208,673)	(58,123,750)	(49,401,105)	(40,378,653)	(33,093,357)	(34,021,125)	(37,558,463)	(34,533,494)	(61,273,304)	(51,715,195)
Total governmental activities net assets/ net position	\$ (36,291,830)	\$ (25,169,641)	\$ (14,656,373)	\$ (3,370,933)	\$ 4,782,240	\$ (195,538)	\$ (2,508,495)	\$ 4,394,162	\$ (18,175,812)	\$ (2,797,103)
Business-type activities:										
Net investment in capital assets	\$ 30,738,179	\$ 29,369,801	\$ 29,166,125	\$ 28,953,581	\$ 29,032,472	\$ 33,482,569	\$ 30,110,695	\$ 28,127,740	\$ 33,769,673	\$ 36,326,889
Restricted	-	-	-	-	-	-	5,545,857	10,566,691	4,739,335	-
Unrestricted	1,153,253	2,261,627	3,028,033	5,479,288	7,187,340	4,974,695	5,409,029	4,911,714	6,720,049	11,712,273
Total business-type activities net assets/ net position	\$ 31,891,432	\$ 31,631,428	\$ 32,194,158	\$ 34,432,869	\$ 36,219,812	\$ 38,457,264	\$ 41,065,581	\$ 43,606,145	\$ 45,229,057	\$ 48,039,162
Primary government:										
Net investment in capital assets	\$ 62,232,685	\$ 60,940,905	\$ 63,489,869	\$ 63,063,994	\$ 63,126,058	\$ 67,072,447	\$ 64,964,863	\$ 66,820,288	\$ 76,462,982	\$ 84,620,723
Restricted	422,337	1,383,005	420,988	2,897,307	3,782,011	235,709	5,741,657	10,801,799	5,143,518	624,258
Unrestricted (deficit)	(67,055,420)	(55,862,123)	(46,373,072)	(34,899,365)	(25,906,017)	(29,046,430)	(32,149,434)	(29,621,780)	(54,553,255)	(40,002,922)
Total primary government net assets/ net position	\$ (4,400,398)	\$ 6,461,787	\$ 17,537,785	\$ 31,061,936	\$ 41,002,052	\$ 38,261,726	\$ 38,557,086	\$ 48,000,307	\$ 27,053,245	\$ 45,242,059
Major component units: (1)										
Component unit - school board:										
Net investment in capital assets	\$ 166,440,045	\$ 161,143,761	\$ 155,669,779	\$ 148,854,227	\$ 141,355,850	\$ 135,289,320	\$ 129,762,202	\$ 129,603,121	\$ 139,675,416	\$ 138,615,241
Restricted	-	-	-	-	-	-	-	-	4,133,596	-
Unrestricted (deficit)	2,949,404	407,514	(2,863,316)	(4,499,513)	(5,090,456)	(109,438,758)	(108,048,391)	(111,818,738)	(129,883,934)	(124,092,478)
Total component unit - school board net assets/net position	\$ 169,389,449	\$ 161,551,275	\$ 152,806,463	\$ 144,354,714	\$ 136,265,394	\$ 25,850,562	\$ 21,713,811	\$ 17,784,383	\$ 13,925,078	\$ 14,522,763
Component unit - Harrisonburg-Rockingham Social Services District										
Net investment in capital assets	\$ 78,918	\$ 40,063	\$ 18,903	\$ 8,480	\$ 2,144,091	\$ 2,574,720	\$ 2,451,305	\$ 2,366,316	\$ 2,323,333	\$ 2,103,403
Restricted (4)	-	-	-	2,161,138	1,448,333	1,393,537	1,740,887	2,019,613	2,120,558	2,472,376
Unrestricted	3,629,702	4,118,759	4,021,587	2,392,680	1,433,092	697,955	1,411,396	2,399,901	1,204,485	1,937,337
Total component unit - HRSSD net assets/ net position	\$ 3,708,620	\$ 4,158,822	\$ 4,040,490	\$ 4,562,298	\$ 5,025,516	\$ 4,666,212	\$ 5,603,588	\$ 6,785,830	\$ 5,648,376	\$ 6,513,116

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Major component units:										
Net investment in capital assets	\$ 166,518,963	\$ 161,183,824	\$ 155,688,682	\$ 148,862,707	\$ 143,499,941	\$ 137,864,040	\$ 132,213,507	\$ 131,969,437	\$ 141,998,749	\$ 140,718,644
Restricted	-	-	-	2,161,138	1,448,333	1,393,537	1,740,887	2,019,613	6,254,154	2,472,376
Unrestricted (deficit)	6,579,106	4,526,273	1,158,271	(2,106,833)	(3,657,364)	(108,740,803)	(106,636,995)	(109,418,837)	(128,679,449)	(122,155,141)
Total major component units net assets/net position	\$ 173,098,069	\$ 165,710,097	\$ 156,846,953	\$ 148,917,012	\$ 141,290,910	\$ 30,516,774	\$ 27,317,399	\$ 24,570,213	\$ 19,573,454	\$ 21,035,879
Total reporting entity: (2)										
Net investment in capital assets	\$ 121,884,712	\$ 121,414,263	\$ 124,593,294	\$ 123,453,125	\$ 124,167,242	\$ 128,405,019	\$ 126,705,690	\$ 134,528,812	\$ 135,122,135	\$ 148,122,492
Restricted	422,337	1,383,005	420,988	5,058,445	5,230,344	1,629,246	7,482,544	12,821,412	11,397,672	3,096,634
Unrestricted	46,390,622	49,374,616	49,370,456	51,467,378	52,895,376	(61,255,765)	(68,313,749)	(74,779,704)	(99,893,108)	(84,941,188)
Total reporting entity net assets/net position	\$ 168,697,671	\$ 172,171,884	\$ 174,384,738	\$ 179,978,948	\$ 182,292,962	\$ 68,778,500	\$ 65,874,485	\$ 72,570,520	\$ 46,626,699	\$ 66,277,938

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.
- (6) June 30, 2018 net position was restated for the implementation of GASB Statement No. 75.
- (7) June 30, 2018 net position was restated for change in accounting policy.

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Primary government:										
Expenses:										
Governmental activities:										
General government administration	\$ 4,927,727	\$ 4,694,851	\$ 4,941,835	\$ 5,194,117	\$ 5,462,554	\$ 6,039,859	\$ 5,436,798	\$ 5,932,529	\$ 5,954,830	\$ 5,856,138
Judicial administration	3,678,728	3,462,425	3,528,685	3,638,701	3,859,974	3,815,111	3,883,941	4,107,387	4,830,865	4,924,189
Public safety	19,529,025	20,392,396	20,970,030	21,372,315	23,580,101	23,826,370	36,779,233	27,123,823	30,667,940	29,707,762
Public works	2,384,927	2,453,101	2,587,532	5,144,874	6,898,649	6,868,624	4,339,985	3,365,230	9,564,783	7,132,527
Health and social services	5,212,611	5,005,635	4,834,979	4,702,838	3,769,309	5,715,170	5,761,798	5,786,160	8,212,284	6,725,322
Education	48,129,186	40,665,573	44,255,322	50,100,041	49,859,613	53,790,738	55,511,622	60,961,694	85,021,862	61,670,147
Parks, recreation and cultural	2,090,895	2,170,122	2,235,340	2,199,897	2,186,224	2,209,125	2,343,553	2,433,990	2,503,886	2,776,941
Community development	6,182,334	5,038,071	4,161,755	4,009,340	3,356,974	3,583,964	3,903,620	4,744,578	4,382,927	4,466,472
Interest	6,335,856	5,860,063	5,557,308	4,756,975	4,354,774	4,170,608	3,624,534	3,148,719	3,400,804	3,319,832
Total governmental activities	98,471,289	89,742,237	93,072,786	101,119,098	103,328,172	110,019,569	121,585,084	117,604,110	154,540,181	126,579,330
Business-type activities:										
Water and sewer	5,616,481	5,942,628	6,272,040	6,160,039	6,363,516	6,621,701	6,765,919	7,160,783	7,873,463	7,781,690
Solid waste	3,792,474	3,693,575	3,766,051	4,362,003	5,123,106	4,811,787	4,574,428	6,026,658	6,116,340	6,495,025
Total business-type activities	9,408,955	9,636,203	10,038,091	10,522,042	11,486,622	11,433,488	11,340,347	13,187,441	13,989,803	14,276,715
Total primary government expenses	107,880,244	99,378,440	103,110,877	111,641,140	114,814,794	121,453,057	132,925,431	130,791,551	168,529,984	140,856,045
Program revenue:										
Governmental activities:										
Charges for services:										
General government administration	4,058	4,815	2,200	1,359	2,059	3,511	2,383	1,768	1,727	1,940
Judicial administration	1,073,326	914,178	924,169	1,005,202	990,660	1,097,413	1,119,539	1,304,471	1,417,626	1,793,772
Public safety	4,090,326	5,171,000	5,053,378	5,495,186	6,312,309	7,276,430	6,483,239	7,298,651	7,833,177	8,330,264
Public works	956,152	1,098,549	1,078,306	1,183,823	1,141,301	1,104,328	1,022,145	1,085,426	1,161,736	1,193,105
Health and social services	7,953	83,232	34,717	-	17,745	1,204	2,428	18,565	26,013	24,152
Parks, recreation and cultural	467,229	696,685	660,369	690,110	756,422	805,431	785,225	863,175	843,541	872,572
Community development	4,017	1,467	3,085	2,975	3,727	2,540	508	1,855	143	-
Operating grants and contributions:										
General government administration	429,322	393,503	410,967	395,203	417,952	411,690	461,210	426,233	434,401	436,847
Judicial administration	2,124,717	2,088,186	2,003,636	2,034,608	2,178,098	2,135,443	2,271,957	2,349,172	2,345,308	2,669,219
Public safety	6,444,716	6,307,124	6,275,040	6,129,746	6,665,123	6,578,170	6,784,253	7,630,019	7,448,343	7,201,417
Public works	1,667	-	-	-	-	-	-	-	-	-
Health and social services	143,987	147,726	155,737	186,696	172,263	176,963	200,944	237,994	230,468	284,782
Education	-	-	-	562,808	-	-	-	-	-	-
Community development	258,319	259,647	-	-	-	-	100,000	254,000	-	25,000
Capital grants and contributions:										
Public safety	118,588	269,312	22,000	38,354	-	-	-	-	-	-
Public works	-	-	36,410	2,537,447	2,802,447	2,394,638	253,442	306,062	3,140,931	1,722,006
Parks, recreation and cultural	-	-	-	-	-	-	-	-	-	100,000
Total governmental activities	16,124,377	17,435,424	16,660,014	20,263,517	21,460,106	21,987,761	19,487,273	21,777,391	24,883,414	24,655,076

COUNTY OF ROCKINGHAM, VIRGINIA

Table 3

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CHANGES IN NET POSITION / ASSETS

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

	Fiscal Year June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Primary government:										
Program revenue:										
Business-type activities:										
Charges for services:										
Water and sewer	\$ 6,075,853	\$ 5,696,405	\$ 6,044,184	\$ 6,561,144	\$ 7,436,597	\$ 6,450,673	\$ 6,570,101	\$ 6,837,014	\$ 7,478,485	\$ 7,899,974
Solid waste	2,353,901	2,572,712	3,538,098	5,027,936	5,057,086	5,461,705	5,488,882	5,764,198	6,050,596	6,567,397
Operating grants and contributions:										
Water and sewer	-	-	-	-	-	1,638,030	952,584	2,168,073	1,341,662	1,468,780
Solid waste	-	-	-	-	-	-	-	23,830	73,273	75,918
Capital grants and contributions:										
Solid waste	-	-	-	-	-	870,563	-	-	-	-
Total business-type activities	8,429,754	8,269,117	9,582,282	11,589,080	12,493,683	14,420,971	13,011,567	14,793,115	14,944,016	16,012,069
Total primary government revenues	24,554,131	25,704,541	26,242,296	31,852,597	33,953,789	36,408,732	32,498,840	36,570,506	39,827,430	40,667,145
Net (expense) revenue:										
Governmental activities	(82,346,912)	(72,306,813)	(76,412,772)	(80,855,581)	(81,868,066)	(88,031,808)	(102,097,811)	(95,826,719)	(129,656,767)	(101,924,254)
Business-type activities	(979,201)	(1,367,086)	(455,809)	1,067,038	1,007,061	2,987,483	1,671,220	1,605,674	954,213	1,735,354
Total primary government, net expense	(83,326,113)	(73,673,899)	(76,868,581)	(79,788,543)	(80,861,005)	(85,044,325)	(100,426,591)	(94,221,045)	(128,702,554)	(100,188,900)
Governmental activities:										
Taxes:										
General property taxes	66,376,392	64,490,691	67,972,029	70,601,427	70,208,531	71,962,305	77,182,964	81,433,734	88,479,898	91,965,599
Local sales and use	4,168,753	4,732,665	4,991,019	4,881,368	5,309,256	5,387,061	6,105,799	6,324,892	6,276,421	6,650,321
Consumer utility and communications sales and use	2,676,009	2,680,007	1,028,014	1,035,484	1,078,402	1,095,486	1,156,055	1,058,481	1,116,085	1,114,925
Motor vehicles licenses	1,169,718	1,179,162	1,227,744	1,236,520	1,209,701	1,211,564	1,227,518	1,278,070	1,304,491	1,350,626
Food and beverage	297,906	788,452	824,844	889,702	925,336	1,034,025	1,070,535	1,155,637	1,242,234	1,275,618
Other	1,407,319	(252,325)	1,440,610	1,588,072	1,402,550	1,646,656	1,657,068	1,666,630	1,782,847	2,155,195
Intergovernmental, non-categorical aid	6,389,141	8,065,994	8,037,774	8,003,995	8,079,422	7,838,718	8,984,272	8,050,669	8,583,682	8,393,935
Use of money and property	839,375	964,574	1,067,549	1,472,098	1,505,611	1,460,029	1,720,204	1,133,428	711,810	1,612,133
Miscellaneous	232,721	779,782	336,457	345,024	302,430	364,608	680,439	627,835	536,673	3,438,994
Transfers	(20,000)	-	-	(63,336)	-	870,563	-	-	-	-
Total governmental activities	83,537,334	83,429,002	86,926,040	89,990,354	90,021,239	92,871,015	99,784,854	102,729,376	110,034,141	117,957,346
Business-type activities:										
Intergovernmental, non-categorical aid	-	-	-	-	-	-	26,640	-	-	-
Use of money and property	34,080	40,269	39,839	67,961	65,660	93,935	59,852	171,908	272,958	532,278
Miscellaneous	560,244	1,066,813	978,700	1,040,376	898,936	837,750	850,605	762,982	774,434	769,890
Transfers	20,000	-	-	63,336	-	(870,563)	-	-	-	-
Total business-type activities	614,324	1,107,082	1,018,539	1,171,673	964,596	61,122	937,097	934,890	1,047,392	1,302,168
Total primary government	84,151,658	84,536,084	87,944,579	91,162,027	90,985,835	92,932,137	100,721,951	103,664,266	111,081,533	119,259,514
Changes in net assets/net position:										
Governmental activities	1,190,422	11,122,189	10,513,268	9,134,773	8,153,173	4,839,207	(2,312,957)	6,902,657	(19,622,626)	16,033,092
Business-type activities	(364,877)	(260,004)	562,730	2,238,711	1,971,657	3,048,605	2,608,317	2,540,564	2,001,605	3,037,522
Total primary government	\$ 825,545	\$ 10,862,185	\$ 11,075,998	\$ 11,373,484	\$ 10,124,830	\$ 7,887,812	\$ 295,360	\$ 9,443,221	\$ (17,621,021)	\$ 19,070,614

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Major component units: (2)										
Component unit - school board:										
Expenses:										
Instruction	\$ 96,112,008	\$ 94,760,403	\$ 97,309,064	\$ 99,897,237	\$ 100,536,652	\$ 105,050,310	\$ 106,353,926	\$ 113,232,867	\$ 115,650,916	\$ 113,318,228
Administration, attendance and health	4,891,885	4,618,967	5,216,029	5,346,780	5,552,174	5,895,218	6,431,820	5,824,903	4,995,480	5,574,296
Pupil transportation	7,184,619	8,281,464	8,758,765	9,084,535	9,338,770	9,196,500	9,339,985	9,555,551	9,519,163	9,861,011
Operation and maintenance services	9,919,463	10,893,761	11,211,522	11,810,101	11,573,942	11,746,547	11,417,995	14,110,378	13,290,806	13,566,374
School food services	4,768,548	4,906,946	5,207,956	5,242,451	5,053,123	5,105,966	5,166,363	5,243,049	5,213,331	5,033,504
Total expenses	122,876,523	123,461,541	127,703,336	131,381,104	132,054,661	136,994,541	138,710,089	147,966,748	148,669,696	147,353,413
Program revenues:										
Charges for services	5,321,960	4,954,423	5,056,717	4,899,326	5,084,433	5,436,058	5,426,333	5,596,541	5,451,679	5,020,707
Operating grants and contributions	72,018,553	69,346,071	69,054,491	67,343,777	68,365,556	72,137,991	72,854,877	76,638,660	79,994,313	82,460,795
Capital grants and contributions	3,854,048	345,977	93,627	81,465	32,720	71,650	83,333	175,791	98,915	-
Total program revenues	81,194,561	74,646,471	74,204,835	72,324,568	73,482,709	77,645,699	78,364,543	82,410,992	85,544,907	87,481,502
Net expense	(41,681,962)	(48,815,070)	(53,498,501)	(59,056,536)	(58,571,952)	(59,348,842)	(60,345,546)	(65,555,756)	(63,124,789)	(59,871,911)
General revenues and other changes in net assets:										
Grants and contributions not restricted to specific programs	48,129,186	40,665,573	44,255,322	50,100,041	49,859,613	53,790,738	55,511,622	60,961,694	85,030,486	61,691,628
Intergovernmental, non-categorical aid	93,380	91,783	99,154	107,026	79,643	72,671	75,166	77,475	74,224	71,192
Use of money and property	55,765	54,306	38,899	37,184	31,489	45,918	35,649	44,232	137,296	161,674
Miscellaneous	459,070	165,234	360,314	360,536	511,887	626,406	586,358	542,927	249,859	192,128
Total general revenues and other changes in net assets/net position	48,737,401	40,976,896	44,753,689	50,604,787	50,482,632	54,535,733	56,208,795	61,626,328	85,491,865	62,116,622
Total component unit - school board change in net assets/net position	\$ 7,055,439	\$ (7,838,174)	\$ (8,744,812)	\$ (8,451,749)	\$ (8,089,320)	\$ (4,813,109)	\$ (4,136,751)	\$ (3,929,428)	\$ 22,367,076	\$ 2,244,711
Component unit - HRSSD:										
Expenses:										
Public assistance	\$ 5,730,436	\$ 5,998,480	\$ 6,200,265	\$ 5,838,876	\$ 6,452,300	\$ 6,847,545	\$ 6,397,049	\$ 6,816,763	\$ 7,451,225	\$ 7,139,235
Comprehensive/children's services	10,236,725	10,114,771	9,196,586	9,028,213	8,874,411	9,146,513	8,883,443	9,573,881	9,755,890	9,909,365
Health and human services	5,820,207	5,676,427	5,714,686	5,889,242	6,233,209	5,997,127	7,515,831	7,642,598	9,037,932	8,655,093
VJCCA	-	-	-	-	-	82,081	83,474	87,171	86,672	72,575
Total expenses	21,787,368	21,789,678	21,111,537	20,756,331	21,559,920	22,073,266	22,879,797	24,120,413	26,331,719	25,776,268
Program revenues:										
Operating grants and contributions	15,969,252	15,401,915	14,695,587	14,869,626	15,586,617	16,200,010	16,033,541	17,128,620	17,606,083	18,053,327
Total program revenues	15,969,252	15,401,915	14,695,587	14,869,626	15,586,617	16,200,010	16,033,541	17,128,620	17,606,083	18,053,327
Net expense	(5,818,116)	(6,387,763)	(6,415,950)	(5,886,705)	(5,973,303)	(5,873,256)	(6,846,256)	(6,991,793)	(8,725,636)	(7,722,941)

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General revenues and other changes in net assets:										
Grants and contributions not restricted to specific programs	\$ 6,971,699	\$ 6,790,737	\$ 6,242,334	\$ 6,337,742	\$ 6,348,530	\$ 6,739,048	\$ 7,722,610	\$ 8,091,663	\$ 8,209,413	\$ 8,491,193
Use of money and property	15,357	22,423	21,059	32,633	16,177	20,951	12,362	32,086	40,755	134,457
Miscellaneous	74,996	24,805	34,225	38,138	71,814	57,963	48,660	50,286	48,830	47,022
Total general revenues and other changes in net assets/net position	7,062,052	6,837,965	6,297,618	6,408,513	6,436,521	6,817,962	7,783,632	8,174,035	8,298,998	8,672,672
Total component unit - HRSSD change in net assets/net position	\$ 1,243,936	\$ 450,202	\$ (118,332)	\$ 521,808	\$ 463,218	\$ 944,706	\$ 937,376	\$ 1,182,242	\$ (426,638)	\$ 949,731
Total major component units change in net assets/net position	\$ 8,299,375	\$ (7,387,972)	\$ (8,863,144)	\$ (7,929,941)	\$ (7,626,102)	\$ (3,868,403)	\$ (3,199,375)	\$ (2,747,186)	\$ 21,940,438	\$ 3,194,442
Total reporting entity change in net assets/net position	\$ 9,124,920	\$ 3,474,213	\$ 2,212,854	\$ 3,443,543	\$ 2,498,728	\$ 4,019,409	\$ (2,904,015)	\$ 6,696,035	\$ 4,319,417	\$ 22,265,056

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Primary government:										
Governmental activities:										
General government administration	\$ 433,380	\$ 398,318	\$ 413,167	\$ 396,562	\$ 420,011	\$ 415,201	\$ 463,593	\$ 428,001	\$ 436,128	\$ 438,787
Judicial administration	3,198,043	3,002,364	2,927,805	3,039,810	3,168,758	3,232,856	3,391,496	3,653,643	3,762,934	4,462,991
Public safety	10,653,630	11,747,436	11,350,418	11,663,286	12,977,432	13,854,600	13,267,492	14,928,670	15,281,520	15,531,681
Public works	957,819	1,098,549	1,114,716	3,721,270	3,943,748	3,498,966	1,275,587	1,391,488	4,302,667	2,915,111
Health and social services	151,940	230,958	190,454	186,696	190,008	178,167	203,372	256,559	256,481	308,934
Education	-	-	-	562,808	-	-	-	-	-	-
Parks, recreation and cultural	467,229	696,685	660,369	690,110	756,422	805,431	785,225	863,175	843,541	972,572
Community development	262,336	261,114	3,085	2,975	3,727	2,540	100,508	255,855	143	25,000
Total governmental activities	16,124,377	17,435,424	16,660,014	20,263,517	21,460,106	21,987,761	19,487,273	21,777,391	24,883,414	24,655,076
Business-type activities:										
Water and sewer	6,075,853	5,696,405	6,044,184	6,561,144	7,436,597	8,088,703	7,522,685	9,005,087	8,820,147	9,368,754
Solid waste	2,353,901	2,572,712	3,538,098	5,027,936	5,057,086	6,332,268	5,488,882	5,788,028	6,123,869	6,643,315
Total business-type activities	8,429,754	8,269,117	9,582,282	11,589,080	12,493,683	14,420,971	13,011,567	14,793,115	14,944,016	16,012,069
Total primary government	\$ 24,554,131	\$ 25,704,541	\$ 26,242,296	\$ 31,852,597	\$ 33,953,789	\$ 36,408,732	\$ 32,498,840	\$ 36,570,506	\$ 39,827,430	\$ 40,667,145
Major component units:										
Component unit - school board:										
Instruction	\$ 75,488,678	\$ 69,684,411	\$ 69,099,190	\$ 67,373,976	\$ 68,376,769	\$ 72,551,314	\$ 73,069,780	\$ 76,995,702	\$ 80,216,305	\$ 82,046,967
Pupil transportation services	760,680	-	-	-	-	-	-	-	-	-
Operation and maintenance services	13,723	-	-	-	-	-	-	-	-	-
School food services	4,931,480	4,962,060	5,105,645	4,950,592	5,105,940	5,094,385	5,294,763	5,415,290	5,328,602	5,434,535
Total component unit - school board	81,194,561	74,646,471	74,204,835	72,324,568	73,482,709	77,645,699	78,364,543	82,410,992	85,544,907	87,481,502
Component unit - HRSSD:										
Public assistance	4,329,056	4,351,937	4,557,975	4,803,986	5,029,280	5,047,847	4,748,681	4,961,568	5,034,759	5,142,885
Comprehensive/children's services	6,633,186	5,960,163	5,234,401	5,193,142	5,237,254	5,377,628	5,113,599	5,215,483	5,527,679	5,516,368
Health and human services	5,007,010	5,089,815	4,903,211	4,872,498	5,320,083	5,712,054	6,069,231	6,868,035	6,956,814	7,321,658
VJCCA	-	-	-	-	-	62,481	102,030	83,534	86,831	72,416
Total component unit - HRSSD	15,969,252	15,401,915	14,695,587	14,869,626	15,586,617	16,200,010	16,033,541	17,128,620	17,606,083	18,053,327
Total major component units	\$ 97,163,813	\$ 90,048,386	\$ 88,900,422	\$ 87,194,194	\$ 89,069,326	\$ 93,845,709	\$ 94,398,084	\$ 99,539,612	\$ 103,150,990	\$ 105,534,829
Total reporting entity	\$ 121,717,944	\$ 115,752,927	\$ 115,142,718	\$ 119,046,791	\$ 123,023,115	\$ 130,254,441	\$ 126,896,924	\$ 136,110,118	\$ 142,978,420	\$ 146,201,974

COUNTY OF ROCKINGHAM, VIRGINIA

Table 5

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

	Fiscal Year June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund:										
Reserved	\$ 1,097,948	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	27,255,072	-	-	-	-	-	-	-	-	-
Nondisposable	-	808,957	667,271	536,388	483,343	584,337	712,636	785,140	695,007	722,684
Restricted (2)	-	-	-	3,116,396	2,105,608	2,058,400	2,551,574	3,026,483	3,088,162	3,804,263
Committed	-	-	-	-	-	-	-	82,374	171,434	452,880
Assigned	-	2,851	7,551	-	-	-	-	-	53,822	142,979
Unassigned	-	28,661,725	28,308,023	25,803,047	25,193,314	25,644,629	27,066,722	23,537,191	26,465,446	24,456,592
Total General Fund	\$ 28,353,020	\$ 29,473,533	\$ 28,982,845	\$ 29,455,831	\$ 27,782,265	\$ 28,287,366	\$ 30,330,932	\$ 27,431,188	\$ 30,473,871	\$ 29,579,398
All Other Governmental Funds:										
Reserved	\$ 422,337	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	10,102,262	-	-	-	-	-	-	-	-	-
Nondisposable	-	11,143	11,143	11,143	11,143	11,143	-	-	-	-
Restricted	-	1,371,862	409,284	484,439	193,685	224,566	195,800	235,108	404,183	518,066
Committed	-	-	-	-	-	-	-	4,288,809	3,962,920	7,218,556
Assigned	-	12,822,866	14,439,666	19,801,602	22,093,893	17,828,714	14,456,621	7,312,400	3,979,016	2,375,979
Total all other governmental funds	\$ 10,524,599	\$ 14,205,871	\$ 14,860,093	\$ 20,297,184	\$ 22,298,721	\$ 18,064,423	\$ 14,652,421	\$ 11,836,317	\$ 8,346,119	\$ 10,112,601

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 nondisposable, 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

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues:										
General property taxes	\$ 66,216,435	\$ 64,487,098	\$ 67,611,207	\$ 70,546,928	\$ 70,426,736	\$ 71,932,121	\$ 77,123,724	\$ 81,459,657	\$ 88,474,133	\$ 91,989,158
Other local taxes	9,719,705	9,127,961	9,512,231	9,631,146	9,925,245	10,374,792	11,216,975	11,483,710	11,722,078	12,546,685
Permits, privilege fees and licenses	803,462	904,624	692,745	888,111	1,003,449	1,085,078	1,056,984	1,730,059	1,364,545	1,166,099
Fines and forfeitures	238,435	274,412	274,611	167,342	159,842	184,583	151,516	240,396	208,051	202,191
Use of money and property	833,742	957,222	1,059,359	1,457,668	1,494,063	1,444,522	1,711,660	1,111,496	687,937	1,541,962
Charges for services	2,801,305	3,573,280	3,406,935	3,657,806	3,925,885	3,956,131	3,643,395	3,645,601	3,898,039	3,851,156
Miscellaneous	232,721	779,782	336,457	345,024	302,430	364,608	680,439	627,835	536,673	3,538,994
Recovered costs	2,759,777	3,217,501	3,381,843	3,665,254	4,134,950	5,064,878	4,563,572	4,957,855	5,457,543	7,246,686
Reimbursement from component unit	-	-	-	562,808	-	-	-	-	-	-
Intergovernmental	15,910,457	17,531,492	16,941,563	19,326,049	20,315,305	19,535,622	19,056,078	19,254,149	22,183,133	20,733,206
Total revenues	99,516,039	100,853,372	103,216,951	110,248,136	111,687,905	113,942,335	119,204,343	124,510,758	134,532,132	142,816,137
Expenditures:										
General government administration	4,398,991	4,149,027	4,196,686	4,463,079	4,787,939	4,804,695	5,203,673	5,543,460	5,349,427	5,539,382
Judicial administration	3,343,653	3,123,597	3,188,815	3,371,268	3,540,441	3,740,215	3,827,334	4,187,990	4,279,035	4,917,656
Public safety	18,910,325	19,817,574	20,309,292	20,575,858	22,919,965	26,121,456	26,286,332	28,665,762	29,582,664	30,271,052
Public works	2,352,738	2,522,534	2,580,230	2,705,553	2,852,182	2,921,785	2,944,236	3,108,156	2,927,766	3,121,323
Health and social services	5,168,646	4,955,083	4,777,502	4,557,024	5,898,577	5,400,366	5,807,989	6,171,569	6,868,468	6,584,606
Education	48,129,186	40,665,573	44,255,322	50,100,041	49,859,613	53,790,738	55,511,622	60,961,694	85,030,486	61,691,628
Parks, recreation and cultural	2,023,049	2,212,498	2,154,894	2,126,961	2,130,299	2,197,829	2,251,615	2,365,854	2,392,388	2,476,069
Community development	4,467,357	4,211,445	3,399,091	3,154,781	2,497,658	2,753,660	3,090,881	3,959,791	3,479,239	3,691,910
Capital outlay	1,969,136	354,404	4,325,301	2,796,798	4,593,950	5,048,279	3,965,319	3,894,304	14,168,378	11,975,289
Debt service:										
Principal	6,166,108	7,781,938	7,797,795	8,086,516	7,528,018	7,182,006	7,762,776	7,809,066	6,975,972	7,668,695
Interest and fiscal charges	6,318,727	6,257,914	6,068,489	5,148,228	4,751,292	4,581,066	3,921,002	3,558,960	3,235,080	4,006,518
Total expenditures	103,247,916	96,051,587	103,053,417	107,086,107	111,359,934	118,542,095	120,572,779	130,226,606	164,288,903	141,944,128
Revenues over (under) expenditures	(3,731,877)	4,801,785	163,534	3,162,029	327,971	(4,599,760)	(1,368,436)	(5,715,848)	(29,756,771)	872,009
Other financing sources (uses):										
Transfers in	-	4,000,000	4,890,000	4,930,448	4,284,869	1,947,743	800,000	800,000	8,757,000	8,699,500
Transfers out	(20,000)	(4,000,000)	(4,890,000)	(4,960,000)	(4,284,869)	(1,077,180)	(800,000)	(800,000)	(7,232,000)	(8,699,500)
Issuance of debt	-	-	-	-	-	13,125,000	-	-	25,822,000	-
Payment to refunded bond escrow agent	-	-	-	-	-	(13,125,000)	-	-	-	-
Premium on issuance debt	-	-	-	-	-	-	-	-	1,962,256	-
Total other financing sources (uses), net	(20,000)	-	-	(29,552)	-	870,563	-	-	29,309,256	-
Net change in fund balance	\$ (3,751,877)	\$ 4,801,785	\$ 163,534	\$ 3,132,477	\$ 327,971	\$ (3,729,197)	\$ (1,368,436)	\$ (5,715,848)	\$ (447,515)	\$ 872,009

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt Service as a percentage of noncapital expenditures:										
Primary government:										
Total debt service	\$ 12,484,835	\$ 14,039,852	\$ 13,866,284	\$ 13,234,744	\$ 12,279,310	\$ 11,763,072	\$ 11,683,778	\$ 11,368,026	\$ 10,211,052	\$ 11,675,213
Total expenditures	\$ 103,247,916	\$ 96,051,587	\$ 103,053,417	\$ 107,086,107	\$ 111,359,934	\$ 118,542,095	\$ 120,572,779	\$ 130,226,606	\$ 164,288,903	\$ 141,944,128
Less: Capital outlay - primary government	(1,012,486)	(967,936)	(4,807,614)	(668,787)	(1,258,644)	(2,087,485)	(2,724,796)	(5,626,572)	(5,912,172)	(8,204,800)
Noncapital expenditures	\$ 102,235,430	\$ 95,083,651	\$ 98,245,803	\$ 106,417,320	\$ 110,101,290	\$ 116,454,610	\$ 117,847,983	\$ 124,600,034	\$ 158,376,731	\$ 133,739,328
Debt service as a percentage of noncapital expenditures	12.21%	14.77%	14.11%	12.44%	11.15%	10.10%	9.91%	9.12%	6.45%	8.73%
Major component units - School Board and HRSSD:										
Expenditures:										
School board	\$ 138,094,883	\$ 117,956,384	\$ 120,957,761	\$ 124,197,953	\$ 123,811,920	\$ 131,802,060	\$ 134,799,313	\$ 146,858,092	\$ 162,739,989	\$ 156,758,093
HRSSD	21,729,506	21,608,529	21,028,646	20,668,028	23,594,887	23,264,806	22,983,663	24,549,020	25,742,457	25,764,272
Less: Capital outlay - school board	(21,949,313)	(2,405,403)	(3,307,213)	(2,037,300)	(1,421,014)	(2,891,187)	(3,267,837)	(8,428,049)	(18,786,715)	(9,334,130)
Less: Capital outlay - HRSSD	(16,646)	-	-	-	(2,163,687)	(530,456)	(31,182)	(42,681)	(123,000)	-
Noncapital expenditures	\$ 137,858,430	\$ 137,159,510	\$ 138,679,194	\$ 142,828,681	\$ 143,822,106	\$ 151,645,223	\$ 154,483,957	\$ 162,936,382	\$ 169,572,731	\$ 173,188,235
Total reporting entity:										
Total noncapital expenditures	\$ 185,875,702	\$ 185,478,384	\$ 186,794,179	\$ 193,713,080	\$ 197,938,726	\$ 207,908,866	\$ 212,140,973	\$ 227,345,449	\$ 238,142,511	\$ 217,120,612
Debt service as a percentage of noncapital expenditures	6.72%	7.57%	7.42%	6.83%	6.20%	5.66%	5.51%	5.00%	4.29%	5.38%

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
2010	\$ 65,511,983	\$ 4,168,753	\$ 1,169,718	\$ 2,676,009	\$ 882,174	\$ 297,906	\$ 525,145	\$ 75,231,688
2011	63,822,003	4,732,665	1,179,162	1,020,285	792,313	788,452	615,084	72,949,964
2012	66,900,268	4,991,019	1,227,744	1,028,014	827,202	824,844	613,408	76,412,499
2013	69,783,176	4,881,368	1,236,520	1,035,484	969,920	889,702	618,152	79,414,322
2014	69,694,829	5,309,526	1,209,701	1,078,402	730,498	925,336	671,782	79,620,074
2015	71,270,077	5,387,061	1,211,564	1,095,486	955,372	1,034,025	691,284	81,644,869
2016	76,369,114	6,105,799	1,227,518	1,156,055	942,381	1,070,535	714,687	87,586,089
2017	80,660,077	6,324,892	1,278,070	1,058,481	957,414	1,155,637	709,216	92,143,787
2018	87,582,204	6,276,421	1,304,491	1,116,085	1,036,421	1,242,234	746,426	99,304,282
2019	90,974,637	6,650,321	1,350,626	1,114,925	1,040,173	1,275,618	1,115,022	103,521,322
Change 2010-2019	38.87%	59.53%	15.47%	-58.34%	17.91%	N/A	112.33%	37.60%

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 Real Estate Tax Rate	Tax Value as a Percentage of Assessed Value
2010	\$ 4,879,919,700	\$ 718,626,400	\$ 277,930,600	\$ 1,915,838,000	\$ 987,038,600	\$ 8,779,353,300	7.30%	\$ 931,781,985	\$ 6,860,189,315	\$ 0.60	78.14%
2011	4,945,640,600	717,918,900	244,690,500	1,924,739,900	1,003,185,100	8,836,175,000	0.65%	922,202,345	6,910,787,555	0.60	78.21%
2012	4,999,192,200	728,316,900	254,690,200	1,944,432,200	1,139,922,400	9,066,553,900	2.54%	938,573,459	6,988,058,041	0.64	77.08%
2013	5,035,839,700	734,537,700	258,387,400	1,956,029,000	1,148,229,700	9,133,023,500	0.73%	950,926,733	7,033,867,067	0.64	77.02%
2014	5,131,903,600	744,413,500	260,799,200	2,069,514,600	1,155,622,900	9,362,253,800	2.45%	1,060,320,506	7,146,310,394	0.64	76.33%
2015	5,198,957,000	765,627,500	258,445,700	2,073,139,200	1,155,559,900	9,451,729,300	0.96%	1,014,434,080	7,281,735,320	0.66/0.68	77.04%
2016	5,286,192,700	772,036,000	265,826,900	2,080,831,900	1,154,888,500	9,559,776,000	1.14%	1,016,281,990	7,388,605,510	0.68/0.70	77.29%
2017	5,360,674,700	801,922,900	263,991,000	2,083,044,800	1,169,407,400	9,679,040,800	1.25%	1,013,613,780	7,496,019,620	0.74	77.45%
2018	5,616,112,800	821,069,100	276,622,400	2,112,122,000	1,171,035,500	9,996,961,800	3.28%	1,029,749,840	7,796,176,460	0.74	77.99%
2019	5,715,245,600	862,187,600	277,993,700	2,111,197,800	1,172,733,700	10,139,358,400	1.42%	1,027,110,460	7,939,514,240	0.74	78.30%

Source:

Rockingham County real estate records.

Notes:

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

COUNTY OF ROCKINGHAM, VIRGINIA

Table 9

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

Rockingham County

Fiscal Year June 30,	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital	Farm Machinery	Total Direct Rate
2010	\$ 0.60	\$ 2.80	\$ 0.60	\$ 2.55	\$ 0.87	\$ 0.44	\$ 7.86
2011	0.60	2.80	0.60	2.55	0.87	0.44	7.86
2012	0.64	2.85	0.64	2.55	0.87	0.44	7.99
2013	0.64	2.85	0.64	2.55	0.87	0.44	7.99
2014	0.64	2.85	0.64	2.55	0.87	0.44	7.99
2015	0.66/0.68	2.90	0.68	2.55	0.87	0.44	8.11
2016	0.68/0.70	2.90	0.68/0.70	2.55	0.87	0.44	8.14
2017	0.74	3.00	0.74	2.55	0.87	0.44	8.34
2018	0.74	3.00	0.74	2.55	0.87	0.44	8.34
2019	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
2010	\$ 0.07-0.12	\$ 0.30-0.75	\$ 0.07-0.46	\$ 0.30-0.75	\$ -	\$ -
2011	0.07-0.12	0.30-0.75	0.07-0.46	0.30-0.75	-	-
2012	0.07-0.12	0.30-0.75	0.07-0.46	0.30-0.75	-	-
2013	0.07-0.12	0.30-0.75	0.07-0.46	0.30-0.75	-	-
2014	0.05-0.12	0.20-0.75	0.07-0.46	0.30-0.46	-	-
2015	0.07-0.12	0.20-0.75	0.07-0.46	0.30-0.46	-	-
2016	0.07-0.12	0.20-0.75	0.07-0.46	0.30-0.46	-	-
2017	0.07-0.12	0.20-0.75	0.07-0.38	0.30-0.40	-	-
2018	0.07-0.12	0.20-0.75	0.07-0.38	0.30-0.40	-	-
2019	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	2019					
	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	\$ 415,170,780	1	4.40%	\$ 3,328,196	2	3.40%
MillerCoors	259,982,530	2	2.70%	4,950,637	1	5.10%
Wal-Mart Retail and Distribution Centers	143,953,345	3	1.50%	1,930,172	5	2.00%
Merck & Company, Inc.	127,757,070	4	1.30%	1,987,163	3	2.10%
White Wave	110,985,810	5	1.20%	1,947,457	4	2.00%
Marshall's	76,043,565	6	0.80%	949,232	7	1.00%
LSC Communications (formerly RR Donnelley)	71,170,495	7	0.70%	1,039,298	6	1.10%
Sunnyside Retirement Community	55,423,200	8	0.60%	410,132	11	0.40%
Cargill	51,375,715	9	0.50%	818,171	8	0.80%
Sysco	50,433,230	10	0.50%	816,437	9	0.80%
Total	\$ 1,362,295,740		14.20%	\$ 18,176,895		18.70%

Taxpayer	2010					
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Property Tax Paid	Rank	Percentage of Total Property Taxes Paid
Great Eastern Resort Management	\$ 345,901,000	1	5.02%	\$ 2,243,211	3	3.18%
MillerCoors Company	308,258,160	2	4.47%	5,400,546	1	7.65%
Merck & Company, Inc.	142,412,620	3	2.07%	2,431,638	2	3.45%
Wal-Mart Retail and Distribution Centers	111,133,915	4	1.61%	1,269,979	5	1.80%
White Wave (Morningstar Foods)	76,782,555	5	1.11%	1,349,040	4	1.91%
R.R. Donnelley & Sons Co.	61,214,980	6	0.89%	748,196	6	1.06%
Marshall's	57,429,220	7	0.83%	539,466	8	0.76%
Sunnyside Retirement Community	53,166,160	8	0.77%	318,997	10	0.45%
Cargill	46,078,295	9	0.67%	667,541	7	0.95%
Sysco	29,950,500	10	0.43%	338,670	9	0.48%
Total	\$ 1,232,327,405		17.87%	\$ 15,307,284		21.70%

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
2009	\$ 40,502,223	\$ 38,979,011	96.24%	\$ 1,519,538	\$ 40,498,549	99.99%
2010	42,650,649	40,949,099	96.08%	1,701,550	42,650,649	100.00%
2011	43,037,404	41,455,415	96.32%	1,581,989	43,037,404	100.00%
2012	46,431,503	44,793,454	96.47%	1,638,049	46,431,503	100.00%
2013	46,874,607	45,330,910	96.71%	1,543,697	46,874,607	100.00%
2014	47,634,558	46,160,931	96.91%	1,467,253	47,628,184	99.99%
2015	50,861,929	49,410,225	97.15%	1,415,882	50,826,107	99.93%
2016	53,997,527	53,187,098	98.50%	648,716	53,835,814	99.70%
2017	57,907,159	57,106,295	98.62%	342,087	57,448,382	99.21%
2018	60,063,608	59,254,109	98.65%	N/A	59,254,109	98.65%

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			
2010	\$ 106,724,577	\$ 142,359	\$ -	\$ 25,396,463	\$ 18,816,715	\$ 151,080,114	6.45%	\$ 1,974
2011	100,641,607	68,859	-	23,517,864	17,687,978	141,916,308	5.71%	1,836
2012	94,585,257	-	-	21,592,147	16,526,645	132,704,049	5.10%	1,711
2013	88,473,576	-	-	19,364,182	15,275,826	123,113,584	4.65%	1,576
2014	82,458,757	-	-	17,597,852	13,602,412	113,659,021	4.30%	1,440
2015	76,531,468	-	-	16,090,003	12,359,388	104,980,859	3.74%	1,327
2016	70,472,680	-	8,714,153	14,132,883	20,383,318	113,703,034	3.99%	1,426
2017	64,260,913	-	7,826,952	12,282,453	29,711,540	114,081,858	3.74%	1,414
2018	83,339,596	-	9,866,514	10,411,515	31,844,345	135,461,970	N/A	1,664
2019	77,216,875	-	8,320,437	8,514,297	29,686,640	123,738,249	N/A	N/A

General bonded debt outstanding:

Fiscal Year	General Obligation Bonds	Literary Loans	Total	Percentage of Actual Taxable Value of Property	Debt Per Capita
2010	\$ 106,724,577	\$ 142,359	\$ 106,866,936	1.64%	\$ 1,397
2011	100,641,607	68,859	100,710,466	1.47%	1,303
2012	94,585,257	-	94,585,257	1.37%	1,220
2013	88,473,576	-	88,473,576	1.27%	1,133
2014	82,458,757	-	82,458,757	1.17%	1,044
2015	76,531,468	-	76,531,468	1.05%	967
2016	70,472,680	-	70,472,680	0.95%	884
2017	64,260,913	-	64,260,913	0.86%	797
2018	83,339,596	-	83,339,596	1.07%	1,024
2019	77,216,875	-	77,216,875	0.97%	N/A

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.

COUNTY OF ROCKINGHAM, VIRGINIA

Table 13

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
Year Ended June 30, 2019
(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Town of Bridgewater, Virginia	\$ 3,281,227	3.38%	\$ 110,903
Town of Broadway, Virginia	299,966	4.13%	12,392
Town of Mt. Crawford, Virginia	-	0.46%	-
Town of Dayton, Virginia	-	1.90%	-
Town of Elkton, Virginia	1,603,158	2.68%	42,969
Town of Grottoes, Virginia	1,641,754	2.60%	42,623
Town of Timberville, Virginia	-	2.29%	-
Subtotal, overlapping debt			<u>208,887</u>
County Direct Debt			<u>94,051,609</u>
Total direct and overlapping debt			<u><u>\$ 94,260,496</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

(Unaudited)

Water and Sewer Fund							
Fiscal Year	Utility Service Charges	Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2010	\$ 5,953,542	\$ 4,012,722	\$ 1,940,820	\$ 418,154	\$ 462,610	\$ 880,764	2.20
2011	5,564,105	4,198,941	1,365,164	410,000	469,502	879,502	1.55
2012	5,776,771	4,497,157	1,279,614	435,000	429,278	864,278	1.48
2013	6,424,821	4,519,326	1,905,495	425,000	424,224	849,224	2.24
2014	7,210,344	4,754,001	2,456,343	425,000	517,778	942,778	2.61
2015	7,825,015	4,960,792	2,864,223	440,000	379,548	819,548	3.49
2016	7,270,371	4,982,413	2,287,958	540,000	565,731	1,105,731	2.07
2017	8,743,842	5,284,929	3,458,913	585,000	387,667	972,667	3.56
2018	8,451,441	5,737,979	2,713,462	610,000	499,011	1,109,011	2.45
2019	9,146,625	5,760,454	3,386,171	750,000	502,625	1,252,625	2.70

Smith Creek Water & Waste Authority Fund							
Fiscal Year	Utility Service Charges	Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2010	\$ 215,848	\$ 68,805	\$ 147,043	\$ 111,357	\$ 99,160	\$ 210,517	0.70
2011	200,492	164,332	36,160	114,912	95,605	210,517	0.17
2012	332,243	133,565	198,678	110,064	125,961	236,025	0.84
2013	255,706	167,269	88,437	174,128	62,925	237,053	0.37
2014	329,709	156,716	172,993	172,419	64,636	237,055	0.73
2015	387,037	217,177	169,860	177,419	59,655	237,074	0.72
2016	355,029	203,397	151,632	182,562	54,501	237,063	0.64
2017	453,320	204,229	249,091	187,858	49,197	237,055	1.05
2018	605,657	273,915	331,742	193,305	43,748	237,053	1.40
2019	633,094	244,492	388,602	198,911	39,285	238,196	1.63

Countryside Sanitary District Fund							
Fiscal Year	Utility Service Charges	Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2010	\$ 15,124	\$ 6,199	\$ 8,925	\$ 6,827	\$ 4,888	\$ 11,715	0.76
2011	16,991	6,346	10,645	7,050	4,664	11,714	0.91
2012	14,240	6,728	7,512	7,281	4,433	11,714	0.64
2013	13,217	5,814	7,403	7,520	4,194	11,714	0.63
2014	15,946	6,277	9,669	7,767	3,948	11,715	0.83
2015	14,306	7,522	6,784	8,021	3,694	11,715	0.58
2016	18,833	8,965	9,868	8,284	3,429	11,713	0.84
2017	15,738	9,492	6,246	8,555	3,159	11,714	0.53
2018	14,009	12,766	1,243	8,835	2,879	11,714	0.11
2019	14,995	10,264	4,731	9,125	2,515	11,640	0.41

COUNTY OF ROCKINGHAM, VIRGINIA

Table 14

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years

(Unaudited)

Solid Waste Fund							
Fiscal Year	Utility Service	Operating	Net	Debt Service			Coverage
	Charges	Expenses	Available Revenue	Principal	Interest	Total	
2010	\$ 2,774,723	\$ 2,579,332	\$ 195,391	\$ 323,561	\$ 118,902	\$ 442,463	0.44
2011	3,536,054	2,533,132	1,002,922	520,000	213,115	733,115	1.37
2012	4,412,861	2,225,688	2,187,173	535,000	188,935	723,935	3.02
2013	5,938,147	3,378,630	2,559,517	550,000	162,727	712,727	3.59
2014	5,840,785	3,851,399	1,989,386	565,000	136,012	701,012	2.84
2015	6,193,726	3,524,940	2,668,786	580,000	108,207	688,207	3.88
2016	6,232,808	3,560,345	2,672,463	595,000	66,424	661,424	4.04
2017	6,473,078	4,232,965	2,240,113	810,000	142,265	952,265	2.35
2018	6,866,481	4,098,618	2,767,863	925,000	384,137	1,309,137	2.11
2019	7,467,963	4,324,184	3,143,779	915,000	422,990	1,337,990	2.35

Lilly Subdivision Sanitary District							
Fiscal Year	Utility Service	Operating	Net	Debt Service			Coverage
	Charges	Expenses	Available Revenue	Principal	Interest	Total	
2010	\$ 35,213	\$ 12,054	\$ 23,159	\$ 15,342	\$ 15,512	\$ 30,854	0.75
2011	36,812	14,721	22,091	15,813	14,829	30,642	0.72
2012	37,261	19,398	17,863	16,300	14,132	30,432	0.59
2013	35,497	22,745	12,752	16,800	13,421	30,221	0.42
2014	34,761	22,476	12,285	17,316	12,692	30,008	0.41
2015	35,671	28,300	7,371	17,849	11,949	29,798	0.25
2016	47,631	19,871	27,760	18,397	11,189	29,586	0.94
2017	29,877	17,874	12,003	18,961	10,414	29,375	0.41
2018	36,915	22,883	14,032	19,545	9,619	29,164	0.48
2019	33,157	18,967	14,190	20,146	8,375	28,521	0.50

Penn Laird Sewer Authority							
Fiscal Year	Utility Service	Operating	Net	Debt Service			Coverage
	Charges	Expenses	Available Revenue	Principal	Interest	Total	
2010	\$ 29,628	\$ 1,222	\$ 28,406	\$ 4,072	\$ 16,051	\$ 20,123	1.41
2011	21,745	7	21,738	4,249	15,876	20,125	1.08
2012	27,445	1,349	26,096	975	25,096	26,071	1.00
2013	30,029	778	29,251	20,658	7,604	28,262	1.03
2014	26,374	2,071	24,303	19,218	9,043	28,261	0.86
2015	26,338	902	25,436	19,735	8,525	28,260	0.90
2016	23,992	898	23,094	20,269	7,996	28,265	0.82
2017	12,150	208	11,942	20,815	7,447	28,262	0.42
2018	16,905	1,519	15,386	21,375	6,885	28,260	0.54
2019	16,797	-	16,797	21,953	7,018	28,971	0.58

Notes:

- (1) Utility service charges include all revenues of the fund except gains on sales of capital assets.
- (2) Operating expenses are exclusive of depreciation and amortization, interest expense and losses on sales of capital assets.

COUNTY OF ROCKINGHAM, VIRGINIA**Table 15****DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Years
(Unaudited)**

Calendar Year	(1) Population	(2) Personal Income	(2) Per Capita Personal Income	(3) School Enrollment	(4) Unemployment Rate
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	11,307	4.8%
2015	79,134	2,804,549,679	35,441	11,327	4.4%
2016	79,735	2,847,734,260	35,715	10,449	3.7%
2017	80,666	3,048,267,461	37,789	11,261	3.4%
2018	81,422	N/A	N/A	11,252	3.1%
2019	N/A	N/A	N/A	11,356	2.7%

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,	
	2019	2009
	Rank	Rank
Rockingham County School Board	1	1
Sentara Healthcare	2	-
Wal-Mart	3	4
Cargill Meat Solutions	4	2
Marshall's	5	7
Great Eastern Resort Management	6	3
LSC Communications US, LLC	7	6
Merck Sharp & Dohme Corp.	8	5
Pilgrims Pride Corp.	9	9
County of Rockingham	10	10
Perdue Products	14	8

* 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		
	2010	2011	2012
General government administration:			
Legislative	5.00	5.00	5.00
General and financial:			
Commissioner of the revenue	14.00	13.00	13.00
Treasurer	8.00	6.00	6.00
Executive administration and legal	8.00	8.00	8.00
Finance	9.40	9.40	9.40
Human resources	2.40	2.40	2.40
Information systems	11.00	11.00	11.00
Central switchboard	1.40	1.40	1.40
Board of elections	2.00	2.00	2.00
Judicial administration:			
Courts:			
Clerk of the circuit court	15.00	13.00	14.00
Court services	6.50	8.50	9.50
Commonwealth attorney	24.00	27.50	25.90
Public safety:			
Sheriff	167.00	161.50	161.50
Fire and rescue	66.00	70.00	71.00
Building inspections	9.30	8.30	8.00
Other protection	2.00	2.00	2.00
Public works:			
General administration	0.80	0.70	0.60
Garage operations	2.00	2.00	2.00
Maintenance	16.40	15.40	16.60
Parks, recreation and cultural	12.60	9.60	8.60
Community development:			
Planning and community development	13.20	12.70	12.00
Extension	-	-	-
Economic development	0.50	0.50	1.30
Utilities/water treatment	24.50	22.40	19.10
Solid waste:			
Landfill	20.60	19.70	19.20
Container site	13.10	13.10	13.10
Component unit school board:			
Education:			
Instruction	1,446.00	1,410.00	1,414.00
Administration, attendance and health	63.00	61.00	62.00
Pupil transportation services	228.00	229.00	239.00
Operation and maintenance services	110.00	114.00	115.00
School food services	113.00	116.00	119.00
Component unit HRSSD:			
Social services:			
Services	52.00	53.00	53.00
Public assistance	39.00	40.00	42.00
Comprehensive Services Act	2.80	2.80	3.50
Administration	9.00	9.00	10.00
Totals	2,517.5	2,479.9	2,500.1

Source:

Rockingham County Department of Human Resources.

Table 17

June 30,						
2013	2014	2015	2016	2017	2018	2019
5.00	5.00	5.00	5.00	5.00	5.00	5.00
13.00	13.00	13.50	14.00	15.00	15.00	15.00
6.00	6.00	6.50	7.00	7.00	7.00	7.00
8.00	9.00	9.00	9.00	9.00	7.00	8.00
9.40	9.40	9.15	9.15	11.00	11.00	11.00
2.40	2.40	3.00	3.50	3.50	3.50	4.00
11.00	11.00	11.00	11.00	11.00	13.00	12.00
1.40	1.40	1.50	1.50	1.00	1.00	1.00
2.00	2.00	2.00	2.00	2.00	2.00	2.00
14.00	14.00	15.00	15.00	15.00	16.00	15.00
9.50	10.00	11.00	11.00	11.00	12.00	12.00
25.90	26.30	26.30	27.30	26.00	26.30	24.00
166.50	167.00	169.00	175.00	175.00	178.00	179.00
70.00	74.00	81.00	76.00	90.00	86.00	95.00
8.00	8.00	8.50	9.00	9.00	9.00	10.00
2.00	2.00	2.00	2.00	2.00	2.00	2.00
0.60	0.70	0.65	0.65	1.00	2.00	1.00
2.00	2.00	2.00	2.00	2.00	2.00	2.00
16.60	17.00	17.00	17.55	18.00	19.00	19.00
9.60	9.00	11.00	10.50	10.50	11.00	11.00
12.50	12.00	12.50	12.00	12.00	13.00	12.00
-	-	-	-	-	-	-
1.30	1.00	1.00	1.00	1.00	1.00	1.00
19.50	19.60	20.10	21.10	21.00	21.00	21.00
17.80	17.90	17.90	18.95	18.95	18.95	19.00
12.40	12.00	12.00	12.35	12.35	12.35	11.00
1,413.00	1,402.00	1,414.00	1,410.00	1,486.00	1,477.00	1,491.00
62.00	62.00	63.00	64.00	98.00	48.00	50.00
236.00	239.00	238.00	238.00	241.00	236.00	239.00
115.00	115.00	115.00	115.00	116.00	118.00	118.00
113.00	110.00	108.00	113.00	108.00	109.00	108.00
52.00	57.00	58.50	65.00	65.00	65.00	69.00
41.00	45.00	48.50	53.00	53.00	52.00	68.00
3.50	3.50	3.50	3.50	3.50	3.80	4.00
10.00	5.00	5.00	7.00	7.00	7.00	10.00
2,491.9	2,490.2	2,521.1	2,542.1	2,666.8	2,612.1	2,656.0

COUNTY OF ROCKINGHAM, VIRGINIA

OPERATING INDICATORS BY FUNCTION / PROGRAM

Last Ten Fiscal Years

(Unaudited)

Function/Program	Fiscal Year		
	2010	2011	2012
Police: (1)			
Calls for service	18,861	19,739	20,913
Adult arrest	3,776	4,100	3,899
Juvenile arrest	259	241	175
Traffic citations	3,304	4,329	4,236
Fire: (2)			
Total fire runs	9,510	6,348	7,001
Total rescue runs	13,648	15,565	17,158
Public service: (3)			
Garbage collected (ton)	76,445	76,466	79,062
Recycle collected (ton)	17,392	28,761	24,861
Water and sewer: (3)			
New water connections	87	46	54
New wastewater connections	92	38	2
Average daily water consumption (gallons)	62,389,333	62,629,583	61,788,500
Average daily sewage treatment (gallons)	55,244,955	57,871,485	60,180,000
Transportation: (5)			
Total route miles	1,132	1,135	1,135
Education: (6)			
Average daily membership	11,376	11,343	11,236
Kindergarteners	875	880	832
Grades 1-12	10,501	10,463	10,404

Sources:

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

Table 18

June 30,						
2013	2014	2015	2016	2017	2018	2019
21,124	23,546	22,714	25,081	32,250	33,803	33,485
4,162	3,749	4,119	4,201	4,253	5,232	5,016
202	373	257	195	294	220	253
1,879	1,363	1,479	1,682	3,081	3,634	3,167
7,475	7,119	6,959	6,907	6,623	11,016	8,029
17,283	17,289	18,313	18,948	19,414	13,512	15,553
108,882	107,977	127,842	124,278	134,879	133,255	144,209
24,323	16,343	12,714	9,632	2,276	2,188	2,737
97	115	118	124	105	109	128
97	115	129	112	97	134	119
58,389,558	69,591,675	74,113,083	71,094,539	70,032,583	76,006,333	78,061,833
50,065,833	63,479,583	62,545,110	73,577,916	73,000,000	85,927,083	111,199,290
1,138	1,139	1,145	1,146	1,146	1,146	1,146
11,223	11,304	11,290	11,287	11,261	11,252	11,356
852	820	854	838	795	812	808
10,371	10,484	10,436	10,449	10,466	10,440	10,548

COUNTY OF ROCKINGHAM, VIRGINIA

CAPITAL ASSET STATISTICS BY FUNCTION / PROGRAM

Last Ten Fiscal Years

(Unaudited)

Function/Program	Fiscal Year		
	2010	2011	2012
Police Stations: (1)	1	1	1
Fire Companies (not County owned): (2)	10	10	10
Rescue Squads (not County owned): (2)	8	8	8
Streets: (4)			
Centerline Mileage:			
Interstate (6)	54	54	54
Primary (6)	184	186	186
Secondary (6)	894	895	897
Number of street lights (6)	16	16	16
Traffic signals (6)	37	39	40
Parks and Recreation: (5)			
Parks - number of acres	22	22	22
Neighborhood parks - number of acres	22	22	22
Baseball/softball diamonds	31	31	31
Soccer/football fields	13	13	13
Basketball courts	13	13	13
Parks with playground equipment	1	1	1
Picnic shelters	4	4	4
Community centers	3	3	3
Water: (3)			
Wells (County owned)	3	2	2
Water lines (feet)	505,685	516,154	526,623
Fire hydrants	684	703	778
Storage capacity (MGPD)	10,088,000	10,088,000	10,088,000
Average daily consumption (MGPD)	2,079,644	2,059,054	2,031,403
Peak consumption (MGPD)	2,988,500	3,120,000	3,519,000
Wastewater: (3)			
Sanitary sewers (feet)	552,812	560,023	567,234

Sources:

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

Table 19

June 30,						
2013	2014	2015	2016	2017	2018	2019
1	1	1	1	1	1	1
10	10	10	11	11	11	11
8	8	7	8	7	7	7
						1
54	54	54	54	54	54	54
186	187	192	192	192	210	210
898	898	899	900	900	882	882
16	16	16	16	16	16	16
41	41	42	42	43	43	43
22	81	81	81	81	81	81
22	22	19	19	19	19	19
31	31	31	31	31	31	33
13	13	13	13	13	13	17
13	13	13	14	14	14	14
1	1	1	1	1	1	2
3	3	3	3	3	3	3
3	3	3	3	3	3	3
2	2	2	2	2	3	3
534,150	538,958	553,039	577,643	587,938	599,862	622,226
803	815	854	909	957	999	1,002
10,088,000	10,088,000	10,088,000	10,088,000	10,088,000	10,088,000	10,088,000
2,076,660	2,287,945	2,436,595	2,337,355	2,302,441	2,498,838	2,566,576
2,979,000	3,267,000	3,252,000	3,188,000	3,322,000	3,315,000	3,847,000
571,944	572,727	586,191	588,915	598,057	608,165	613,756

COMPLIANCE SECTION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2019

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
DEPARTMENT OF AGRICULTURE:				
<u>Direct payment:</u>				
Cooperative Law Enforcement	10.U01	N/A	\$ -	\$ 4,962
<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	-	1,302,420
Total SNAP Cluster				1,302,420
Department of Agriculture and Consumer Services:				
Child Nutrition Discretionary Grants Limited Availability	10.579	868040	-	21,703
Child Nutrition Cluster:				
Commodity Distributions	10.555	40623	-	418,046
Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	40591/40623	-	770,421
National School Lunch Program	10.555	40623	-	2,183,395
Summer Food Service Program for Children	10.559	Not provided	-	42,211
Total Child Nutrition Cluster				3,414,073
Forest Service Schools and Roads Cluster:				
Schools and Roads - Grants to States	10.665	43841	-	29,892
Total Forest Service Schools and Roads Cluster				29,892
Total Department of Agriculture				4,773,050
DEPARTMENT OF TRANSPORTATION:				
<u>Pass-through payments:</u>				
Federal Highway Administration:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	114137	-	15,782
Total Highway Planning and Construction Cluster				15,782
Department of Motor Vehicles:				
Alcohol Open Container Requirements	20.607	154AL-2019-59083-9083	-	32,195
Total Department of Transportation				47,977
SOCIAL SECURITY ADMINISTRATION:				
<u>Direct payment:</u>				
Social Security Administration:				
Reward for Incarceration Notification	96.U01	N/A	-	15,600
Total Social Security Administration				15,600

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2019

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
<u>Direct payment:</u>				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	N/A	\$ -	\$ 170,114
<u>Pass-through payments:</u>				
Department of Social Services:				
Promoting Safe and Stable Families	93.556	Not provided	-	39,763
TANF Cluster:				
Temporary Assistance to Needy Families	93.558	Not provided	-	799,278
Total TANF Cluster				799,278
Refugee and Entrant Assistance - State Administered Programs	93.566	Not provided	-	9,997
Low-Income Home Energy Assistance	93.568	Not provided	-	114,252
Child Care and Development Fund Cluster:				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	Not provided	-	112,771
Total Child Care and Development Fund Cluster				112,771
Chafee Education and Training Vouchers Program (ETV)	93.599	Not provided	-	7,480
Stephanie Tubbs Jones Child Welfare Services Program	93.645	Not provided	-	763
Foster Care - Title IV-E	93.658	Not provided	-	1,579,988
Adoption Assistance	93.659	Not provided	-	1,678,247
Social Services Block Grant	93.667	FY2019 SSBG	-	893,044
Chafee Foster Care Independence Program	93.674	Not provided	-	12,394
Children's Health Insurance Program	93.767	Not provided	-	30,995
Medicaid Cluster:				
Medical Assistance Program	93.778	Not provided	-	1,846,862
Total Medicaid Cluster				1,846,862
Total Department of Health and Human Services				7,295,948
DEPARTMENT OF JUSTICE:				
<u>Direct payments:</u>				
Joint Law Enforcement Operations	16.U01	N/A	-	4,223
State Criminal Alien Assistance Program	16.606	N/A	-	12,973
Federal Forfeiture - Equitable Sharing Program	16.922	N/A	-	14,863
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	N/A	-	23,211
				55,270
<u>Pass-through payments:</u>				
Violence Against Women Office:				
Violence Against Women Formula Grants	16.588	18-V9349VA17/19-W9349VA18	-	23,453
Department of Criminal Justice Services:				
Crime Victim Assistance - Discretionary Grants	16.575	19-V9573VW17	-	131,237
				154,690
Total Department of Justice				209,960

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2019

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
DEPARTMENT OF DEFENSE:				
<u>Direct payment:</u>				
Payments to States in Lieu of Real Estate Taxes	12.112	N/A	\$ -	\$ 488,571
Total Department of Defense				488,571
DEPARTMENT OF EDUCATION:				
<u>Pass-through payments:</u>				
Department of Education:				
Title I Grants to Local Educational Agencies	84.010	42901	-	1,810,294
Special Education Cluster:				
Special Education - Grants to States	84.027	43071 / 61135	-	2,438,082
Special Education - Preschool Grants	84.173	62521	-	64,782
Total Special Education Cluster				<u>2,502,864</u>
Adult Education - Basic Grants to States	84.002	V002A180047/STATE190002	-	264,323
Career and Technical Education - Basic Grants to States	84.048	61095	-	164,921
English Language Acquisition State Grants	84.365	60512	-	97,199
Supporting Effective Instruction State Grant	84.367	61480	-	307,903
Student Support and Academic Enrichment Program	84.424	Not provided	-	<u>40,071</u>
Total Department of Education				5,187,575
DEPARTMENT OF HOMELAND SECURITY:				
<u>Direct payment:</u>				
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	N/A	-	<u>289,918</u>
<u>Pass-through payment:</u>				
Department of Emergency Management:				
Emergency Management Performance Grants	97.042	FY18 EMPG	-	<u>19,022</u>
Total Department of Homeland Security				308,940
Total Expenditures of Federal Awards				\$ 18,327,621

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2019

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, 2019. 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. 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.

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 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 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, 2019

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.

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 \$418,046 at the time received were consumed during the year ended June 30, 2019. These commodities were included in the determination of federal awards expended during the year ended June 30, 2019.



**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, 2019, 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 22, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

PBmares, LLP

Harrisonburg, Virginia
November 22, 2019



**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, 2019. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance we considered to be material weaknesses. However, material weakness may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

PB Mares, LLP

Harrisonburg, Virginia
November 22, 2019

COUNTY OF ROCKINGHAM, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended June 30, 2019

Section I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified?	_____ Yes	<u>√</u> No
Significant deficiencies identified?	_____ Yes	<u>√</u> None Reported
Noncompliance material to financial statements noted?	_____ Yes	<u>√</u> No

Federal Awards

Internal control over major programs:

Material weaknesses identified?	_____ Yes	<u>√</u> No
Significant deficiencies identified?	_____ Yes	<u>√</u> None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported
in accordance with section 2 CFR 200.516(a)?

_____ Yes √ No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
84.010	Title I Grants to Local Educational Agencies
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

Dollar threshold used to distinguish between type A and type B programs \$ 750,000

Auditee qualified as low-risk auditee? _____ Yes √ No

Section II. FINANCIAL STATEMENT FINDINGS

No matters were reported.

Section III. FINDING AND QUESTIONED COSTS FOR FEDERAL AWARDS

No matters were reported.

COUNTY OF ROCKINGHAM, VIRGINIA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2019

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