

Annual Comprehensive Financial Report

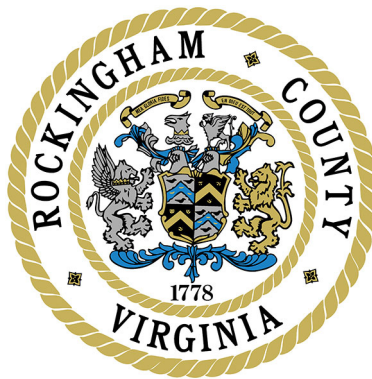


***Rockingham County, Virginia
Fiscal Year Ended June 30, 2022***



ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended June 30, 2022



Prepared by:

Department of Finance
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Harrisonburg, Virginia 22802
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www.rockinghamcountyva.gov

COUNTY OF ROCKINGHAM, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2022

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INTRODUCTORY SECTION



ROCKINGHAM COUNTY

BOARD OF SUPERVISORS

DEWEY L. RITCHIE

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

December 2, 2022

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

Members of the Board:

It is our pleasure to submit to you the Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022. The Code of the Commonwealth of Virginia requires that all local governments shall be audited annually with a report to the Governing Body. The Annual Comprehensive Financial Report fulfills this reporting requirement. The report is designed to present 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 controls that have 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 PBMares 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, 2022, 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 ACFR.

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 approximate population of 84,000. The independent city of Harrisonburg, with an approximate population of 51,500 serves as the County seat and is the largest city in western Virginia between the Roanoke and the Washington, D.C. metropolitan areas.

The County 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 ACFR.

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

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

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

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

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

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

The Board establishes a time and place for a public hearing on the budget. A hearing must be held at least seven days prior to the adoption of the budget. Except for the School's budget, which may only be increased or decreased by major category or as a whole, the Board may insert new items of expenditure or may increase, decrease or remove items of expenditure (other than debt service or other legal requirements). On April 28, 2021, the Board approved the budget for fiscal year 2022. During the fiscal year 2022, as is customary, the Board also approved supplemental budget amendments.

Local Economy

Since mid-March 2020, the County's economy has continuously recovered from the effects of the Coronavirus pandemic. The County continues to enjoy a relatively stable economy. The County has continued to see growth after the pandemic. The unemployment rate for the County in September 2022 was 2.2, as compared to the State unemployment rate of 2.6.

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 25,000 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 from cows, cattle and calves, and poultry & 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.

The health of existing businesses in the county has remained strong over the past two years. Molson-Coors, Sysco, Danone, Shenandoah Growers, Virginia Poultry Growers Cooperative, Dynamic Aviation and Interchange have all remained healthy and resilient despite the effects of the pandemic. Merck has completed its one-billion-dollar expansion for the Gardasil vaccine that was started in 2019. Also, the Italian charcuterie company Veronessi has completed phase 1 of its planned \$100 million-dollar further processing facility in the Innovation Village. These projects have resulted in more than 200 new positions being hired and substantial machinery and tools growth.

The tourism sector remains strong with Great Eastern Resorts exploring future growth opportunities in the hotel and time share market. With that in mind the company recently undertook a comprehensive master planning effort focused on its undeveloped lands to better position themselves for long term viability.

Significant events and actions during this past year include:

- American Rescue Plan Act provided \$15,917,438 in funds to provide up to \$10,000,000 in revenue loss the County experienced as a result of the Cononavirus pandemic and the remaining \$5,917,438 to be used for bringing broadband to all County citizens.
- Continued the construction of an Emergency Response Station along Route 11 just north of the City of Harrisonburg.
- Began preparations for the renovation and addition to the Elkton Emergency Response Station.
- Completed phase one of the Veronessi project, slicing and packaging sections of the building.
- Continued the phased upgrade of the County's financial management software. The Commissioner of the Revenue and Treasurer systems implementation was completed. The Landfill billing and general accounts receivable platform are in the process of being built. The remainder of the installation will continue into 2023.
- Worked with the Virginia Department of Transportation (VDOT), to complete critical road infrastructure projects:
 - Completed the Technology Drive project, constructed approximately 0.5 miles of new road to connect the existing Technology Drive in the City of Harrisonburg to Research Drive in our Innovation Village Technology Park.
 - Completed the entrance improvements at Spotswood High School.

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.
- Begin assessing space needs for the Department of Social Services.
- 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 "AAA" credit rating from one of the United States' largest credit rating agencies - Standard & Poor's. 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. Also, Fitch Ratings recognizes the County with an AA+ credit rating. These strong ratings reflect recognition by the credit ratings agency 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-eight 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
Assistant County Administrator
for Finance and Operations

COUNTY OF ROCKINGHAM, VIRGINIA

Directory of Principal Officials June 30, 2022

Board of Supervisors

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

County Administrator

Stephen G. King

School Board

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

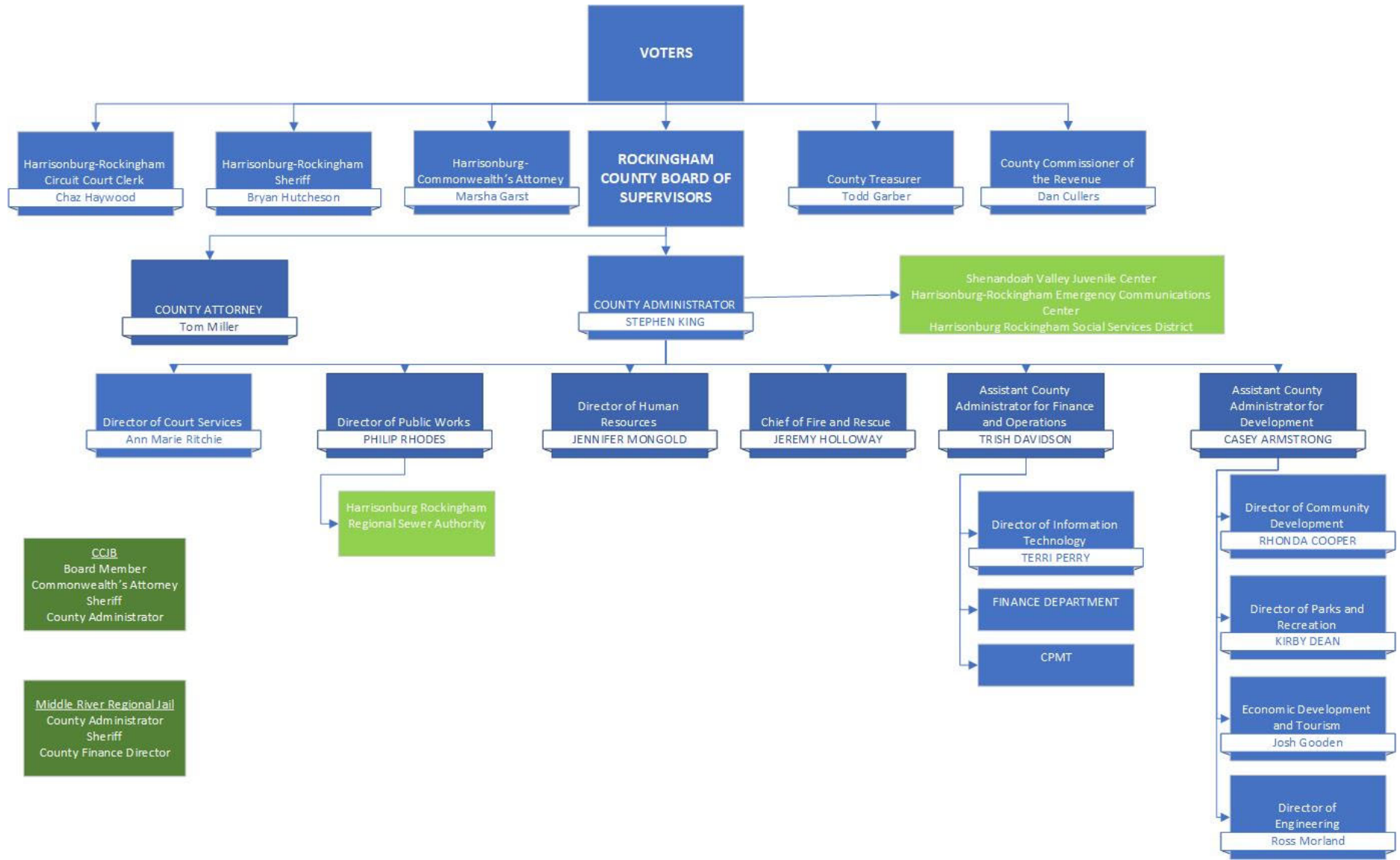
Superintendent of Schools

Dr. Oskar Scheikl

Other Officials

Casey Armstrong	Assistant County Administrator
Thomas H. Miller, Jr.	County Attorney
Dan Cullers	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





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**County of Rockingham
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

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 Audit of the Financial Statements

Opinions

We have audited 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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2022, and 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); 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. Our responsibilities under those standards and specifications are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require Management's Discussion and Analysis and the required supplementary information on pages 12-25 and 141-161, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 schedules listed in the table of contents as supplementary information, supplemental schedules, and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 supplementary information, supplemental schedules, and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections as listed in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2022 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 the effectiveness of the County's 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 County's internal control over financial reporting and compliance.

ppmpres. LLP

Harrisonburg, Virginia
December 2, 2022

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, 2022. 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 \$90,612 at June 30, 2022. Of this amount, there was \$99,160 invested in the County's capital assets, net of related debt, \$2,106 in restricted funds assets, and a deficit of \$10,654 in unrestricted funds.
- The deficit of \$10,654 in unrestricted funds is a result of recording \$73,140 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 \$70,389. Approximately 78 percent of this total amount, \$54,737 is available for spending at the government's discretion (unassigned fund balance). There is an additional \$482 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 \$54,737, which represents 38 percent of total General Fund expenditures. As mentioned above, an additional \$482, which represents 0.34 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 26-29 of this report.

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

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

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

The County maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and the General Capital Projects Fund, which are considered to be major funds and the Asset Forfeiture Fund, Tourism Funds and LLC Library Fund, 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 30-34 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 35-38 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 statements can be found on pages 39-40 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 \$90,612 at the close of the most recent fiscal year. This is an increase of \$27,563 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, \$99,160, reflects its investment in capital assets (e.g. land, easements, buildings, improvements, machinery and equipment, software, right-to-use leased assets, 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 decreased from the prior year balance of \$102,298 to \$99,160.

An additional portion of the County's net position, \$2,106, represents resources that are subject to external restrictions on how they may be used. There was an increase of \$691 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 changed primarily because of new debt issuances and increases in pension and OPEB expense from a deficit of \$40,664 to a deficit of \$10,654.

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, right-to-use leased assets, 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, 2022 and 2021

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 104,325	\$ 84,814	\$ 34,482	\$ 29,624	\$ 138,807	\$ 114,438
Capital assets, net	64,831	64,977	62,899	64,427	127,730	129,404
Total assets	169,156	149,791	97,381	94,051	266,537	243,842
Deferred outflows of resources	8,625	8,455	1,005	1,076	9,630	9,531
Other liabilities	20,064	15,943	910	1,078	20,974	17,021
Noncurrent liabilities	105,974	127,018	40,585	42,842	146,559	169,860
Total liabilities	126,038	142,961	41,495	43,920	167,533	186,881
Deferred inflows of resources	16,918	3,344	1,104	99	18,022	3,443
Net position:						
Net investment in capital assets	59,189	62,862	39,971	39,436	99,160	102,298
Restricted	2,106	1,415	-	-	2,106	1,415
Unrestricted (deficit)	(26,470)	(52,336)	15,816	11,672	(10,654)	(40,664)
Total net position	\$ 34,825	\$ 11,941	\$ 55,787	\$ 51,108	\$ 90,612	\$ 63,049

	Component Units			
	School Board		Harrisonburg- Rockingham Social Services District	
	2022	2021	2022	2021
Current and other assets	\$ 50,232	\$ 44,978	\$ 13,276	\$ 14,193
Capital assets, net	131,643	137,385	2,135	2,023
Total assets	181,875	182,363	15,411	16,216
Deferred outflows of resources	31,919	34,787	2,280	2,301
Other liabilities	24,045	23,639	3,266	2,895
Noncurrent liabilities	110,243	161,066	3,475	6,527
Total liabilities	134,288	184,705	6,741	9,422
Deferred inflows of resources	57,232	14,194	3,377	256
Net position:				
Net investment in capital assets	129,725	137,385	1,863	2,023
Restricted	-	565	-	-
Unrestricted (deficit)	(107,451)	(119,699)	5,710	6,816
Total net position	\$ 22,274	\$ 18,251	\$ 7,573	\$ 8,839

County of Rockingham, Virginia
Summary Statement of Changes in Net Position
Years Ended June 30, 2022 and 2021

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 15,223	\$ 13,756	\$ 16,634	\$ 15,173	\$ 31,857	\$ 28,929
Operating grants and contributions	15,890	19,503	3,191	2,626	19,081	22,129
Capital grants and contributions	1,150	2,856	-	-	1,150	2,856
General revenues:						
General property taxes	107,725	98,104	-	-	107,725	98,104
Other local taxes	19,107	17,243	-	-	19,107	17,243
Intergovernmental non-categorical aid	7,684	7,736	-	-	7,684	7,736
Use of money and property	(406)	716	144	165	(262)	881
Miscellaneous	2,734	2,792	338	1,952	3,072	4,744
Total revenues	169,107	162,706	20,307	19,916	189,414	182,622
Expenses:						
General government administration	7,179	9,075	-	-	7,179	9,075
Judicial administration	6,148	6,137	-	-	6,148	6,137
Public safety	45,064	34,564	-	-	45,064	34,564
Public works	4,296	3,444	15,628	15,449	19,924	18,893
Health and social services	8,404	12,235	-	-	8,404	12,235
Education	60,606	62,368	-	-	60,606	62,368
Parks, recreation and cultural	3,284	3,548	-	-	3,284	3,548
Community development	8,174	7,471	-	-	8,174	7,471
Interest	3,068	3,350	-	-	3,068	3,350
Total expenses	146,223	142,192	15,628	15,449	161,851	157,641
Change in net position	22,884	20,514	4,679	4,467	27,563	24,981
Net position, beginning	11,941	(8,573)	51,108	46,641	63,049	38,068
Net position, ending	\$ 34,825	\$ 11,941	\$ 55,787	\$ 51,108	\$ 90,612	\$ 63,049

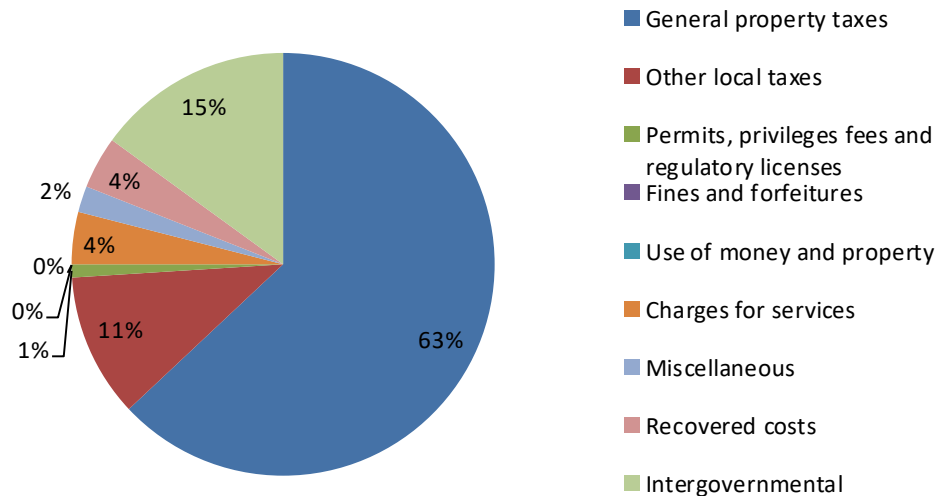
County of Rockingham, Virginia
Summary Statement of Changes in Net Position (Continued)
Years Ended June 30, 2022 and 2021

	Component Units			
	School Board		Harrisonburg-Rockingham Social Services District	
	2022	2021	2022	2021
Revenues:				
Program revenues:				
Charges for services	\$ 1,002	\$ 750	\$ -	\$ -
Operating grants and contributions	105,446	92,136	22,335	20,063
Capital grants and contributions	1,109	757	-	-
General revenues:				
Grants and contributions not restricted to specific programs	60,606	60,327	9,475	9,281
Intergovernmental non-categorical aid	65	67	-	-
Use of money and property	25	37	13	23
Miscellaneous	420	213	50	51
Total revenues	168,673	154,287	31,873	29,418
Expenses:				
Health and social services	-	-	33,125	26,967
Education	164,507	159,534	-	-
Interest	143	-	14	-
Total expenses	164,650	159,534	33,139	26,967
Change in net position	4,023	(5,247)	(1,266)	2,451
Net position, beginning	18,251	23,498	8,839	6,388
Net position, ending	\$ 22,274	\$ 18,251	\$ 7,573	\$ 8,839

Governmental activities. Governmental activities decreased the County’s net position by \$22,884 compared to a decrease in the County’s net position by \$20,514 in fiscal year 2021. Key factors for this change are as follows:

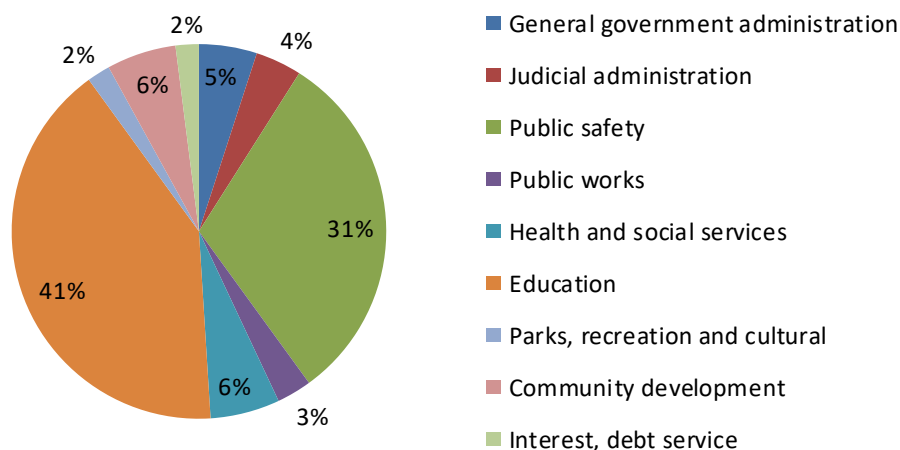
Total revenues increased \$6,401 (from \$162,706 to \$169,107) compared to last year. Tax revenues increased primarily due to an increase in general property taxes of \$9,621, primarily as a result of an increase in real property tax values tax due to the reassessment of real property. Local sales and use tax also increase of \$691. Revenues by source are shown in the chart below. Revenues from general property taxes make up 63 percent of total revenues.

Revenues by Source - Governmental Activities



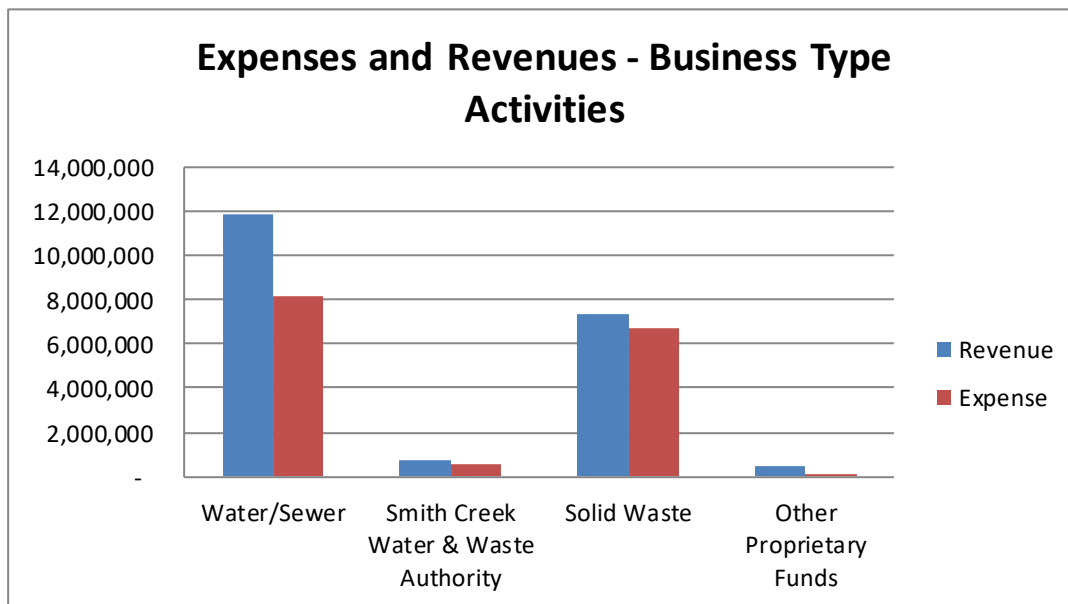
Total expenses increased by \$4,031 (from \$142,192 to \$146,223) compared to last year. The local transfer to Education in the amount of \$60,606 makes up 41 percent of total Governmental activities with Public Safety coming in second at 31 percent of the total.

Expenditures by Type - Governmental Activities



A detailed explanation of the key components for the revenue and expense changes is outlined on pages 19-20 under the Financial Analysis of the Government’s Funds.

Business-type activities. Business-type activities increased the County’s net position by \$4,679 compared to an increase of \$4,467 last fiscal year. Each of these businesses is monitored on a regular basis to assure that they are operating as a self-sustaining enterprise.



Component Unit – School Board. The School Board’s net position increased by \$4,023 this fiscal year compared to a decrease of \$5,247 in fiscal year 2021. Key elements of this increase are as follows:

1. Revenues increased by \$14,386 (from \$154,287 to \$168,673) primarily due to increase in the school food program funds received from the Commonwealth.
2. Expenses also increased by a total of \$5,116 (from \$159,534 to \$164,650) due to increased expenses related to instruction.
3. Included in 2022 expenses are depreciation and amortization totaling \$10,968, 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 \$70,389, an increase of \$17,494 in comparison with the prior year.

Approximately 78 percent of this total amount \$54,737 constitutes unassigned general fund balance, which is available for spending at the government’s discretion. In addition, another 1% percent of this total amount \$482 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 \$54,737 while total fund balance reached \$58,714. 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 38 percent of total General Fund expenditures, while total fund balance represents 41 percent of that same amount.

The fund balance of the County's General Fund increased \$16,575 during the current fiscal year compared to an increase of \$604 for fiscal year 2021. This \$16,575 increase is better than the original budget, which projected a \$2,668 decrease, and the final budget projecting a \$8,745 decrease. The key factors influencing these results are as follows:

- Total revenue was \$6,451 higher than last year. The key components with changes were:
 - General property tax revenue was \$6,163 higher than the final budget and \$9,584 over last year primarily as a result of an increase in real property tax values due to the reassessment of real property.
 - Other local taxes were \$4,241 higher than the final budget and \$1,769 higher than last year primarily due to an increase in local sales and use tax and food and beverage tax.
 - Charges for services were \$1,431 higher than last fiscal year due to the recovery of court services and recreation programs, due to the restart of programs after the coronavirus pandemic.
 - Total use of money and property were \$1,241 lower than the final budget and \$1,104 lower than last year.
 - Intergovernmental revenue was also lower than last fiscal year by \$6,349 due to the funding received during the coronavirus recovery programs.
- Total expenditures decreased by \$10,293 compared to last year. The key components with changes were:
 - General government administration decreased \$784 compared to the prior fiscal year total of \$7,416 due to the fluctuation in reassessment expenses.
 - Public safety increased \$2,350 compared to the prior fiscal year total of \$38,431 due to the increase in fire and rescue and sheriff personnel expenses.
 - Health and social services decreased \$3,827 compared to the prior fiscal year total of \$12,275 primarily due to the county's contribution to the construction of a new community services board building in fiscal year 2021.
 - Education decreased \$1,762 compared to the prior fiscal year total of \$62,368 due to an increase in state and federal funding provided for education expenses.
 - Community development decreased \$2,546 compared to prior fiscal year total of \$6,396 due to contributions and grants received during fiscal year 2021.
 - Principal and interest increased \$4,305 compared to the prior fiscal year total of \$15,427 due to the early retirement of debt on the SRI building in the County Industrial Park during fiscal year 2021.

The General Capital Projects Fund has a total fund balance of \$9,568, of which the majority is committed to specified future capital outlays or assigned to unspecified future capital outlays. The County had capital outlays of \$7,140 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 \$4,679 this fiscal year to \$55,787. The largest portion of the net position, \$39,971, 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

The General Fund's original budgeted appropriations amounted to \$149,767; the final amended General Fund budget was \$154,635 representing an increase of \$7,821. The most notable amendment to the budget is an increase of \$4,931 of CARES funding.

Total revenues were \$11,610 over the final budgeted amounts. General property taxes accounted for \$6,163 of the overage and other local taxes accounted for \$4,241 due to an increase in real property and sales taxes received for the fiscal year.

Total expenditures were \$13,709 under the final budgeted amount of \$157,402 and the key factors were:

- The appropriation to the Rockingham County School Board for general operations was less than the final budget by \$7,796. The funds were unspent due to the increase in state and federal funding provided to the school system.
- Public Safety was \$3,095 less than budgeted primarily due to an appropriation of funds for the CARES funding.
- Parks, recreation and cultural was \$506 less than budgeted primarily due to the inability to host recreational activities due to the Coronavirus pandemic.
- 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, 2022, amounted to \$127,730 (net of accumulated depreciation and amortization). This investment in capital assets includes land, easements, construction in progress, buildings, improvements, machinery and equipment, right-to-use leased buildings and improvements, and software. The County's investment in capital assets for the current fiscal year increased to \$127,730 compared to \$129,404 last year.

County of Rockingham, Virginia
Summary Statement of Capital Assets
June 30, 2022 and 2021

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Non-depreciable assets:						
Land	\$ 4,331	\$ 4,583	\$ 3,520	\$ 3,520	\$ 7,851	\$ 8,103
Easements	-	-	227	227	227	227
Construction in progress	1,816	1,382	207	1,020	2,023	2,402
Depreciable capital assets:						
Buildings	56,586	56,050	1,661	1,661	58,247	57,711
Right-to-use leased buildings and improvements	662	-	-	-	662	-
Improvements	31,483	30,615	96,813	95,457	128,296	126,072
Machinery and equipment	25,762	22,352	6,953	6,243	32,715	28,595
Software	1,117	1,117	-	-	1,117	1,117
Accumulated depreciation and amortization	(56,926)	(51,122)	(46,482)	(43,701)	(103,408)	(94,823)
Capital assets, net	\$ 64,831	\$ 64,977	\$ 62,899	\$ 64,427	\$ 127,730	\$ 129,404

The key changes in capital assets were:

A decrease to land under Governmental Activities of \$252 resulting from a transfer of property located at the Innovation Village @ Rockingham.

A net increase to construction in progress under Governmental Activities of \$434 was comprised of a decrease of \$1,260 due to the reclassification to machinery and equipment for the purchase of a ladder truck for the Port Road Emergency station; a decrease of \$122 due to the reclassification to improvements for a lighting upgrade at the Jail and the following increases: \$1,150 for the construction of a new emergency response station on the north end of the County; \$536 for the construction of a maintenance building; and \$130 for HVAC upgrades.

An increase to buildings under Governmental Activities of \$536 for the Elkton Emergency Squad Building.

An increase to right-to-use leased buildings and improvements under Governmental Activities of \$662 for the lease of a building by the RUSH Task Force and parking spaces for the Jail.

A total increase to improvements under Governmental Activities of \$868 for the following: \$431 for water and sewer line extensions at Innovation Village @ Rockingham; \$315 for the District Courts renovation; and \$122 for a lighting upgrade at the Jail.

A net increase to machinery and equipment under Governmental Activities of \$3,410 was comprised of a decrease of \$50 due to the disposal of 2 vehicles and the following increases: \$1,377 for purchase of a ladder truck for the Port Road Emergency station; \$1,280 for the purchase of an additional ladder truck and pumper; \$536 for the purchase of 16 vehicles; and \$267 for various other equipment.

A decrease to construction in progress under Business-type Activities of \$813 due to the reclassification to improvements for the Montevideo Pump Station upgrade.

A total increase to improvements under Business-type Activities of \$1,356 for the following: \$1,285 for the Montevideo Pump Station upgrade and \$71 for the Donnagail sewer line replacement.

A net increase to machinery and equipment under Business-type Activities of \$710 was comprised of a decrease of \$317 for the disposal of a wheel loader and dozer and the following increases: \$814 for the purchases of a dozer, roll-off truck, loader and compactor at the landfill; \$125 for the purchase of 4 vehicles; and \$88 for a dewatering pump.

County of Rockingham, Virginia
Summary Statement of Capital Assets (Continued)
June 30, 2022 and 2021

	Component Units			
	School Board		Harrisonburg-Rockingham Social Services District	
	2022	2021	2022	2021
Non-depreciable assets:				
Land	\$ 5,470	\$ 5,470	\$ 202	\$ 202
Easements	37	37	-	-
Construction in progress	805	92	-	-
Depreciable capital assets:				
Buildings	181,593	181,593	501	501
Right-to-use leased buildings and improvements	-	-	317	-
Improvements	92,821	92,264	2,119	2,119
Machinery and equipment	41,006	40,159	69	69
Right-to-use leased machinery & equipment	3,109	-	-	-
Accumulated depreciation and amortization	(193,198)	(182,230)	(1,073)	(868)
Capital assets, net	\$ 131,643	\$ 137,385	\$ 2,135	\$ 2,023

The key changes in capital assets were:

An increase to construction in progress for the component unit School Board of \$713 was comprised of \$219 for HVAC updates at various elementary/middle schools; \$156 for a maintenance building; \$143 for renovations at Broadway High School; \$112 for structural upgrades at Massanutten Technical Center; and \$83 for HVAC upgrades at Spotswood High School.

An increase to improvements for the component unit School Board of \$557 was comprised of \$491 for HVAC upgrades at various high schools and elementary schools; \$39 for the Media Center upgrade at Pence Middle School; and \$27 for a service ramp at the Central Office.

An increase in machinery and equipment for the component unit School Board of \$847 was comprised of \$483 for the purchase of 5 school buses; \$119 for custodial equipment; \$114 for HVAC equipment at Lacey Spring Elementary School and the Central Office; \$60 for maintenance equipment; \$43 for bleachers at Turner Ashby High School; and \$28 for a garage door at Massanutten Technical Center.

An increase to right-to-use leased machinery and equipment for the component unit School Board of \$3,109 was for the lease of Chromebooks.

An increase to right-to-use leased buildings and improvements for the component unit Harrisonburg-Rockingham Social Services District of \$317 was for the lease of the Bridgeport Building basement.

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 \$87,361. 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, 2022 and 2021

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ 81,015	\$ 87,869	\$ -	\$ -	\$ 81,015	\$ 87,869
Unamortized premiums	6,346	6,933	2,479	2,682	8,825	9,615
Lease revenue refunding bonds	1,590	2,115	-	-	1,590	2,115
Lease payable	627	-	-	-	627	-
Notes from direct borrowings and direct placements	3,434	5,095	-	-	3,434	5,095
Revenue bonds	-	-	20,701	22,610	20,701	22,610
Landfill obligation	-	-	16,116	15,132	16,116	15,132
Compensated absences	1,318	1,239	186	178	1,504	1,417
Net pension liability	4,639	17,766	394	1,623	5,033	19,389
Other postemployment benefits	7,005	6,001	709	617	7,714	6,618
	<u>\$ 105,974</u>	<u>\$ 127,018</u>	<u>\$ 40,585</u>	<u>\$ 42,842</u>	<u>\$ 146,559</u>	<u>\$ 169,860</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 2022 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
84,394	\$13,170,369,048	\$ 87,360,723	0.66%	\$ 1,035

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

Economic Factors and Next Year's Budget and Rates

- The unemployment rate for September 2022 in Rockingham County was 2.2 percent, which is lower than the 6.9 percent rate a year ago. This is lower than the Virginia statewide unemployment rate of 2.6 percent and the United States national average of 3.5 percent.
- Fiscal year 2023 General Fund revenue is budgeted to increase by \$16,784 to \$167,778 in comparison to the fiscal year 2022 Adopted Budget of \$150,994.
- 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 2023 General Fund expenditures are budgeted to increase \$16,784 to \$167,778 in comparison to the fiscal year 2022 Adopted Budget of \$150,994.
- The unassigned fund balance in the General Fund at fiscal year-end was \$58,714. The County has appropriated \$4,623 of this amount for spending in the fiscal year 2023 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 2023.

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, 2022

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Totals	School Board	Harrisonburg- Rockingham Social Services District	Nonmajor
ASSETS						
Cash and cash equivalents	\$ 60,860,578	\$ 21,434,910	\$ 82,295,488	\$ 23,481,048	\$ 5,190,262	\$ 46,100
Investments	26,801,257	9,950,772	36,752,029	10,794,133	2,409,541	12,568
Receivables, net:						
Property taxes	4,513,698	-	4,513,698	-	-	-
Utility taxes	176,270	-	176,270	-	-	-
Trade and other accounts	2,538,469	1,901,816	4,440,285	248,159	69,847	14,634
Leases	686,499	-	686,499	-	-	-
Accrued interest	57,944	86,822	144,766	16,951	5,299	28
Due from other governments	8,751,321	-	8,751,321	7,423,099	5,425,438	-
Internal balances	(844,312)	844,312	-	-	-	-
Prepaid items	718,997	62,934	781,931	4,005,431	175,335	-
Inventory	64,137	200,581	264,718	245,411	-	-
Net pension asset	-	-	-	4,018,291	-	-
Capital assets, net of accumulated depreciation and amortization:						
Land	4,331,159	3,519,940	7,851,099	5,469,535	202,036	-
Easements	-	227,156	227,156	36,654	-	-
Buildings and improvements	56,586,225	1,661,099	58,247,324	181,593,458	500,979	-
Right-to-use leased buildings and improvements	661,710	-	661,710	-	317,394	-
Improvements other than buildings	31,483,339	96,812,923	128,296,262	92,820,786	2,119,334	-
Machinery and equipment	25,761,892	6,952,959	32,714,851	41,005,552	69,484	-
Right-to-use leased machinery & equipment	-	-	-	3,109,391	-	-
Software	1,116,715	-	1,116,715	-	-	-
Construction in progress	1,815,980	206,728	2,022,708	804,860	-	-
Less accumulated depreciation and amortization	(56,925,666)	(46,482,257)	(103,407,923)	(193,197,453)	(1,073,897)	-
Total assets	169,156,212	97,380,695	266,536,907	181,875,306	15,411,052	73,330
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charge on refunding	-	251,928	251,928	-	-	-
Pension plan	7,168,982	608,949	7,777,931	25,779,490	1,879,667	-
Other postemployment benefits	1,456,307	143,796	1,600,103	6,139,200	400,526	-
Total deferred outflows of resources	8,625,289	1,004,673	9,629,962	31,918,690	2,280,193	-

LIABILITIES						
Accounts payable	\$ 2,754,074	\$ 403,895	\$ 3,157,969	\$ 1,700,980	\$ 2,771,139	\$ -
Accrued payroll	2,048,700	177,423	2,226,123	18,511,126	494,812	-
Accrued liabilities	421,537	-	421,537	-	-	-
Accrued interest	1,540,211	272,740	1,812,951	-	-	-
Unearned revenue	12,649,681	20,234	12,669,915	1,997,703	-	-
Due to primary government	-	-	-	-	273	-
Insurance and benefit claims	582,344	-	582,344	1,747,033	-	-
Due to other governments	67,663	35,830	103,493	88,242	-	-
Noncurrent liabilities:						
Due within one year:						
Bonds payable	7,109,991	1,856,653	8,966,644	-	-	-
Leases payable	36,073	-	36,073	873,625	47,867	-
Lease revenue refunding bonds	530,000	-	530,000	-	-	-
Private placement notes	1,349,857	-	1,349,857	-	-	-
Compensated absences	868,373	102,194	970,567	2,817,113	25,303	-
Due in more than one year:						
Bonds payable, net	80,250,732	21,322,873	101,573,605	-	-	-
Leases payable	591,168	-	591,168	1,044,528	224,659	-
Lease revenue refunding bonds	1,060,000	-	1,060,000	-	-	-
Private placement notes	2,084,503	-	2,084,503	-	-	-
Landfill obligation	-	16,115,468	16,115,468	-	-	-
Compensated absences	449,107	83,954	533,061	1,585,863	12,304	-
Net pension liability	4,638,836	394,033	5,032,869	62,766,195	1,216,277	-
Other postemployment benefits	7,005,303	709,225	7,714,528	41,154,952	1,948,282	-
Total liabilities	126,038,153	41,494,522	167,532,675	134,287,360	6,740,916	-
DEFERRED INFLOWS OF RESOURCES						
Property taxes collected in advance	3,409,299	-	3,409,299	-	-	-
Pension plan	11,658,252	990,277	12,648,529	51,851,277	3,056,728	-
Other postemployment benefits	1,179,032	113,355	1,292,387	5,381,112	320,487	-
Leases related	671,393	-	671,393	-	-	-
Total deferred inflows of resources	16,917,976	1,103,632	18,021,608	57,232,389	3,377,215	-
NET POSITION						
Net investment in capital assets	59,189,113	39,970,950	99,160,063	129,724,630	1,862,804	-
Restricted:						
Judicial administration	91,431	-	91,431	-	-	-
Public safety	176,559	-	176,559	-	-	-
Parks, recreation and cultural	29,033	-	29,033	-	-	-
Community development	1,809,230	-	1,809,230	-	-	-
Unrestricted (deficit)	(26,469,994)	15,816,264	(10,653,730)	(107,450,383)	5,710,310	73,330
Total net position	\$ 34,825,372	\$ 55,787,214	\$ 90,612,586	\$ 22,274,247	\$ 7,573,114	\$ 73,330

See Notes to Financial Statements.

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF ACTIVITIES Year Ended June 30, 2022

					Net (Expense) Revenue and Changes in Net Position						
								Component Units			
					Primary Government			Harrisonburg-Rockingham			
								Social Services			
								District			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals	School Board	Social Services District	Nonmajor Discretely Presented	
Primary Government:											
Governmental activities:											
General government administration	\$ 7,179,365	\$ 3,086	\$ 512,431	\$ -	\$ (6,663,848)	\$ -	\$ (6,663,848)	\$ -	\$ -	\$ -	
Judicial administration	6,148,272	1,933,131	2,944,500	-	(1,270,641)	-	(1,270,641)	-	-	-	
Public safety	45,063,512	10,812,341	11,924,666	-	(22,326,505)	-	(22,326,505)	-	-	-	
Public works	4,295,667	1,663,956	-	1,150,000	(1,481,711)	-	(1,481,711)	-	-	-	
Health and social services	8,403,591	163,484	328,314	-	(7,911,793)	-	(7,911,793)	-	-	-	
Education	60,605,742	-	-	-	(60,605,742)	-	(60,605,742)	-	-	-	
Parks, recreation and cultural	3,284,171	647,434	180,000	-	(2,456,737)	-	(2,456,737)	-	-	-	
Community development	8,174,277	-	-	-	(8,174,277)	-	(8,174,277)	-	-	-	
Interest	3,067,899	-	-	-	(3,067,899)	-	(3,067,899)	-	-	-	
Total governmental activities	146,222,496	15,223,432	15,889,911	1,150,000	(113,959,153)	-	(113,959,153)	-	-	-	
Business-type activities:											
Water and sewer	8,887,478	9,574,801	3,156,685	-	-	3,844,008	3,844,008	-	-	-	
Solid waste	6,740,579	7,059,640	33,754	-	-	352,815	352,815	-	-	-	
Total business-type activities	15,628,057	16,634,441	3,190,439	-	-	4,196,823	4,196,823	-	-	-	
Total primary government	\$ 161,850,553	\$ 31,857,873	\$ 19,080,350	\$ 1,150,000	(113,959,153)	4,196,823	(109,762,330)	-	-	-	
Component Units:											
Rockingham County School Board:											
Education:											
Instruction	\$ 127,281,801	\$ 869,337	\$ 97,805,129	\$ 1,109,034	-	-	-	(27,498,301)	-	-	
Administration, attendance and health	6,734,274	-	-	-	-	-	-	(6,734,274)	-	-	
Pupil transportation services	9,959,024	-	-	-	-	-	-	(9,959,024)	-	-	
Operation and maintenance services	14,613,059	-	-	-	-	-	-	(14,613,059)	-	-	
School food services	5,918,740	132,385	7,640,782	-	-	-	-	1,854,427	-	-	
Interest	142,721	-	-	-	-	-	-	(142,721)	-	-	
Total school board	164,649,619	1,001,722	105,445,911	1,109,034	-	-	-	(57,092,952)	-	-	

Harrisonburg-Rockingham Social
Services District:

Social Services:

Public assistance	\$ 7,840,953	\$ -	\$ 5,454,244	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,386,709)	\$ -
Children's services	12,719,836	-	8,081,101	-	-	-	-	-	(4,638,735)	-
Administration:										
Health and human services	12,518,037	-	8,753,651	-	-	-	-	-	(3,764,386)	-
VJCCA	45,928	-	45,928	-	-	-	-	-	-	-
Interest	13,632	-	-	-	-	-	-	-	(13,632)	-
Total social services district	33,138,386	-	22,334,924	-	-	-	-	-	(10,803,462)	-

Economic Development Authority:

Economic development	854,895	18,635	175	852,694	-	-	-	-	-	16,609
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Total component units	\$ 198,642,900	\$ 1,020,357	\$ 127,781,010	\$ 1,961,728	-	-	-	(57,092,952)	(10,803,462)	16,609
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General revenues:

Taxes:

General property taxes	107,724,600	-	107,724,600	-	-	-
Other local taxes:						
Local sales and use	9,829,852	-	9,829,852	-	-	-
Consumer utility	1,801,969	-	1,801,969	-	-	-
Motor vehicle licenses	1,396,287	-	1,396,287	-	-	-
Food and beverage	2,171,602	-	2,171,602	-	-	-
Recordation & Wills	1,807,256	-	1,807,256	-	-	-
Other	2,099,610	-	2,099,610	-	-	-
Grants and contributions not restricted to specific programs	-	-	-	60,605,742	9,474,506	-
Intergovernmental, non-categorical aid	7,683,674	-	7,683,674	65,439	-	-
Use of money and property	(405,807)	144,327	(261,480)	25,392	12,888	116
Miscellaneous	2,734,038	337,887	3,071,925	419,772	50,291	-

Total general revenues	136,843,081	482,214	137,325,295	61,116,345	9,537,685	116
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Change in net position	22,883,928	4,679,037	27,562,965	4,023,393	(1,265,777)	16,725
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Net position, beginning	11,941,444	51,108,177	63,049,621	18,250,854	8,838,891	56,605
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Net position, ending	<u>\$ 34,825,372</u>	<u>\$ 55,787,214</u>	<u>\$ 90,612,586</u>	<u>\$ 22,274,247</u>	<u>\$ 7,573,114</u>	<u>\$ 73,330</u>
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COUNTY OF ROCKINGHAM, VIRGINIA

BALANCE SHEET – GOVERNMENTAL FUNDS June 30, 2022

	General	General Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 48,449,390	\$ 7,898,615	\$ 1,286,289	\$ 57,634,294
Investments	20,996,510	3,666,876	597,151	25,260,537
Receivables, net:				
Property taxes	4,513,698	-	-	4,513,698
Utility taxes	176,270	-	-	176,270
Trade and other accounts	1,684,326	620,406	231,231	2,535,963
Leases	686,499	-	-	686,499
Accrued interest	45,194	7,920	1,385	54,499
Due from other governments	4,609,078	-	65,000	4,674,078
Prepaid items	717,718	-	1,279	718,997
Inventory	64,137	-	-	64,137
Total assets	\$ 81,942,820	\$ 12,193,817	\$ 2,182,335	\$ 96,318,972
LIABILITIES				
Accounts payable	\$ 1,270,618	\$ 1,360,410	\$ 10,445	\$ 2,641,473
Due to other government	67,663	-	-	67,663
Accrued payroll	2,043,337	-	5,363	2,048,700
Accrued liabilities	-	421,537	-	421,537
Advances from other funds	-	844,312	-	844,312
Unearned revenue	11,924,791	-	58,995	11,983,786
Total liabilities	15,306,409	2,626,259	74,803	18,007,471
DEFERRED INFLOWS OF RESOURCES				
Property taxes collected in advance	3,409,299	-	-	3,409,299
Unavailable revenue - property taxes	3,841,727	-	-	3,841,727
Leases related	671,393	-	-	671,393
Total deferred inflows of resources	7,922,419	-	-	7,922,419
FUND BALANCES				
Nonspendable:				
Prepaid items	717,718	-	1,279	718,997
Inventory	64,137	-	-	64,137
Restricted for:				
Judicial administration	-	-	91,431	91,431
Public safety	-	-	176,559	176,559
Parks, recreation and cultural	-	-	29,033	29,033
Community development	-	-	1,809,230	1,809,230
Committed to:				
General government administration	3,013,587	3,371,148	-	6,384,735
Judicial administration	14,350	-	-	14,350
Public safety	87,741	5,037,534	-	5,125,275
Public works	64,067	250,000	-	314,067
Parks, recreation and cultural	14,914	427,008	-	441,922
Assigned to:				
Capital outlay	-	481,868	-	481,868
Unassigned:				
General fund	54,737,478	-	-	54,737,478
Total fund balances	58,713,992	9,567,558	2,107,532	70,389,082
Total liabilities, deferred inflows of resources and fund balances	\$ 81,942,820	\$ 12,193,817	\$ 2,182,335	\$ 96,318,972

COUNTY OF ROCKINGHAM, VIRGINIA

RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION June 30, 2022

	Governmental Funds	
Total fund balances - total governmental funds	\$	70,389,082
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	\$	121,757,020
Less accumulated depreciation and amortization		(56,925,666)
Net capital assets		64,831,354
Unavailable revenue represents amounts that were not available to fund current expenditures and, therefore, is not reported as revenue in the governmental funds.		
		3,841,727
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		7,168,982
Other postemployment benefits		1,456,307
		8,625,289
Internal Service Funds are used by management to charge the costs of goods provided to other departments or funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		
		3,412,115
Long-term due from other government - pension		
		2,370,891
Long-term due from other government - other postemployment benefits		
		1,706,352
Long-term liabilities, including bonds payable, are not due and payable in the funds.		
General obligation bonds, including unamortized premiums	(87,360,723)	
Lease revenue refunding bonds	(1,590,000)	
Private placement notes	(3,434,360)	
Leases payable	(627,241)	
Compensated absences	(1,317,480)	
Interest payable	(1,540,211)	
Other postemployment benefits	(7,005,303)	
Net pension liability	(4,638,836)	
		(107,514,154)
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	(11,658,252)	
Other postemployment benefits	(1,179,032)	
		(12,837,284)
Net position of governmental activities	\$	34,825,372

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS Year Ended June 30, 2022

	General	General Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
General property taxes	\$ 107,460,311	\$ -	\$ -	\$ 107,460,311
Other local taxes	18,147,087	-	959,489	19,106,576
Permits, privilege fees and regulatory licenses	1,597,855	-	-	1,597,855
Fines and forfeitures	164,458	-	42,448	206,906
Use of money and property	(439,314)	21,135	3,762	(414,417)
Charges for services	6,365,249	-	-	6,365,249
Miscellaneous	2,670,901	40,372	22,765	2,734,038
Recovered costs	6,900,376	178,152	-	7,078,528
Intergovernmental	23,378,503	1,150,000	195,082	24,723,585
Total revenues	166,245,426	1,389,659	1,223,546	168,858,631
Expenditures:				
Current:				
General government administration	6,632,183	-	-	6,632,183
Judicial administration	5,662,705	-	18,247	5,680,952
Public safety	40,780,471	-	40,197	40,820,668
Public works	3,883,373	-	-	3,883,373
Health and social services	8,448,246	-	-	8,448,246
Education	60,605,742	-	-	60,605,742
Parks, recreation and cultural	2,708,298	-	63,831	2,772,129
Community development	3,849,850	-	410,400	4,260,250
Capital outlays	-	7,139,745	-	7,139,745
Debt service:				
Principal	7,324,771	-	-	7,324,771
Interest and fiscal charges	3,797,610	25,733	-	3,823,343
Total expenditures	143,693,249	7,165,478	532,675	151,391,402
Excess (deficiency) of revenues over (under) expenses	22,552,177	(5,775,819)	690,871	17,467,229
Other financing sources (uses):				
Transfers in	27,039	6,004,500	-	6,031,539
Transfers out	(6,004,500)	-	-	(6,004,500)
Other financing sources (uses), net	(5,977,461)	6,004,500	-	27,039
Net change in fund balances	16,574,716	228,681	690,871	17,494,268
Fund balance, beginning	42,139,276	9,338,877	1,416,661	52,894,814
Fund balance, ending	\$ 58,713,992	\$ 9,567,558	\$ 2,107,532	\$ 70,389,082

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, 2022

	Governmental Funds	
Net change in fund balances - total governmental funds	\$	17,494,268
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.		
Expenditures for capital assets	\$	4,762,243
Less depreciation and amortization expense		(5,853,724)
Excess of depreciation and amortization over capital outlays		(1,091,481)
The net effect of miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to increase net position.		284,297
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Unavailable revenue		239,183
Long-term due from other government - pension		(4,112,858)
Long-term due from other government - other postemployment benefits		168,849
		(3,704,826)
The issuance of long-term debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Principal repayments:		
General obligation bonds		6,765,302
General obligation bonds - payments recorded in health and social services		88,333
Lease revenue refunding bonds		525,000
Leases payable		34,469
Private placement notes - payments recorded in public safety		1,660,624
		9,073,728
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		168,341
Compensated absences		(78,206)
Changes in OPEB liabilities and related deferred outflows and inflows of resources		(378,982)
Amortization of premium		587,103
Changes in pension liabilities and related deferred outflows and inflows of resources		757,932
		1,056,188
Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The net loss of the Internal Service Funds are reported with governmental activities.		
Total revenues		7,881,923
Total expenses		(8,110,169)
		(228,246)
Change in net position of governmental activities	\$	22,883,928

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND Year Ended June 30, 2022

	General Fund			Variance with Final Budget Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
General property taxes	\$ 101,297,000	\$ 101,297,000	\$ 107,460,311	\$ 6,163,311
Other local taxes	13,906,500	13,906,500	18,147,087	4,240,587
Permits, privilege fees and regulatory licenses	1,442,750	1,442,750	1,597,855	155,105
Fines and forfeitures	114,403	114,403	164,458	50,055
Use of money and property	801,272	801,272	(439,314)	(1,240,586)
Charges for services	5,641,900	5,641,900	6,365,249	723,349
Miscellaneous	160,000	210,910	2,670,901	2,459,991
Recovered costs	6,623,951	6,702,022	6,900,376	198,354
Intergovernmental	19,779,525	24,518,207	23,378,503	(1,139,704)
Total revenues	149,767,301	154,634,964	166,245,426	11,610,462
Expenditures:				
Current:				
General government administration	7,178,020	7,297,955	6,632,183	(665,772)
Judicial administration	6,134,874	6,470,191	5,662,705	(807,486)
Public safety	37,869,050	43,875,899	40,780,471	(3,095,428)
Public works	4,157,379	4,270,967	3,883,373	(387,594)
Health and social services	7,450,068	8,449,168	8,448,246	(922)
Education	68,366,510	68,401,510	60,605,742	(7,795,768)
Parks, recreation and cultural	3,177,151	3,214,251	2,708,298	(505,953)
Community development	4,337,762	4,250,027	3,849,850	(400,177)
Debt service:				
Principal	7,370,990	7,435,388	7,324,771	(110,617)
Interest and fiscal charges	3,736,812	3,736,812	3,797,610	60,798
Total expenditures	149,778,616	157,402,168	143,693,249	(13,708,919)
Excess (deficiency) of revenues over (under) expenditures	(11,315)	(2,767,204)	22,552,177	25,319,381
Other financing sources (uses):				
Transfers in	-	27,039	27,039	-
Transfers out	(2,657,000)	(6,004,500)	(6,004,500)	-
Total other financing uses, net	(2,657,000)	(5,977,461)	(5,977,461)	-
Net change in fund balance	(2,668,315)	(8,744,665)	16,574,716	25,319,381
Fund balance, beginning	2,668,315	8,744,665	42,139,276	33,394,611
Fund balance, ending	\$ -	\$ -	\$ 58,713,992	\$ 58,713,992

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF NET POSITION – PROPRIETARY FUNDS June 30, 2022

	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	\$ 10,612,770	\$ 184,437	\$ 9,704,952	\$ 932,751	\$ 21,434,910	\$ 13,402,122
Investments	1,468,215	25,516	1,342,554	129,042	2,965,327	1,836,536
Trade and other accounts receivable, net	780,371	78,199	1,022,106	21,140	1,901,816	10,022
Accrued interest	75,701	181	10,017	923	86,822	13,778
Advances to other funds	256,065	-	-	-	256,065	-
Prepaid items	27,235	-	35,223	476	62,934	-
Inventory	200,581	-	-	-	200,581	-
Total current assets	13,420,938	288,333	12,114,852	1,084,332	26,908,455	15,262,458
Noncurrent assets:						
Investments	3,458,687	60,108	3,162,668	303,982	6,985,445	4,326,344
Advances to other funds	2,345,328	-	-	-	2,345,328	-
Capital assets:						
Land	397,328	-	2,166,225	956,387	3,519,940	-
Easements	206,525	-	-	20,631	227,156	-
Buildings and improvements	821,784	-	839,315	-	1,661,099	-
Improvements other than buildings	48,412,453	6,616,233	39,872,390	1,911,847	96,812,923	-
Machinery and equipment	1,252,104	277,028	5,394,935	28,892	6,952,959	-
Construction in progress	-	-	-	206,728	206,728	-
Less accumulated depreciation and amortization	(19,513,418)	(2,681,687)	(23,681,778)	(605,374)	(46,482,257)	-
Total capital assets, net of accumulated depreciation and amortization	31,576,776	4,211,574	24,591,087	2,519,111	62,898,548	-
Total noncurrent assets	37,380,791	4,271,682	27,753,755	2,823,093	72,229,321	4,326,344
Total assets	50,801,729	4,560,015	39,868,607	3,907,425	99,137,776	19,588,802
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charge on refunding	251,928	-	-	-	251,928	-
Pension plan	277,155	-	331,794	-	608,949	-
Other postemployment benefits	63,830	-	79,361	605	143,796	-
Total deferred outflows of resources	592,913	-	411,155	605	1,004,673	-
LIABILITIES						
Current liabilities:						
Accounts payable and deposits	241,623	17,943	142,228	2,101	403,895	450,402
Due to other governments	3,419	25,278	5,359	1,774	35,830	-
Compensated absences	49,827	-	52,367	-	102,194	-
Accrued payroll	73,743	-	102,265	1,415	177,423	-
Accrued interest	108,541	7,163	111,195	45,841	272,740	-
Unearned revenue	-	-	-	20,234	20,234	2,663,581
Advance from other funds	-	-	-	172,956	172,956	-
Insurance and benefit claims	-	-	-	-	-	2,329,377
Revenue bonds	895,000	152,236	785,000	24,417	1,856,653	-
Total current liabilities	1,372,153	202,620	1,198,414	268,738	3,041,925	5,443,360
Noncurrent liabilities:						
Compensated absences	41,773	-	42,181	-	83,954	-
Advance from other funds	-	-	-	1,584,125	1,584,125	-
Revenue bonds	10,143,454	447,081	10,600,018	132,320	21,322,873	-
Net pension liability	179,339	-	214,694	-	394,033	-
Other postemployment benefits liability	314,056	-	392,345	2,824	709,225	-
Landfill obligation	-	-	16,115,468	-	16,115,468	-
Total noncurrent liabilities	10,678,622	447,081	27,364,706	1,719,269	40,209,678	-
Total liabilities	12,050,775	649,701	28,563,120	1,988,007	43,251,603	5,443,360
DEFERRED INFLOWS OF RESOURCES						
Pension plan	450,711	-	539,566	-	990,277	-
Other postemployment benefits	50,451	-	62,399	505	113,355	-
Total deferred inflows of resources	501,162	-	601,965	505	1,103,632	-
NET POSITION						
Net investment in capital assets	20,790,250	3,612,257	13,206,069	2,362,374	39,970,950	-
Unrestricted (deficit)	18,052,455	298,057	(2,091,392)	(442,856)	15,816,264	14,145,442
Total net position	\$ 38,842,705	\$ 3,910,314	\$ 11,114,677	\$ 1,919,518	\$ 55,787,214	\$ 14,145,442

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – PROPRIETARY FUNDS Year Ended June 30, 2022

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Smith Creek				Totals	
	Water and Sewer	Water & Waste Authority	Solid Waste	Nonmajor Proprietary Funds		
Operating revenues:						
Charges for services	\$ 8,390,493	\$ 616,760	\$ 7,059,640	\$ 435,437	\$ 16,502,330	\$ 31,377,498
Connection fees	125,892	6,219	-	-	132,111	-
Other revenue	140,748	-	197,139	-	337,887	-
Total operating revenues	8,657,133	622,979	7,256,779	435,437	16,972,328	31,377,498
Operating expenses:						
Personal services	1,029,669	-	1,343,813	11,905	2,385,387	-
Fringe benefits	359,058	-	476,428	6,950	842,436	-
Contractual services	658,179	101,888	799,066	14,603	1,573,736	1,804,893
Regional Sewer Authority assessment:						
Operations and maintenance	1,667,074	-	-	-	1,667,074	-
Debt service	1,742,144	-	-	-	1,742,144	-
Risk financing and benefit payments	-	-	-	-	-	30,375,084
Internal services	96,890	-	43,539	-	140,429	-
Electrical services	429,367	15,966	35,994	-	481,327	-
Repairs and maintenance	-	-	393,913	-	393,913	-
Landfill closure	-	-	983,172	-	983,172	-
Other charges	527,644	321,059	623,980	23,753	1,496,436	38,137
Depreciation and amortization	1,222,486	132,324	1,629,617	38,237	3,022,664	-
Total operating expenses	7,732,511	571,237	6,329,522	95,448	14,728,718	32,218,114
Operating income (loss)	924,622	51,742	927,257	339,989	2,243,610	(840,616)
Nonoperating revenues (expenses):						
Connection availability fees	3,021,408	118,156	-	-	3,139,564	-
Intergovernmental	17,121	-	33,754	-	50,875	-
Loss on disposal of capital assets	-	-	(75,831)	-	(75,831)	-
Interest revenue	112,653	2,874	25,428	3,372	144,327	34,439
Interest expense	(410,118)	(19,524)	(335,226)	(58,640)	(823,508)	-
Total nonoperating revenues (expenses), net	2,741,064	101,506	(351,875)	(55,268)	2,435,427	34,439
Income (loss) before transfers	3,665,686	153,248	575,382	284,721	4,679,037	(806,177)
Transfers:						
Transfers in	-	-	-	70,000	70,000	-
Transfers out	(70,000)	-	-	-	(70,000)	(27,039)
Total transfers	(70,000)	-	-	70,000	-	(27,039)
Change in net position	3,595,686	153,248	575,382	354,721	4,679,037	(833,216)
Total net position, beginning	35,247,019	3,757,066	10,539,295	1,564,797	51,108,177	14,978,658
Total net position, ending	\$ 38,842,705	\$ 3,910,314	\$ 11,114,677	\$ 1,919,518	\$ 55,787,214	\$ 14,145,442

**STATEMENT OF CASH FLOWS –
PROPRIETARY FUNDS
Year Ended June 30, 2022**

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,564,045
Receipts from customers	8,433,437	634,585	6,783,981	441,772	16,293,775	-
Claims and benefits paid	-	-	-	-	-	(29,403,313)
Payments to suppliers for goods and services	(5,207,821)	(449,731)	(1,858,348)	(43,924)	(7,559,824)	(1,940,148)
Payments to employees for services	(1,427,157)	-	(1,865,315)	(11,492)	(3,303,964)	-
Internal activity - payments to other funds	(96,890)	-	(43,539)	-	(140,429)	-
Other receipts	140,748	-	197,139	-	337,887	-
Net cash provided by operating activities	1,842,317	184,854	3,213,918	386,356	5,627,445	220,584
Cash flows from noncapital financing activities:						
Intergovernmental - grants	17,121	-	33,754	-	50,875	-
Transfers (to) from other funds	(70,000)	-	-	70,000	-	(27,039)
Net cash provided by (used in) noncapital financing activities	(52,879)	-	33,754	70,000	50,875	(27,039)
Cash flows from capital and related financing activities:						
Advance (to) from other funds, net	248,607	-	-	(167,919)	80,688	-
Connection availability fees	3,021,408	118,156	-	-	3,139,564	-
Principal paid on outstanding debt	(860,000)	(216,730)	(755,001)	(77,436)	(1,909,167)	-
Interest paid and fiscal charges on outstanding debt	(456,199)	(21,868)	(464,128)	(63,564)	(1,005,759)	-
Acquisition and construction of capital assets	(726,785)	-	(842,897)	-	(1,569,682)	-
Net cash provided by (used in) capital and related financing activities	1,227,031	(120,442)	(2,062,026)	(308,919)	(1,264,356)	-
Cash flows from investing activities:						
Proceeds on sale of investments	-	-	-	2,629	2,629	3,363
Purchases of investments	(1,704,965)	(32,949)	(1,129,216)	(119,856)	(2,986,986)	(1,144,354)
Interest received on investment securities	118,556	2,848	26,206	2,500	150,110	36,887
Net cash used in investing activities	(1,586,409)	(30,101)	(1,103,010)	(114,727)	(2,834,247)	(1,104,104)
Net change in cash and cash equivalents	1,430,060	34,311	82,636	32,710	1,579,717	(910,559)
Cash and cash equivalents:						
Beginning	9,182,710	150,126	9,622,316	900,041	19,855,193	14,312,681
Ending	\$ 10,612,770	\$ 184,437	\$ 9,704,952	\$ 932,751	\$ 21,434,910	\$ 13,402,122

**STATEMENT OF CASH FLOWS –
PROPRIETARY FUNDS
Year Ended June 30, 2022**

	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)	\$ 924,622	\$ 51,742	\$ 927,257	\$ 339,989	\$ 2,243,610	\$ (840,616)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation and amortization	1,222,486	132,324	1,629,617	38,237	3,022,664	-
Change in assets and liabilities:						
Decrease (increase) in:						
Trade and other accounts receivable	(63,788)	11,606	(275,659)	(6,261)	(334,102)	204
Prepaid items	742	-	(1,451)	(476)	(1,185)	-
Inventory	(45,281)	-	-	-	(45,281)	10,509
Pension related deferred outflows of resources	51,496	-	59,709	-	111,205	-
OPEB related deferred outflows of resources	(39,269)	-	(49,778)	(605)	(89,652)	-
Increase (decrease) in:						
Accounts payable and deposits	(142,293)	(4,235)	(9,303)	(3,642)	(159,473)	(107,627)
Due to other governments	3,419	(6,583)	5,359	1,774	3,969	-
Accrued liabilities	15,258	-	14,338	1,415	31,011	-
Unearned revenue	(19,160)	-	-	12,596	(6,564)	186,343
Insurance and benefit claims	-	-	-	-	-	971,771
Net pension liability	(561,617)	-	(667,966)	-	(1,229,583)	-
Other postemployment benefits liability	38,359	-	51,461	2,824	92,644	-
Landfill obligation	-	-	983,172	-	983,172	-
Pension related deferred inflows of resources	450,711	-	539,566	-	990,277	-
OPEB related deferred inflows of resources	6,632	-	7,596	505	14,733	-
Net cash provided by operating activities	\$ 1,842,317	\$ 184,854	\$ 3,213,918	\$ 386,356	\$ 5,627,445	\$ 220,584

COUNTY OF ROCKINGHAM, VIRGINIA

**STATEMENT OF FIDUCIARY NET POSITION –
FIDUCIARY FUND
June 30, 2022**

	<u>Custodial Fund</u> <u>Special Welfare</u>
ASSETS	
Cash and cash equivalents	<u>\$ 81,163</u>
Total assets	<u>81,163</u>
NET POSITION	
Restricted for:	
Individuals	<u>81,163</u>
Total net position	<u><u>\$ 81,163</u></u>

COUNTY OF ROCKINGHAM, VIRGINIA

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION –
FIDUCIARY FUND
Year Ended June 30, 2022**

	<u>Custodial Fund</u> <u>Special Welfare</u>
ADDITIONS	
Benefits collected on behalf of others	<u>\$ 179,809</u>
Total additions	<u>179,809</u>
DEDUCTIONS	
Payments to participants or beneficiaries	<u>177,777</u>
Total deductions	<u>177,777</u>
Net change in fiduciary net position	2,032
Total net position, beginning	<u>79,131</u>
Total net position, ending	<u><u>\$ 81,163</u></u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies

The financial statements of the County of Rockingham, Virginia (County), have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. During the current year, the County adopted GASB Statement No. 87, *Leases*, GASB Statement No. 92, *Omnibus 2020*, and GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. 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. 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, the Countryside Sanitary District, and Lake Shenandoah Stormwater Control Authority serve the citizens of the primary government that are in their respective districts and authorities and are governed by a board comprised of the primary government's Board of Supervisors. The rates for user charges and bond issuances are approved by the primary government, and the primary government is primarily obligated to provide resources in case there are deficits in debt service payments. The districts and authorities are reported as enterprise funds and do not issue separate financial statements.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

Discretely Presented Component Units:

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

1) School Board

The School Board is responsible for elementary and secondary education within the County's jurisdiction and is elected by the voters of the County. The School Board is fiscally dependent upon the government because the County's Board of Supervisors approves the School Board's budget, levies taxes and must approve any debt issuances of the School Board. School Board related debt, including leases, is expected to be repaid entirely or almost entirely with the resources of the primary government. The School Board is presented as a governmental fund type and consists of two 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 Board of Control is appointed by the Rockingham County School Board and Harrisonburg City School Board.

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 Annual Comprehensive Financial Report.

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

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) Fund 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 Annual Comprehensive 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, 2022 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, 2022 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 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 Fund. 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. This fund was closed out as of June 30, 2022.

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:

Custodial Fund. This fund utilizes the accrual basis of accounting and accounts for assets being held for the benefit of a third party and cannot be used to address activities or obligations of the County.

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, special revenue funds, Children's Services Act and Department of Social Services. The Capital Projects Fund is appropriated on a project basis with carry forwards approved each 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 and Rockingham County Recreation Foundation 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. 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, 2022. 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 (except for intangible right-to-use leased assets, the measurement of which is discussed in Note 1.E.9 below). Assets acquired by gift are accounted for at the asset's acquisition value at the date the property was received. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of contribution. 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. There were no impaired capital assets at year end.

The County's intangible assets include land easements, software, and right-to-use leased assets. 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
Right-to-use leased buildings and improvements	5 to 15 years
Improvements other than buildings	5 to 50 years
Machinery and equipment	5 to 15 years
Right-to-use leased machinery and equipment	3 to 4 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 and 11 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)

6. Deferred Outflows/Inflows of Resources (Continued)

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. In the government-wide and the governmental funds, property taxes collected in advance and lease related charges are reported as deferred inflows of resources. The remaining items relate to the pension plan and the OPEB plans. See Notes 10 and 11 for details regarding these items.

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.

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 (Continued)

In the discretely presented component unit, the School Board, a 12-month employee can accumulate up to 36 days of vacation and an unlimited amount of sick leave. An employee earns one day of sick leave at the end of each month worked up to a maximum of 12 days per year. 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.

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. Leases

Lessee: The County is a lessee for noncancellable leases of property. The County recognizes lease liabilities and intangible right-to-use leased assets (leased assets) in the government-wide financial statements. The County recognized lease liabilities with an initial, individual value of \$25,000 or more.

At the commencement of the lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The leased asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the leased asset is amortized on a straight-line basis over its useful life.

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)

9. Leases (Continued)

Key estimates and judgements related to leases include how the County determines (1) the discount rate is uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor: The County is a lessor for a noncancellable lease of a building and a tower. The County recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of the lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow or resources is recognized as revenue over the life of the lease term.

Key estimates and judgements include how the County determines (1) the discount rate is uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The County uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

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

10. Net Position

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

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

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

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

11. Fund Balance

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

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

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

11. Fund Balance (Continued)

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 determined by the adoption of an ordinance committing fund balance for a specified purpose by the County's Board of Supervisors prior to the end of the fiscal year. 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)

12. Pensions

The Virginia Retirement System (VRS) County, District and School Board Non-Professional Retirement Plan is a multi-employer, defined benefit agent plan. The VRS School Board Professional Retirement Plan is a multiple employee, cost-sharing defined benefit plan. 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 fiduciary net 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. The General Fund typically has been used in prior years to liquidate pension liability.

13. Other Postemployment Benefits

Medical Insurance Program

The Medical Insurance Program is a single-employer defined benefit plan. Experience gains or losses and changes in actuarial assumptions are amortized over the average working lifetime of all participants, which for the current period is five years. Plan amendments are recognized immediately. The General Fund typically has been used in prior years to liquidate OPEB liability.

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 fiduciary net 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. The General Fund typically has been used in prior years to liquidate OPEB liability.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

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

13. Other Postemployment Benefits (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 defined benefit 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 fiduciary net 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. The General Fund typically has been used in prior years to liquidate OPEB liability.

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 December 2, 2022, 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 \$89,423,343, 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.

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, 2022, 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, 2022, 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.

As of June 30, 2022, 67% was invested in “AA+” U.S. Agency Securities and 33% was invested in “AAA, AA, AA+, AA-, A+, and A-1” Corporate obligations. 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, 2022, 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	More Than 5 Years
U.S. Treasury Obligations	\$ 25,845,725	\$ 1,268,986	\$ 24,576,739	\$ -
Corporate Notes	16,534,688	11,315,166	5,219,522	-
Federal Agency Obligations	<u>7,587,860</u>	2,499,954	4,127,673	960,233
	<u>\$ 49,968,273</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, 2022:

- U.S. Treasury obligations of \$25,845,725 are valued using quoted market prices (Level 1 inputs).
- Federal agency obligations of \$3,828,942 are valued using quoted market prices (Level 1 inputs). Federal agency obligations of \$3,758,918 are valued using significant other observable inputs (Level 2 inputs).
- Corporate notes of \$5,583,062 are valued using quoted market prices (Level 1 inputs).
- Corporate notes of \$10,951,626 are valued using significant other observable inputs (Level 2 inputs).

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 3. Receivables

Receivables at June 30, 2022 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 Fund	Nonmajor Governmental Fund	Water and Sewer Fund	Smith Creek Water & Waste Authority Fund
Property taxes	\$ 5,313,698	\$ -	\$ -	\$ -	\$ -
Utility taxes	176,270	-	-	-	-
Trade and other accounts	1,684,326	620,406	231,231	814,699	96,833
Leases	686,499	-	-	-	-
Gross receivables	7,860,793	620,406	231,231	814,699	96,833
Less allowance for uncollectable accounts	800,000	-	-	34,328	18,634
Net receivables	\$ 7,060,793	\$ 620,406	\$ 231,231	\$ 780,371	\$ 78,199

	Solid Waste Fund	Nonmajor Proprietary Funds	Internal Service Funds	Totals
Property taxes	\$ -	\$ -	\$ -	\$ 5,313,698
Utility taxes	-	-	-	176,270
Trade and other accounts	1,026,512	28,504	10,022	4,512,533
Leases	-	-	-	686,499
Gross receivables	1,026,512	28,504	10,022	10,689,000
Less allowance for uncollectable accounts	4,406	7,364	-	864,732
Net receivables	\$ 1,022,106	\$ 21,140	\$ 10,022	\$ 9,824,268

The County determines its allowance for uncollectible accounts using historical collection data and specific account analysis. The total allowance for uncollectible accounts amounted to \$864,732 as of June 30, 2022.

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 4. Due to/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 \$ 1,702,258

Communications sales and use taxes 182,106

Categorical aid:

Shared costs:

Commissioner of the Revenue 17,467

Commonwealth Attorney 86,033

Sheriff 583,873

Clerk of Circuit Court 52,254

Treasurer 16,923

Other 46,884

Federal government:

Boarding and care of prisoners 32,472

Categorical aid:

Health and Human Services - SAMHSA 68,407

Emergency Management Performance 19,022

Bureau of Justice Assistance 47,889

Other 34,749

City of Harrisonburg 1,693,635

Other local governments 25,106

Total General Fund 4,609,078

Special Revenue Fund:

Federal Government:

Virginia Tourism Corporation 65,000

Total Governmental Funds 4,674,078

Government-wide:

Governmental Activities:

City of Harrisonburg – pension 2,370,891

City of Harrisonburg – other postemployment benefits 1,706,352

Total Governmental Activities 4,077,243

Total Primary Government \$ 8,751,321

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 4. Due to/from Other Governments (Continued)

Component Unit - School Board:

Governmental Funds:

School Operating Fund:

Commonwealth of Virginia:

State sales tax receipts	\$ 3,086,481
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Other	46,006
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Federal government:

Education grants	1,750,108
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Total School Operating Fund	4,882,595
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School Cafeteria Fund:

Commonwealth of Virginia:

School food program	255,715
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Total School Cafeteria Fund	255,715
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Massanutten Technical Center - Operating Fund:

Commonwealth of Virginia:

Education grants	3,947
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Federal government:

Education grants	133,615
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Total Massanutten Technical Center - Operating Fund	137,562
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Total Component Unit - School Board - Governmental Funds	5,275,872
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Government-wide:

Governmental Activities:

City of Harrisonburg – pension	1,671,238
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City of Harrisonburg – other postemployment benefits	475,989
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Total Component Unit – School Board - Governmental Activities	\$ 7,423,099
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COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 4. Due to/from Other Governments (Continued)

Component Unit - Harrisonburg-Rockingham Social Services District:

Governmental Funds:

Operating Fund:

Commonwealth of Virginia:

Public assistance and administration \$ 357,302

Federal government:

Public assistance and administration 616,984

Total Operating Fund 974,286

Special Revenue – Children's Services Act Fund:

Commonwealth of Virginia:

Children's Services Act 2,320,361

Total Special Revenue Fund 2,320,361

**Total Component Unit – Harrisonburg-Rockingham
Social Services District – Governmental Funds** 3,294,647

Government-wide:

Governmental Activities:

City of Harrisonburg – pension 1,196,669

City of Harrisonburg – other postemployment benefits 934,122

**Total Component Unit – Harrisonburg-Rockingham
Social Services District – Governmental Activities** \$ 5,425,438

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 4. Due to/from Other Governments (Continued)

Amounts due to other governments include the following:

Primary Government:

Governmental Funds:

General Fund:

Commonwealth of Virginia	\$ 8,071
City of Harrisonburg	58,105
Other local governments	1,487
Total General Fund	<u>67,663</u>
Total Government Funds	<u>67,663</u>

Business-type activities:

Water & Sewer Fund:

Commonwealth of Virginia	22
City of Harrisonburg	3,397
Total Water & Sewer Fund	<u>3,419</u>

Smith Creek Water & Waste Authority Fund:

City of Harrisonburg	25,278
Total Smith Creek Water & Waste Authority Fund	<u>25,278</u>

Solid Waste Fund:

Commonwealth of Virginia	3
City of Harrisonburg	5,171
Other	185
Total Solid Waste Fund	<u>5,359</u>

Lilly Subdivision Fund:

City of Harrisonburg	1,478
Total Lilly Subdivision Fund	<u>1,478</u>

Countryside Sanitary District Fund:

Other	296
Total Countryside Sanitary District Fund	<u>296</u>

Total Business-type activities	<u>35,830</u>
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Total Primary Government	<u>\$ 103,493</u>
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COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 4. Due to/from Other Governments (Continued)

Component Unit - School Board:

Governmental Funds:

School Operating Fund:

Commonwealth of Virginia	\$ 8
City of Harrisonburg	1,427
Other	<u>11,810</u>

Total School Operating Fund	<u>13,245</u>
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Massanutten Technical Center - Operating Fund:

Commonwealth of Virginia	14
City of Harrisonburg	<u>74,983</u>

Total Massanutten Technical Center - Operating Fund	<u>74,997</u>
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Total Component Unit - School Board - Governmental Funds	<u>\$ 88,242</u>
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Component Unit - Rockingham-Harrisonburg Social Services District:

Governmental Funds:

Operating Fund:

Commonwealth of Virginia	\$ 3
City of Harrisonburg	<u>270</u>

Total Component Unit - Rockingham-Harrisonburg Social Services District - Governmental Funds	<u>\$ 273</u>
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COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2022 is as follows:

Primary Government

	Beginning Balance*	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets not being depreciated or amortized:					
Land	\$ 4,583,262	\$ 60,000	\$ (312,103)	\$ -	\$ 4,331,159
Construction in progress	1,382,326	1,815,979	-	(1,382,325)	1,815,980
Total capital assets not being depreciated or amortized	5,965,588	1,875,979	(312,103)	(1,382,325)	6,147,139
Capital assets being depreciated or amortized:					
Buildings and improvements	56,049,825	536,400	-	-	56,586,225
Improvements other than buildings	30,614,856	746,158	-	122,325	31,483,339
Machinery and equipment	22,352,268	2,200,106	(50,482)	1,260,000	25,761,892
Right-to-use leased buildings and improvements	661,710	-	-	-	661,710
Software	1,116,715	-	-	-	1,116,715
Total capital assets being depreciated or amortized	110,795,374	3,482,664	(50,482)	1,382,325	115,609,881
Less accumulated depreciation and amortization for:					
Buildings and improvements	(29,284,554)	(1,885,657)	-	-	(31,170,211)
Improvements other than buildings	(8,200,921)	(1,735,807)	-	-	(9,936,728)
Machinery and equipment	(12,585,043)	(2,133,276)	50,482	-	(14,667,837)
Right-to-use leased buildings and improvements	-	(52,446)	-	-	(52,446)
Software	(1,051,906)	(46,538)	-	-	(1,098,444)
Total accumulated depreciation and amortization	(51,122,424)	(5,853,724)	50,482	-	(56,925,666)
Total capital assets being depreciated or amortized, net	59,672,950	(2,371,060)	-	1,382,325	58,684,215
Governmental activities capital assets, net	\$ 65,638,538	\$ (495,081)	\$ (312,103)	\$ -	\$ 64,831,354

*Beginning balance was restated for implementation of GASB 87, *Leases*.

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

Governmental activities:	
General government administration	\$ 456,966
Judicial administration	477,203
Public safety	3,112,535
Public works	280,246
Health and social services	43,730
Parks, recreation and cultural	657,293
Community development	825,751
Total depreciation and amortization expense - governmental activities	\$ 5,853,724

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets (Continued)

Primary Government (Continued)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets not being depreciated or amortized:					
Land	\$ 3,519,940	\$ -	\$ -	\$ -	\$ 3,519,940
Easements	227,156	-	-	-	227,156
Construction in progress	1,019,912	-	-	(813,184)	206,728
Total capital assets not being depreciated or amortized	4,767,008	-	-	(813,184)	3,953,824
Capital assets being depreciated or amortized:					
Buildings and improvements	1,661,099	-	-	-	1,661,099
Improvements other than buildings	95,457,200	542,539	-	813,184	96,812,923
Machinery and equipment	6,242,975	1,027,143	(317,159)	-	6,952,959
Total capital assets being depreciated or amortized	103,361,274	1,569,682	(317,159)	813,184	105,426,981
Less accumulated depreciation and amortization for:					
Buildings and improvements	(354,021)	(58,331)	-	-	(412,352)
Improvements other than buildings	(39,100,168)	(2,310,808)	-	-	(41,410,976)
Machinery and equipment	(4,246,732)	(653,525)	241,328	-	(4,658,929)
Total accumulated depreciation and amortization	(43,700,921)	(3,022,664)	241,328	-	(46,482,257)
Total capital assets being depreciated and amortized, net	59,660,353	(1,452,982)	(75,831)	813,184	58,944,724
Business-type activities capital assets, net	\$ 64,427,361	\$ (1,452,982)	\$ (75,831)	\$ -	\$ 62,898,548

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

Business-type activities:	
Water and Sewer	\$ 1,222,486
Solid Waste	1,629,617
Smith Creek Water & Waste Authority	132,324
Lilly Subdivision Sanitary District	9,718
Countryside Sanitary District	6,120
Penn Laird Sewer Authority	22,399
Total depreciation and amortization expense - business-type activities	\$ 3,022,664

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets (Continued)

Component Unit – School Board

	Beginning Balance*	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	92,289	718,618	(6,047)	-	804,860
Total capital assets not being depreciated or amortized	5,598,478	718,618	(6,047)	-	6,311,049
Capital assets being depreciated or amortized:					
Buildings and improvements	181,593,458	-	-	-	181,593,458
Improvements other than buildings	92,264,033	556,753	-	-	92,820,786
Machinery and equipment	40,159,147	846,405	-	-	41,005,552
Right-to-use leased machinery and equipment	1,110,003	1,999,388	-	-	3,109,391
Total capital assets being depreciated or amortized	315,126,641	3,402,546	-	-	318,529,187
Less accumulated depreciation and amortization for:					
Buildings and improvements	(116,278,581)	(4,642,205)	-	-	(120,920,786)
Improvements other than buildings	(32,854,242)	(3,668,259)	-	-	(36,522,501)
Machinery and equipment	(33,096,988)	(1,424,353)	-	-	(34,521,341)
Right-to-use leased machinery and equipment	-	(1,232,825)	-	-	(1,232,825)
Total accumulated depreciation and amortization	(182,229,811)	(10,967,642)	-	-	(193,197,453)
Total capital assets being depreciated and amortized, net	132,896,830	(7,565,096)	-	-	125,331,734
School Board capital assets, net	\$ 138,495,308	\$ (6,846,478)	\$ (6,047)	\$ -	\$ 131,642,783

*Beginning balance was restated for implementation of GASB 87, *Leases*.

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

Component Unit - School Board:

Instruction	\$ 9,040,104
Pupil transportation services	1,095,756
Operation and maintenance services	831,782
Total depreciation and amortization expense - Component Unit - School Board	\$ 10,967,642

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets (Continued)

Component Unit – Harrisonburg-Rockingham Social Services District

	Beginning Balance*	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	2,119,334	-	-	-	2,119,334
Machinery and equipment	69,484	-	-	-	69,484
Right-to-use leased buildings	317,394	-	-	-	317,394
Total capital assets being depreciated or amortized	3,007,191	-	-	-	3,007,191
Less accumulated depreciation and amortization for:					
Buildings and improvements	(187,867)	(25,049)	-	-	(212,916)
Improvements other than buildings	(626,909)	(115,940)	-	-	(742,849)
Machinery and equipment	(54,033)	(11,200)	-	-	(65,233)
Right-to-use leased buildings	-	(52,899)	-	-	(52,899)
Total accumulated depreciation and amortization	(868,809)	(205,088)	-	-	(1,073,897)
Total capital assets being depreciated and amortized, net	2,138,382	(205,088)	-	-	1,933,294
Harrisonburg-Rockingham Social Services District capital assets, net	\$ 2,340,418	\$ (205,088)	\$ -	\$ -	\$ 2,135,330

*Beginning balance was restated for implementation of GASB 87, *Leases*.

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	\$ 205,088
Total depreciation and amortization expense - Component Unit - Harrisonburg-Rockingham Social Services District	\$ 205,088

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 6. 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	\$ 212,098
Capital projects fund	237,513
Water and sewer fund	189,354
Smith Creek Water & Waste Authority Fund	16,548
Total	\$ 655,513

Note 7. 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, 2022:

Governmental Activities

	Beginning Balance*	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 87,868,544	\$ -	\$ (6,853,635)	\$ 81,014,909	\$ 7,109,991
Unamortized premiums	6,932,917	-	(587,103)	6,345,814	-
Total bonds payable	94,801,461	-	(7,440,738)	87,360,723	7,109,991
Lease revenue refunding bonds	2,115,000	-	(525,000)	1,590,000	530,000
Leases payable	661,710	-	(34,469)	627,241	36,073
Private placement notes	5,094,984	-	(1,660,624)	3,434,360	1,349,857
Compensated absences	1,239,274	505,406	(427,200)	1,317,480	868,373
Governmental activities long-term activities	\$ 103,912,429	\$ 505,406	\$ (10,088,031)	\$ 94,329,804	\$ 9,894,294

*Beginning balance was restated for implementation of GASB 87, *Leases*.

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

Year(s) Ending June 30,	General Obligation Bonds		Lease Revenue Refunding Bonds		Private Placement Notes	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 7,109,991	\$ 3,423,159	\$ 530,000	\$ 44,388	\$ 1,349,857	\$ 69,994
2024	7,391,686	3,062,412	530,000	26,633	1,031,065	45,234
2025	7,382,829	2,696,039	530,000	8,878	1,053,438	22,860
2026	7,683,661	2,329,714	-	-	-	-
2027	7,430,918	1,959,927	-	-	-	-
2028-2032	23,745,824	5,453,930	-	-	-	-
2033-2037	14,850,000	1,905,083	-	-	-	-
2038-2040	5,420,000	193,851	-	-	-	-
	\$ 81,014,909	\$ 21,024,115	\$ 1,590,000	\$ 79,899	\$ 3,434,360	\$ 138,088

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Obligations (Continued)

Primary Government (Continued)

\$5,077,993 2003 series, issued November 2003, due in annual maturities of \$291,279 to \$297,277 through July 2023, plus interest at 5.10%	\$ 588,556
\$9,404,190 2005 series, issued November 2005, due in annual maturities of \$519,097 to \$545,699 through July 2025, plus interest at 4.60% to 5.10%	2,129,409
\$13,147,200 2006 series, issued November 2006, due in annual maturities of \$703,634 to \$744,134 through July 15, 2026, plus interest at 4.40% to 4.60%	3,615,152
\$10,610,000 2007 series, issued May 2007, due in annual maturities of \$640,000 to \$810,000 through July 15, 2027, plus interest at 4.50% to 5.10%	4,325,000
\$6,364,713 2007 series, issued November 2007, due in annual maturities of \$338,501 to \$371,160 through July 2027, plus interest at 4.35% to 5.10%	2,123,052
\$11,630,000 2008 series, issued May 2008, due in annual maturities of \$665,000 to \$900,000 through July 2028, plus interest at 5.10%	5,455,000
\$12,701,410 2008 series, issued December 2008, due in annual maturities of \$657,480 to \$742,320 through July 2028, plus interest at 5.10% to 5.35%	4,893,740
\$24,560,000 2009 series, issued May 2009, due in annual maturities of \$1,330,000 to \$1,855,000 through July 2029, plus interest at 4.05% to 5.05%	12,665,000
\$22,540,000 2017 series, issued November 2017 due in annual maturities of \$860,000 to \$1,585,000 through July 2037, plus interest at 3.05% to 5.05%	19,695,000
\$18,675,000 2019 series, issued November 2019 due in annual maturities of \$640,000 to \$1,315,000 through July 2039, plus interest at 2.80% to 5.05%	17,650,000
\$4,965,000 2019 VRA bond, entered into August 2019, due in annual maturities of \$275,000 to \$480,000 through October 2033, plus interest payable semi-annually at 4.52% to 5.13%	4,450,000
\$3,785,000 2019 VRA Fall Pool, entered into October 2019, due in an maturities of \$190,000 to \$340,000 through October 2034, plus interest payable semi-annually at 3.59% to 5.13%	3,425,000
Total General Obligation Bonds	\$ 81,014,909

All general obligation bonds series 2003 through 2019 were issued for the purpose of school construction and renovation. The 2019 VRA bond was issued for the construction and renovation of the Community Services Board building. The 2019 VRA Fall Pool bond was issued for the construction of an emergency response station.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Obligations (Continued)

Primary Government (Continued)

The following bonds were issued for general government purposes:

Lease Revenue Refunding Bonds:

SRI Project - taxable:

\$5,250,000 lease revenue refunding bonds issued in April 2015, due in an annual installment of \$530,000 through October 2024, plus interest payable semi-annually at 3.35%

\$ 1,590,000

Total lease revenue refunding bonds

\$ 1,590,000

Private Placement Notes:

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 \$1,009,166 to \$1,053,439 through December 2024, plus interest payable at 2.17%

\$ 3,093,669

Radio Agreement

\$3,282,000 note issued in October 2017, final installment of \$340,691 due in October 2022, plus interest payable at 1.68%

340,691

Total private placement notes

\$ 3,434,360

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Obligations (Continued)

Primary Government (Continued)

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	\$ 22,610,221	\$ -	\$ (1,909,167)	\$ 20,701,054	\$ 1,856,653
Landfill obligation	15,132,296	983,172	-	16,115,468	-
Compensated absences	177,601	75,308	(66,761)	186,148	102,194
Unamortized premiums	2,682,323	-	(203,851)	2,478,472	-
Business-type activities long-term liabilities	\$ 40,602,441	\$ 1,058,480	\$ (2,179,779)	\$ 39,481,142	\$ 1,958,847

Annual requirements to amortize the revenue bonds are as follows:

Year(s) Ending June 30,	Revenue Bonds	
	Principal	Interest
2023	\$ 1,856,653	\$ 858,608
2024	1,864,799	769,490
2025	1,847,759	679,373
2026	1,920,798	588,187
2027	2,003,920	491,967
2028-2032	7,987,125	1,387,321
2033-2037	2,955,000	283,709
2038	265,000	4,306
	\$ 20,701,054	\$ 5,062,961

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. 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 3.13% to 5.13% \$ 6,675,000

Infrastructure Revenue Bonds (Virginia Pooled Financing Program):

\$3,695,000 issued November 2017, due in installments of \$135,000 to \$265,000 in October 2037, plus interest payable semi-annually ranging from 3.13% to 5.13% 3,205,000

Solid Waste Fund

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% 2,800,000

Infrastructure Revenue Bond (Virginia Pooled Financing Program):

\$9,845,000 issued May 2017, due in annual installments of \$585,000 to \$870,000 through October 2031, plus interest payable semi-annually ranging from 3.13% to 5.13% 7,265,000

Smith Creek Water & Waste Authority Fund

Virginia Revolving Loan Fund:

\$2,078,500 issued November 2001, due in a semi-annual installment of \$69,736 in September 2022, including interest at 3.0% 69,736

Wastewater System Revenue Refunding Bond, Series 2012:

\$1,250,936 issued in April 2012, due in annual installments of \$82,499 to \$94,236 through August 2027, plus interest payable semi-annually at 2.66% 529,581

Penn Laird Sewer Authority

Wastewater System Revenue Refunding Bond Series 2012:

\$370,232 issued April 2012, due in annual installments of \$24,417 to \$27,890 through August 2027, plus interest payable semi-annually at 2.66% 156,737

\$ 20,701,054

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Obligations (Continued)

Primary Government (Continued)

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

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

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

The 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, 2022:

Component Unit – School Board

	Beginning Balance*	Increases	Decreases	Ending Balance	Due Within One Year
Compensated absences	\$ 3,948,335	\$ 5,224,402	\$ (4,769,761)	\$ 4,402,976	\$ 2,817,113
Leases payable	1,110,003	1,999,388	(1,191,238)	1,918,153	873,625
School Board Component Unit long-term liabilities	\$ 5,058,338	\$ 7,223,790	\$ (5,960,999)	\$ 6,321,129	\$ 3,690,738

*Beginning balance was restated for implementation of GASB 87, *Leases*.

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, 2022:

Component Unit – Harrisonburg-Rockingham Social Services District

	Beginning Balance*	Increases	Decreases	Ending Balance	Due Within One Year
Compensated absences	\$ 38,568	\$ 259,306	\$ (260,267)	\$ 37,607	\$ 25,303
Leases payable	317,394	-	(44,868)	272,526	47,867
Social Services District Component Unit long-term liabilities	\$ 355,962	\$ 259,306	\$ (305,135)	\$ 310,133	\$ 73,170

*Beginning balance was restated for implementation of GASB 87, *Leases*.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 8. Leases

Primary Government

Lease Receivable

During the current fiscal year, the County leased two pieces of property to a third party. One is a building that is being leased for five years ending on July 31, 2025 and the other is a tower being leased for fifteen years ending on August 31, 2027. The County will receive monthly payments of \$18,333 for the building and \$1,000 for the tower. The County recognized \$195,593 in lease revenue and \$36,408 in interest revenue during the current fiscal year related to these leases. As of June 30, 2022, the County's receivable for lease payments was \$686,499. Also, the County has deferred inflows of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflows of resources was \$671,393.

Leases Payable

During the current fiscal year, the County had a ten-year lease agreement as lessee for a building. In accordance with the implementation of GASB Statement 87, an initial lease liability was recorded in the amount of \$343,685 during the current fiscal year. As of June 30, 2022, the value of the lease liability was \$322,416. The County is required to make monthly principal and interest payments ranging from \$3,050 to \$3,558. The lease has an interest rate of 4.59%. The building has a ten-year estimated useful life. The value of the right-to-use leased asset as of the end of the current fiscal year was \$343,685 and had accumulated amortization of \$31,244.

During the current fiscal year, the County had a fifteen-year lease agreement as lessee for a parking lot. In accordance with the implementation of GASB Statement 87, an initial lease liability was recorded in the amount of \$318,025 during the current fiscal year. As of June 30, 2022, the value of the lease liability was \$304,825. The County is required to make monthly principal and interest payments ranging from \$27,798 to \$32,490. The lease has an interest rate of 4.59%. The equipment has a fifteen-year estimated useful life. The value of the right-to-use leased asset as of the end of the current fiscal year was \$318,025 and had accumulated amortization of \$21,202.

The future principal and interest lease payments as of June 30, 2022 are as follows:

Year(s) Ending June 30,	Primary Government	
	Leases	
	Principal	Interest
2023	\$ 36,073	\$ 28,325
2024	40,740	26,586
2025	42,635	24,690
2026	44,620	22,707
2027	49,041	20,630
2028-2032	297,816	42,570
2033-2036	116,316	36,618
	<u>\$ 627,241</u>	<u>\$ 202,126</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 8. Leases (Continued)

Component Unit – School Board

Lease Payable

During the current fiscal year, the School Board had four agreements as a lessee for equipment, ranging in lease length of three to four years. In accordance with the implementation of GASB Statement 87, an initial lease liability was recorded in the amount of \$1,110,003 during the current fiscal year. As of June 30, 2022, the value of the lease liability was \$1,918,153. The School Board is required to make monthly principal and interest payments ranging from \$263,758 to \$403,178. The lease has an interest rate of 4.59%. The equipment has a three to four-year estimated useful life. The value of the right-to-use leased assets as of the end of the current fiscal year was \$3,109,391 and had accumulated amortization of \$1,232,825. Two of the leases above began in the current fiscal year, resulting in \$1,999,388 in issuance of leases.

Year Ending June 30,	School Board	
	Leases	
	Principal	Interest
2023	\$ 873,625	\$ 88,044
2024	510,547	85,069
2025	533,981	24,510
	<u>\$ 1,918,153</u>	<u>\$ 197,623</u>

Component Unit – Harrisonburg-Rockingham Social Services District

Lease Payable

During the current fiscal year, the Harrisonburg-Rockingham Social Services District was a lessee for a building for a five year remaining term. In accordance with the implementation of GASB Statement 87, an initial lease liability was recorded in the amount of \$317,394 during the current fiscal year. As of June 30, 2022, the value of the lease liability was \$272,526. The District is required to make monthly principal and interest payments ranging from \$4,875 to \$5,252. The lease has an interest rate of 4.59%. The right-to-use leased asset has a five-year estimated useful life. The value of the right-to-use leased asset as of the end of the current fiscal year was \$317,394 and had accumulated amortization of \$52,899.

Year Ending June 30,	Harrisonburg-Rockingham Social Services District	
	Leases	
	Principal	Interest
2023	\$ 47,867	\$ 11,510
2024	51,021	9,247
2025	54,336	6,836
2026	57,820	4,270
2027	61,482	1,539
	<u>\$ 272,526</u>	<u>\$ 33,402</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Government Services Provided by Authorities

The County of Rockingham, City of Harrisonburg, and the Towns of Bridgewater, Mt. Crawford, and Dayton entered into a guaranty agreement with the Harrisonburg-Rockingham Regional Sewer Authority (Authority) dated December 15, 1992. Under the terms of this agreement, these municipalities jointly and severally guaranteed the Authority's bonds payable, which then qualifies as a nonexchange of financial guarantees. HRRSA's outstanding bonds payable at June 30, 2021 (most recent balances available) consist of the following:

Series	Amount	Interest
Series 2007	\$ 16,539,054	2.52%
Series 2008	18,577,626	2.72%
Series 2015	7,047,567	1.20%
Series 2017	12,343,115	2.25%
Series 2018C	1,182,906	4.43% - 5.13%
Series 2020	4,821,329	1.85%

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 \$1,331,250, \$478,000, and \$1,800,000, respectively. To obtain a copy of the audited financial statements, contact the Authority at 856 North River Road, P. O. Box 8, Mt. Crawford, Virginia 22841.

Note 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)

	Net Pension Asset	Net Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense
County	\$ -	\$ 5,032,869	\$ 7,777,931	\$ 12,648,529	\$ 2,013,366
District	-	1,216,277	1,879,667	3,056,728	486,564
School Board:					
Professional	-	62,766,195	24,532,931	46,856,642	(311,961)
Non-professional	4,018,291	-	1,246,559	4,994,635	621,533
Total School Board	4,018,291	62,766,195	25,779,490	51,851,277	309,572
	\$ 4,018,291	\$ 69,015,341	\$ 35,437,088	\$ 67,556,534	\$ 2,809,502

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

A. Plan Description

All full-time, salaried permanent (professional) 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, service credit and average final compensation at retirement using a formula.	About Plan 2 <i>Political subdivision employees:</i> Same as Plan 1. <i>School division employees (teachers):</i> Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, service credit 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, service credit 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</p> <p>Political subdivision employees: Members 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>School division employees (teachers): Members are in Plan 1 if their membership date is prior to July 1, 2010, they were vested before January 1, 2013, and they have not taken a refund.</p> <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. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Eligible Members</p> <p>Political subdivision employees: Members 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>School division employees (teachers): Members are in Plan 2 if their membership date is from July 1, 2010, to December 31, 2013, and they have not taken a refund. Members are covered under Plan 2 if they have a membership date prior to July 1, 2010, and they were not vested before January 1, 2013.</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>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>Eligible Members Members 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>*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>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Retirement Contributions Members 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.
Service Credit Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit 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.	Service Credit Same as Plan 1.	Service Credit <i>Defined Benefit Component</i> Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit 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. <i>Defined Contribution Component</i> Under the defined contribution component, service credit 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 service credit. 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 <i>Defined Benefit Component</i> 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 service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><i>Defined Contribution Component</i> 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, except as governed by law.</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 determined using the average final compensation, service credit and plan multiplier. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.	Calculating the Benefit See definition under Plan 1.	Calculating the Benefit <i>Defined Benefit Component</i> See definition under Plan 1. <i>Defined Contribution Component</i> 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 the 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 <i>VRS:</i> 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 <i>VRS:</i> 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 service credit earned, purchased or granted on or after January 1, 2013.	Service Retirement Multiplier <i>Defined Benefit Component</i> <i>VRS:</i> 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. <i>Defined Contribution Component</i> 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 <i>VRS:</i> Age 65.	Normal Retirement Age <i>VRS:</i> Normal Social Security retirement age.	Normal Retirement Age <i>Defined Benefit Component</i> <i>VRS:</i> Same as Plan 2.
Political subdivision hazardous duty employees: Age 60.	Political subdivision hazardous duty employees: Same as Plan 1.	Political subdivision hazardous duty employees: Not applicable. <i>Defined Contribution Component</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility <i>VRS:</i> Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.	Earliest Unreduced Retirement Eligibility <i>VRS:</i> Normal Social Security retirement age and have at least 5 years (60 months) of service credit or when their age plus service credit equals 90.	Earliest Unreduced Retirement Eligibility <i>Defined Benefit Component</i> <i>VRS:</i> Normal Social Security retirement age and have at least 5 years (60 months) of service credit or when their age plus service credit equals 90.
Political subdivision hazardous duty employees: Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.	Political subdivision hazardous duty employees: Same as Plan 1.	Political subdivision hazardous duty employees: Not applicable. <i>Defined Contribution Component</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility <i>VRS:</i> Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.	Earliest Reduced Retirement Eligibility <i>VRS:</i> Age 60 with at least five years (60 months) of service credit.	Earliest Reduced Retirement Eligibility <i>Defined Benefit Component:</i> <i>VRS:</i> Age 60 with at least five years (60 months) of service credit.
Political subdivision hazardous duty employees: Age 50 with at least five years of service credit.	Political subdivision hazardous duty employees: Same as Plan 1.	Political subdivision hazardous duty employees: Not applicable. <i>Defined Contribution Component</i> 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 <i>Defined Benefit Component</i> Same as Plan 2.
<i>Eligibility:</i> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, 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 service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.	<i>Eligibility:</i> Same as Plan 1.	<i>Eligibility:</i> 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. 		
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 service credit in their plan. Prior service credit 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 <i>Defined Benefit Component</i> Same as Plan 1, with the following exception: <ul style="list-style-type: none"> Hybrid Retirement Plan members are ineligible for ported service. <i>Defined Contribution Component</i> Not applicable.

B. Employees Covered by Benefit Terms

County and the District Plan (Agent Plan)

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	364
Inactive members:	
Vested	124
Non-vested	202
Active elsewhere in VRS	338
Total inactive members	664
Active members	635
Total covered employees	1,663

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, 2020 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	279
Inactive members:	
Vested	44
Non-vested	90
Active elsewhere in VRS	52
Total inactive members	186
Active members	392
Total covered employees	857

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, 2022 was 11.90% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

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 \$3,685,323 and \$3,428,079 for the years ended June 30, 2022 and 2021, 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, 2022 was 5.85% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

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 \$442,584 and \$364,357 for the years ended June 30, 2022 and 2021, 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, 2021 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. 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 \$12,245,179 and \$11,438,353 for the years ended June 30, 2022 and 2021, respectively.

In June 2021, the Commonwealth made a special contribution of approximately \$61.3 million to the VRS Teacher Employee Plan. This special payment was authorized by a budget amendment included in Chapter 552 of the 2021 Appropriation Act, and is classified as a non-employer contribution.

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, 2021. The total pension liabilities used to calculate the NPLs were determined by an actuarial valuation performed as of June 30, 2020 rolled forward to the measurement date of June 30, 2021.

School Board Professional Plan (Cost-Sharing Plan)

At June 30, 2022, the School Board reported a liability for the professional plan of \$62,766,195 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to a measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the School Board's proportion was 0.80852% as compared to 0.79915% at June 30, 2020.

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, 2021, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total pension liability	\$ 53,381,141
Plan fiduciary net position	<u>45,617,878</u>
Employers' net pension liability	<u>\$ 7,763,263</u>

Plan fiduciary net position as a percentage of the total pension liability	85.46%
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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, 2020, 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, 2021.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation
Mortality Rates:	15% of deaths are assumed to be service-related.
Pre-retirement:	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.
Post-retirement:	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.
Post-disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.
Beneficiaries and Survivors:	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.
Mortality Improvement:	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to PUB-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
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	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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, 2020, 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, 2021.

Inflation	2.50%
Salary increases, including inflation	3.50% - 4.75%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation
Mortality Rates:	45% of deaths are assumed to be service related.
Pre-retirement:	Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years.
Post-retirement:	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years.
Post-disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.
Beneficiaries and Survivors:	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years.
Mortality Improvements:	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to PUB-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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, 2020, 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, 2021.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.95%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

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:	Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males.
Post-retirement:	Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females.
Post-disablement:	Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females.
Beneficiaries and Survivors:	Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally.
Mortality Improvements:	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to PUB-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; and changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through nine years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	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)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi - Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
	Inflation		2.50%
			7.39%

*The above allocation provides a one-year expected return of 7.39%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

*On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, 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)

The discount rate used to measure the total pension liabilities was 6.75%. 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, 2021, the alternate rate was the employer contribution rate used in fiscal year 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2018 actuarial valuations, whichever is greater. From July 1, 2021 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 6.75%. 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, 2021, 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, 2021 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	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances at June 30, 2020	\$ 127,326,075	\$ 103,097,155	\$ 24,228,920
Changes for the Year:			
Service cost	3,394,442	-	3,394,442
Interest	8,392,185	-	8,392,185
Changes in assumptions	5,516,227	-	5,516,227
Difference between expected and actual experience	(2,214,112)	-	(2,214,112)
Contributions – employer	-	3,428,079	(3,428,079)
Contributions – employee	-	1,444,078	(1,444,078)
Net investment income	-	28,263,219	(28,263,219)
Benefit payments, including refunds of employee contributions	(5,994,819)	(5,994,819)	-
Administrative expense	-	(69,531)	69,531
Other changes	-	2,671	(2,671)
Net changes	9,093,923	27,073,697	(17,979,774)
Balances at June 30, 2021	\$ 136,419,998	\$ 130,170,852	\$ 6,249,146

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, 2020	\$ 37,890,072	\$ 35,829,667	\$ 2,060,405
Changes for the Year:			
Service cost	778,711	-	778,711
Interest	2,481,845	-	2,481,845
Changes of assumptions	1,224,904	-	1,224,904
Difference between expected and actual experience	(234,687)	-	(234,687)
Contributions – employer	-	364,357	(364,357)
Contributions – employee	-	344,186	(344,186)
Net investment income	-	9,644,837	(9,644,837)
Benefit payments, including refunds of employee contributions	(2,244,008)	(2,244,008)	-
Administrative expense	-	(24,812)	24,812
Other changes	-	901	(901)
Net changes	2,006,765	8,085,461	(6,078,696)
Balances at June 30, 2021	\$ 39,896,837	\$ 43,915,128	\$ (4,018,291)

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 6.75%, 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 (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Primary Government net pension liability		\$ 5,032,869	
District net pension liability		1,216,277	
Total primary government and District net pension liability (asset)	\$ 26,213,613	6,249,146	\$ (9,957,745)
School Board non-professional net pension liability (asset)	396,354	(4,018,291)	(7,749,942)
School Board professional net pension liability	121,135,358	62,766,195	14,749,763

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, 2022, the County and District recognized pension expense of \$2,499,930. At June 30, 2022, the County and District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		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	\$ 1,098,269	\$ (1,294,636)	\$ 265,415	\$ (312,870)	\$ 1,363,684	\$ (1,607,506)
Changes in assumptions	3,711,617	-	896,974	-	4,608,591	-
Net differences between projected and actual earnings on pension plan investments	-	(11,353,893)	-	(2,743,858)	-	(14,097,751)
Employer contributions subsequent to the measurement date	2,968,045	-	717,278	-	3,685,323	-
Total	\$ 7,777,931	\$ (12,648,529)	\$ 1,879,667	\$ (3,056,728)	\$ 9,657,598	\$ (15,705,257)

The \$3,685,323 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, 2023. 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
2023	\$ (813,229)
2024	(1,953,127)
2025	(2,697,763)
2026	(4,268,863)
	<u>\$ (9,732,982)</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, 2022, the School Board recognized pension expense related to its non-professional plan of \$(311,961). At June 30, 2022, 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	\$ -	\$ (218,731)
Changes in assumptions	803,975	-
Net difference between projected and actual earnings on pension plan investments	-	(4,775,904)
Employer contributions subsequent to the measurement date	442,584	-
Total	\$ 1,246,559	\$ (4,994,635)

The \$442,584 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, 2023. 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
2023	\$ (842,687)
2024	(780,825)
2025	(1,111,357)
2026	(1,455,791)
	\$ (4,190,660)

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, 2022, the School Board recognized pension expense related to the professional plan of \$621,533 and the Commonwealth's special contribution of \$495,981. 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, 2022, 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	\$ -	\$ (5,346,045)
Changes in assumptions	10,996,473	-
Net difference between projected and actual earnings on pension plan investments	-	(39,553,576)
Changes in proportion and differences between Employer contributions and proportionate share of contributions	1,291,279	(1,957,021)
Employer contributions subsequent to the measurement date	12,245,179	-
Total	\$ 24,532,931	\$ (46,856,642)

The \$12,245,179 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, 2023. 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
2023	\$ (8,197,348)
2024	(7,321,197)
2025	(8,134,286)
2026	(10,929,307)
2027	13,248
	\$ (34,568,890)

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 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2021-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

The County, the District and the School Board participate in various OPEB plans. As of and for the year ended, the plans had the following balances reported in these financial statements:

	OPEB Liability	Deferred Outflows	Deferred Inflows	OPEB Expense
County	\$ 7,714,528	\$ 1,600,103	\$ 1,292,387	\$ 549,178
District	1,948,282	400,526	320,487	138,999
Total County and District	9,662,810	2,000,629	1,612,874	688,177
Total School Board	41,154,952	6,139,200	5,381,112	3,026,134
	<u>\$ 50,817,762</u>	<u>\$ 8,139,829</u>	<u>\$ 6,993,986</u>	<u>\$ 3,714,311</u>

11.1. 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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits (Continued)

11.1. Medical Insurance Program (Continued)

A. Plan Description (Continued)

County and the District (Continued)

MEDICAL INSURANCE PROGRAM PLAN PROVISIONS (Continued)
<p><i>Benefit Amounts</i></p> <p>The County will provide a premium credit toward a retiree's health insurance premium at a rate of \$4.00 per year of service per month not to exceed \$120 per month based on 30 years of service in the VRS. To be eligible for this premium credit, the retiree must have a minimum of 15 years of service in the VRS and must have enrolled in the County's health insurance plan at the time of retirement. The premium credit may only be applied to the retiree's individual health insurance plan, and is not applicable to the premium charges for family members. The premium credit is made only until the employee is eligible for Medicare coverage, usually at age 65.</p>
<p><i>Reduction in Benefit Amounts</i></p> <p>Plan 1 eligible employees may retire with a reduced pension benefit at age 50 and 10 years of service or age 55 and 5 years of service. Plan 2 and Hybrid eligible employees can retire with a reduced pension benefit at age 60 with 5 years of service.</p>
<p><i>Death of a Retiree</i></p> <p>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></p> <p>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></p> <p>School Board employees may retire under the VRS according to the same eligibility requirements as the County and the District employees described above.</p>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits (Continued)

11.1. Medical Insurance Program (Continued)

A. Plan Description (Continued)

School Board (Continued)

MEDICAL INSURANCE PROGRAM PLAN PROVISIONS (Continued)	
<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.	
<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.	

B. Employees Covered by Benefit Terms

At July 1, 2021, the following employees were covered by the benefit terms:

County and the District

	Number
Inactive employees or beneficiaries currently receiving benefit payments	21
Inactive employees entitled to but not yet receiving benefit payments	2
Active employees	578
Total	601

School Board

	Number
Inactive employees or beneficiaries currently receiving benefit payments	13
Inactive employees entitled to but not yet receiving benefit payments	28
Active employees	1,567
Total	1,608

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits (Continued)

11.1. Medical Insurance Program (Continued)

C. Total Medical Insurance Program OPEB Liability

The County and the District's total Medical Insurance OPEB liability of \$7,971,008 was measured as of June 30, 2022 with a reporting date of June 30, 2022, and was determined by an actuarial valuation as of July 1, 2021. The School Board's total Medical Insurance OPEB liability of \$25,752,594 was measured as of June 30, 2022, and was determined by an actuarial valuation as of July 1, 2021.

D. Actuarial Assumptions and Other Inputs

The total Medical Insurance Program OPEB liabilities were based on an actuarial valuation as of July 1, 2021, 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	2.18% per annum
Healthcare cost trend rates	Medical and Stop Loss: 6.25% graded uniformly to 5.50% over 3 years and following the Getzen model thereafter to ultimate rate of 4.04% in the year 2075; Administrative Expenses 5% per annum

The discount rate was based on the S&P 500 High Grade 20 Year Rate Index as of June 30, 2021.

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.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits (Continued)

11.1. Medical Insurance Program (Continued)

D. Actuarial Assumptions and Other Inputs (Continued)

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.

E. Changes in the Total Medical Insurance OPEB Liability

County and the District

	Total Medical Insurance OPEB Liability
Balance at June 30, 2021	<u>\$ 5,900,441</u>
Changes for the year:	
Service cost	661,777
Interest	138,244
Experience losses	653,367
Changes in assumptions	837,939
Contributions - employer	<u>(220,760)</u>
Net changes	<u>2,070,567</u>
Balance at June 30, 2022	<u><u>\$ 7,971,008</u></u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits (Continued)

11.1. Medical Insurance Program (Continued)

E. Changes in the Total Medical Insurance OPEB Liability (Continued)

School Board

	Total Medical Insurance OPEB Liability
Balance at June 30, 2020	\$ 21,377,502
Changes for the year:	
Service cost	1,824,324
Interest	499,581
Experience losses	(14,433)
Changes in assumptions	2,350,894
Contributions - employer	(285,274)
Net changes	4,375,092
Balance at June 30, 2021	\$ 25,752,594

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 (1.18%) or 1-percentage-point higher (3.18%) than the current discount rate:

	1% Decrease (1.18%)	Current Discount Rate (2.18%)	1% Increase (3.18%)
Primary Government		\$ 6,345,862	
District		1,625,146	
Total primary government and District	\$ 9,042,580	7,971,008	\$ 7,039,624
School Board	28,836,645	25,752,594	23,006,311

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits (Continued)

11.1. Medical Insurance Program (Continued)

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 (5.25% to 4.50% over 3 years and following the Getzen model less 1% thereafter) or 1-percentage-point higher (7.25% to 6.50% over 3 years and following the Getzen model plus 1% thereafter) than the current discount rate:

	1% Decrease (5.25% to 4.50% over 3 years and following Getzen model less 1% thereafter)	Current Discount Rate (6.25% to 5.50% over 3 years and following Getzen model thereafter)	1% Increase (7.25% to 6.50% over 3 years and following Getzen model plus 1% thereafter)
Primary Government		\$ 6,345,862	
District		1,625,146	
Total primary government and District	\$ 6,790,378	7,971,008	\$ 9,428,569
School Board	22,011,898	25,752,594	30,285,945

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, 2022, the County and the District and the School Board recognized Medical Insurance OPEB expense of \$467,058, \$119,611, and \$2,021,983, respectively.

County and the District

At June 30, 2022, the County and District reported deferred outflows of resources and deferred inflows of resources related to Medical Insurance Program from the following sources:

	Primary Government		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	\$ 565,628	\$ -	\$ 144,855	\$ -	\$ 710,483	\$ -
Changes in assumptions	571,798	(768,024)	146,435	(196,687)	718,233	(964,711)
Total	\$ 1,137,426	\$ (768,024)	\$ 291,290	\$ (196,687)	\$ 1,428,716	\$ (964,711)

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits (Continued)

11.1. Medical Insurance Program (Continued)

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

County and the District (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Medical Insurance Program will be recognized in pension expense in future reporting periods as follows:

Year(s) Ending June 30,	Amount
2023	\$ 9,479
2024	9,479
2025	9,479
2026	9,482
2027	213,044
Thereafter	213,042
Total	\$ 464,005

School Board

At June 30, 2022, the School Board reported deferred outflows of resources and deferred inflows of resources related to Medical Insurance Program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,384,870	\$ (12,371)
Change in assumptions	2,015,052	(2,786,618)
Total	\$ 3,399,922	\$ (2,798,989)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Medical Insurance Program will be recognized in pension expense in future reporting periods as follows:

Year(s) Ending June 30,	Amount
2023	\$ (16,657)
2024	(16,657)
2025	(16,657)
2026	(16,657)
2027	333,780
Thereafter	333,781
Total	\$ 600,933

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits (Continued)

11.2. 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.	
Benefit Amounts	
The benefits payable under the GLI have several components.	
<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○ Seatbelt benefit○ Repatriation benefit○ Felonious assault benefit○ Accelerated death benefit option	

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits (Continued)

11.2. Group Life Insurance Program (Continued)

A. Plan Description (Continued)

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS (Continued)	
Reduction in Benefit Amounts	The benefit amounts provided to members covered under the GLI are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.
Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)	For covered members with at least 30 years of service credit, there is a minimum benefit payable under GLI. The minimum benefit was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,722 as of June 30, 2022.

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 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% 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, 2022 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. 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, 2022 and 2021 were as follows.

	2022	2021
County and the District	\$ 175,169	\$ 162,008
School Board Non-Professional	46,838	44,136
School Board Professional	410,344	384,686

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits (Continued)

11.2. 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, 2022, the participating employers' reported liabilities for its proportionate share of the net GLI OPEB liability as follows:

	2022
Primary Government	\$ 1,368,666
District	323,136
Total primary government and District	1,691,802
School Board Non-Professional	460,935
School Board Professional	4,019,478

The net GLI OPEB Liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, comparisons of the participating employers' proportions to June 30, 2020 are as follows:

	2021	2020
County and the District	0.14531%	0.14184%
School Board Non-Professional	0.03959%	0.04083%
School Board Professional	0.34504%	0.33878%

For the year ended June 30, 2022, the County and the District, School Board non-professional, and School Board professional employees recognized GLI OPEB expense of \$101,508, \$6,280, and \$147,759, 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 11. Other Postemployment Benefits (Continued)

11.2. 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, 2022, 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

	Primary Government		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	\$ 156,101	\$ (10,429)	\$ 36,855	\$ (2,462)	\$ 192,956	\$ (12,891)
Net difference between projected and actual earnings on GLI OPEB program investments	-	(326,671)	-	(77,126)	-	(403,797)
Change in assumptions	75,455	(187,263)	17,814	(44,212)	93,269	(231,475)
Changes in proportionate share	89,410	-	21,109	-	110,519	-
Employer contribution subsequent to the measurement date	141,711	-	33,458	-	175,169	-
Total	\$ 462,677	\$ (524,363)	\$ 109,236	\$ (123,800)	\$ 571,913	\$ (648,163)

The \$175,169 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, 2023. 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
2023	\$ (51,147)
2024	(37,687)
2025	(43,044)
2026	(106,444)
2027	(13,097)
Total	\$ (251,419)

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits (Continued)

11.2. 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	\$ 52,571	\$ (3,512)
Net difference between projected and actual earnings on GLI OPEB program investments	-	(104,734)
Change in assumptions	25,411	(63,066)
Changes in proportionate share	-	(42,721)
Employer contribution subsequent to the measurement date	46,838	-
Total	\$ 124,820	\$ (214,033)

The \$46,838 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, 2023. 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
2023	\$ (35,311)
2024	(28,466)
2025	(25,784)
2026	(41,348)
2027	(5,142)
Total	\$ (136,051)

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits (Continued)

11.2. 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	\$ 458,176	\$ (30,609)
Net difference between projected and actual earnings on GLI OPEB program investments	-	(958,820)
Change in assumptions	221,467	(549,639)
Changes in proportionate share	80,617	(113,588)
Employer contribution subsequent to the measurement date	410,344	-
Total	\$ 1,170,604	\$ (1,652,656)

The \$410,344 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, 2023. 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
2023	\$ (214,721)
2024	(168,039)
2025	(165,259)
2026	(300,177)
2027	(44,200)
Total	\$ (892,396)

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits (Continued)

11.2. Group Life Insurance Program (Continued)

D. Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2020, 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, 2021.

Inflation	2.50%
Salary increases, including inflation:	
Teachers	3.50%-5.95%
Locality – general employees	3.50%-5.35%
Locality – hazardous duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation

School Board Professional

Mortality Rates – Teachers

Pre-Retirement: Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males.

Post-Retirement: Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward one year; 105% of rates for females.

Post-Disablement: Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females.

Beneficiaries and Survivors: Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through nine years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits (Continued)

11.2. Group Life Insurance Program (Continued)

D. Actuarial Assumptions (Continued)

County, District and School Board Non-Professional

Mortality Rates – General Employees

Pre-retirement:	Pub-2010 Amount Weighted General Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years.
Post-retirement:	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.
Post-disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.
Beneficiaries and Survivors:	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.
Mortality Improvement Scale:	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to PUB-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through nine years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits (Continued)

11.2. Group Life Insurance Program (Continued)

D. Actuarial Assumptions (Continued)

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

Mortality Rates – Hazardous Duty Employees

Pre-retirement:	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.
Post-retirement:	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.
Post-disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.
Beneficiaries and Survivors:	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.
Mortality Improvement Scale:	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to PUB-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and services to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits (Continued)

11.2. Group Life Insurance Program (Continued)

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, 2021, NOL amounts for the GLI are as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB liability	\$ 3,577,346
Plan fiduciary net position	2,413,074
GLI OPEB liability	\$ 1,164,272
Plan fiduciary net position as a percentage of the total GLI OPEB liability	67.45%

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 11. Other Postemployment Benefits (Continued)

11.2. 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)	Long-Term Target Asset Allocation	Arithmetic Long- Term Expected Rate of Return	Weighted Average Long- Term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
	Inflation		2.50%
			7.39%

* The above allocation provides a one-year return of 7.39%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

G. Discount Rate

The discount rate used to measure the total GLI OPEB Liability was 6.75%. 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 and at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2021, 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, 2021 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 11. Other Postemployment Benefits (Continued)

11.2. 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 6.75%, 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 (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Primary government		\$ 1,368,666	
District		323,136	
Total primary government and District	\$ 2,471,785	1,691,802	\$ 1,061,931
School Board Non-Professional	673,443	460,935	289,325
School Board Professional	5,869,278	4,019,478	2,521,567

I. Group Life Insurance Program Fiduciary Net Position

Detailed information about the GLI's fiduciary net position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2021-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 (Continued)

11.3. 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.

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.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits (Continued)

11.3. Health Insurance Credit Program (Continued)

A. Plan Description (Continued)

School Board Non-Professional Plan (Continued)

POLITICAL SUBDIVISION HIC PLAN PROVISIONS (Continued)
<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.

School Board Professional Plan

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits (Continued)

11.3. Health Insurance Credit Program (Continued)

B. Employees Covered by Benefit Terms

School Board Non-Professional Plan

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan.

	Number
Inactive members:	
Inactive members or their beneficiaries currently receiving benefits	158
Vested	6
Total inactive members	164
Active members	392
Total covered employees	556

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, 2022, the contractually required employer contribution rates for the School Board non-professional and School Board professional was 0.78% and 1.21%, respectively, of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. 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, 2022 and 2021 were as follows:

	2022	2021
School Board Professional	\$ 924,891	\$ 860,577
School Board Non-Professional	67,614	63,734

During the 2020 session, House Bill 1513 was enacted. This bill required the addition of Health Insurance Credit benefits for non-teacher employees effective July 1, 2021. While benefit payments became effective July 1, 2021, employers were required to pre-fund the benefits beginning July 1, 2020. The bill impacted 95 employers and resulted in approximately \$2.5 million of additional employer contributions in FY 2021.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits (Continued)

11.3. 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, 2021. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2020, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

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, 2021, NOL amounts for the Teacher Employee HIC are as follows (amounts expressed in thousands):

	Teacher Employee HIC OPEB Plan
Total teacher employee HIC OPEB liability	\$ 1,477,874
Plan fiduciary net position	194,305
Teacher employee net HIC OPEB liability	<u><u>\$ 1,283,569</u></u>
Plan fiduciary net position as a percentage of the total teacher employee HIC OPEB liability	13.15%

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 11. Other Postemployment Benefits (Continued)

11.3. 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, 2020, 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, 2021.

Inflation	2.50%
Salary increases, including inflation:	
Locality – general employees	3.50%-5.35%
Teacher employees	3.50%-5.95%
Investment rate of return	6.75%, net of investment expenses, including inflation

School Board Non-Professional Plan

Mortality Rates – General Employees

Pre-retirement:	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.
Post-retirement:	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.
Post-disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.
Beneficiaries and Survivors:	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.
Mortality Improvement Scale:	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits (Continued)

11.3. Health Insurance Credit Program (Continued)

E. Actuarial Assumptions (Continued)

School Board Non-Professional Plan (Continued)

Mortality Rates – General Employees (Continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through nine years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

School Board Professional Plan

Mortality Rates – Teachers

Pre-retirement:	Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males.
Post-retirement:	Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females.
Post-disablement:	Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females.
Beneficiaries and Survivors:	Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally.
Mortality Improvement Scale:	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits (Continued)

11.3. Health Insurance Credit Program (Continued)

E. Actuarial Assumptions (Continued)

School Board Professional Plan (Continued)

Mortality Rates – Teachers (Continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service decrement through nine years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits (Continued)

11.3. 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)	Long-Term Target Asset Allocation	Arithmetic Long- Term Expected Rate of Return	Weighted Average Long- Term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
	Inflation		2.50%
			7.39%

* The above allocation provides a one-year return of 7.39%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, 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 6.75%. 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, 2021, 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, 2021 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 11. Other Postemployment Benefits (Continued)

11.3. 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, 2020	\$ 1,122,587	\$ 444,985	\$ 677,602
Changes for the year:			
Service cost	22,330	-	22,330
Interest	73,245	-	73,245
Changes of assumptions	22,301	-	22,301
Differences between expected and actual experience	(24,874)	-	(24,874)
Contributions - employer	-	57,893	(57,893)
Net investment income	-	114,158	(114,158)
Benefit payments, including refunds of employee contributions	(74,952)	(74,952)	-
Administrative expenses	-	(1,314)	1,314
Net changes	18,050	95,785	(77,735)
Balance at June 30, 2021	\$ 1,140,637	\$ 540,770	\$ 599,867

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 6.75%, 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 (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
School Board Professional	\$ 11,619,799	\$ 10,322,078	\$ 9,223,897
School Board Non-Professional	707,342	599,867	507,201

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits (Continued)

11.3. 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, 2022, the School Board non-professional plan recognized HIC OPEB expense of \$57,933. At June 30, 2022, 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	\$ 3,944	\$ (24,515)
Net difference between projected and actual earnings on HIC OPEB program investments	-	(54,323)
Change in assumptions	24,192	-
Employer contributions subsequent to the measurement date	67,614	-
Total	\$ 95,750	\$ (78,838)

The \$67,614 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, 2023. 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
2023	\$ (6,311)
2024	(13,303)
2025	(13,857)
2026	(17,231)
Total	\$ (50,702)

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits (Continued)

11.3. 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, 2022, the School Board professional plan reported a liability of \$10,322,078 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, 2021 and the total Teacher Employee HIC OPEB Liability used to calculate the total Teacher Employee HIC OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021. 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, 2021, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the School Board professional plan's proportion of the Teacher Employee HIC was 0.80417% as compared to 0.79495% at June 30, 2020.

For the year ended June 30, 2022, the School Board professional plan recognized Teacher Employee HIC OPEB expense of \$792,179. 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, 2022, 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	\$ -	\$ (180,120)
Net difference between projected and actual earnings on HIC OPEB program investments	-	(135,973)
Change in assumptions	279,025	(41,484)
Changes in proportionate share	144,188	(279,019)
Employer contributions subsequent to the measurement date	924,891	-
Total	\$ 1,348,104	\$ (636,596)

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits (Continued)

11.3. 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 \$924,891 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, 2023. 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(s) Ending June 30,	Amount
2023	\$ (61,101)
2024	(62,645)
2025	(51,652)
2026	(44,293)
2027	(7,801)
Thereafter	<u>14,109</u>
Total	<u>\$ (213,383)</u>

K. HIC Credit Program Plan Data

Information about the VRS Political Subdivision and Teacher Employee HIC is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2021-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 12. Advances To/From Other Funds

Interfund balances as of June 30, 2022 are as follows:

Payable Fund	Receivable Fund
	Water and Sewer Fund
Primary Government:	
Lake Shenandoah Stormwater Control Authority Fund	\$ 1,757,081
General Capital Projects Fund	844,312
	<u>\$ 2,601,393</u>

Annual maturities for the Water and Sewer Fund advance to the Lake Shenandoah Stormwater Control Authority are as follows:

Year(s) Ending June 30,	Principal	Interest
2023	\$ 172,956	\$ 52,712
2024	178,145	47,524
2025	183,489	42,179
2026	188,994	36,675
2027	194,664	31,005
2028-2032	838,833	63,842
	<u>\$ 1,757,081</u>	<u>\$ 273,937</u>

Annual maturities for the Water and Sewer Fund advance to the General Capital Projects Fund are as follows:

Year(s) Ending June 30,	Principal	Interest
2023	\$ 83,109	\$ 53,079
2024	85,602	75,915
2025	88,170	96,183
2026	90,815	113,806
2027	93,540	128,704
2028-2030	403,076	606,402
	<u>\$ 844,312</u>	<u>\$ 1,074,089</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 13. Interfund Transfers

A summary of interfund transfer activity is presented as follows:

Transfer to Fund	General Fund	Water and Sewer Fund	Central Stores Fund	Total Transferred In
Primary Government:				
Governmental funds:				
General Fund	\$ -	\$ -	\$ 27,039	\$ 27,039
General Capital Projects Fund	6,004,500	-	-	6,004,500
Countryside Sanitary District Fund	-	70,000	-	70,000
Total transferred out	\$ 6,004,500	\$ 70,000	\$ 27,039	\$ 6,101,539

The transfer from the General Fund to the General Capital Projects fund was to transfer funds for capital projects adopted in the FY22 budget along with supplementals for District Court renovations, Route 11 emergency response station, cash proffers, Negroni land preparation and Rockingham 2020 plan.

The transfer from the Central Stores Fund to the General Fund was to transfer funds for the closure of the Central Stores Fund.

The transfer from the Water and Sewer Fund to the Countryside Fund was to transfer funds to pay off the Countryside Loan.

Note 14. Major Customers

The Water and Sewer Fund has one major customer. For the year ended June 30, 2022, water and sewer revenue from this customer was approximately \$3.88 million. Accounts receivable from this customer were approximately \$0 at June 30, 2022.

The Solid Waste Fund has three major customers. Revenues from these customers for the year ended June 30, 2022 were approximately \$3.48 million. Accounts receivable from these customers were approximately \$651,000 at June 30, 2022.

The Smith Creek Water & Waste Authority Fund has one major customer. For the year ended June 30, 2022, revenue from this customer was approximately \$150,000. Accounts receivable from this customer were approximately \$17,900 at June 30, 2022.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 15. Landfill Closure and Postclosure Care Cost

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

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date the landfill stops accepting waste, the Solid Waste Fund reports a portion of these closure and postclosure care costs as an operating expense in each period based on the landfill capacity used as of each balance sheet date. The County has recorded \$16,115,468 as landfill closure and postclosure liability at June 30, 2022. The landfill's total capacity used to date is 6.44% for active cells.

The Solid Waste Fund will report the County's estimated liability of closure and post-closure care of \$5,862,151 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 2022. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The estimated remaining life of the landfill is approximately three years and does not account for future expansion.

Note 16. Risk Management

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

Auto, Liability and Workers' Compensation Insurance

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 16. 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 2022, 2021, and 2020:

Fiscal Year Ended	Beginning Liability	Claims and Changes in Estimates	Claim Payments	Ending Liability
June 30, 2022	\$ 1,357,606	\$ 30,375,084	\$ 29,403,313	\$ 2,329,377
June 30, 2021	2,055,328	24,403,171	25,100,893	1,357,606
June 30, 2020	2,470,191	24,388,484	24,803,347	2,055,328

The ending liability is reported by the following:

Fiscal Year Ended	Governmental Activities	Component Unit - School Board	Total
June 30, 2022	\$ 588,250	\$ 1,741,127	\$ 2,329,377
June 30, 2021	339,402	1,018,204	1,357,606
June 30, 2020	513,832	1,541,496	2,055,328

Note 17. Tax Abatements and the Technology Zone Grant Program

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 17. Tax Abatements and the Technology Zone Grant Program (Continued)

For the fiscal year ended June 30, 2022, the County abated property taxes totaling \$852,694 under this grant program, including the following tax abatement agreements:

- Property tax abatement to a pharmaceutical facility in the amount of \$76,728.
- Property tax abatement to a beverage facility in the amount of \$505,507.
- Property tax abatement to a printing facility in the amount of \$5,498.
- Property tax abatement to a food packaging and beverage facility in the amount of \$264,961.

Note 18. Pending GASB Statements

At June 30, 2022, 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. 91, *Conduit Debt Obligations*, will provide a single method of reporting conduit debt obligations by issuer and eliminate diversity in practice associate 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, 2021.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, will address accounting and financial reporting implications that result from the replacement of an interbank offered rate—most notably, the London Interbank Offered Rate (LIBOR), which is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. Portions of Statement No. 93 will be effective for fiscal years beginning after December 31, 2021.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, will improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. Statement No. 94 will be effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, will provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). Statement No. 96 will be effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 99, *Omnibus 2022*, will enhance comparability in accounting and financial reporting and improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB statements and (2) accounting and financial reporting for financial guarantees. The portion of Statement No. 99 related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022. The portion of the Statement related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 are effective for fiscal years beginning after June 15, 2023.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 18. Pending GASB Statements (Continued)

GASB Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62* will enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Statement No. 100 will be effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023.

GASB Statement No. 101, *Compensated Absences* will better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Statement No. 101 will be effective for fiscal years beginning after December 15, 2023.

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

Note 19. Joint Venture

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

In fiscal year 2022, the County's contributions to the HRECC totaled approximately \$3,237,100.

Note 20. Middle River Regional Jail Authority

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

The total principal paid by the County to become a member jurisdiction of MRRJA was \$987,732 in fiscal year 2022, 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 \$1,784,901 in fiscal year 2022.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 21. Contingency

Federal and State-Assisted Programs

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

Note 22. Subsequent Events

On July 1, 2022, the County retired an interfund loan from the Water & Sewer Fund thereby reducing the County's loan by \$844,312.

On July 15, 2022, the County retired the SRI taxable lease purchase contract thereby reducing the County's debt by \$1,590,000.

On July 27, 2022, the County approved a contract with Vision Government Solutions, Inc. to implement a new Computer Assisted Mass Appraisal (CAMA) System in an amount not to exceed \$375,000.

On August 1, 2022, the County kicked off the update to the Comprehensive Plan.

On August 10, 2022, the County approved a contract with MidValley Electric to replace the camera system at the jail. The Board appropriated \$1,000,000 for the project.

On August 24, 2022, the County Board of Supervisors approved a contract with Myers Ford to purchase eleven vehicles for an amount not to exceed \$407,299.

On August 24, 2022, the County Board of Supervisors appropriated \$14,900,000 of the American Rescue Plan funds to go towards Broadband and designated expenditures due to revenue loss.

On October 12, 2022, the County Board of Supervisors approved a contract with Aaron J Conner for the Fieldale Place Sewer Replacement in an amount not to exceed \$1,030,880.

On October 12, 2022, the Board appropriated \$649,725 from the Water/Sewer fund to pay off debt for the Penn Laird Sewer Authority and the Smith Creek Water & Wastewater Authority.

On October 12, 2022, the County Board of Supervisors approved an appropriation of \$1,163,417 of federal funds to go to the payment of a bonus to school employees.

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	2019	2020	2021
Total Pension Liability:								
Service cost	\$ 2,559,508	\$ 2,661,858	\$ 2,758,824	\$ 2,913,015	\$ 2,940,965	\$ 2,978,664	\$ 3,386,916	\$ 3,394,442
Interest	5,820,012	6,141,573	6,430,742	6,822,375	7,062,220	7,425,916	7,848,411	8,392,185
Differences between expected and actual experience	-	(528,816)	852,638	(394,616)	339,533	1,502,262	2,614,034	(2,214,112)
Changes of assumptions	-	-	-	(1,115,528)	-	3,726,026	-	5,516,227
Benefit payments, including refunds of employee contributions	(3,578,397)	(3,993,176)	(4,294,088)	(4,600,811)	(4,996,969)	(5,297,154)	(5,592,086)	(5,994,819)
Net change in total pension liability	4,801,123	4,281,439	5,748,116	3,624,435	5,345,749	10,335,714	8,257,275	9,093,923
Total pension liability - beginning	84,932,224	89,733,347	94,014,786	99,762,902	103,387,337	108,733,086	119,068,800	127,326,075
Total pension liability - ending (a)	\$ 89,733,347	\$ 94,014,786	\$ 99,762,902	\$ 103,387,337	\$ 108,733,086	\$ 119,068,800	\$ 127,326,075	\$ 136,419,998
Plan Fiduciary Net Position:								
Contributions - employer	\$ 2,759,564	\$ 2,826,572	\$ 3,003,059	\$ 2,681,076	\$ 2,771,832	\$ 2,716,908	\$ 2,890,331	\$ 3,428,079
Contributions - employee	1,125,148	1,139,839	1,224,047	1,249,882	1,322,859	1,314,637	1,399,866	1,444,078
Net investment income	10,584,504	3,573,047	1,428,469	10,038,185	6,776,776	6,494,918	1,957,907	28,263,219
Benefit payments, including refunds of employee contributions	(3,578,397)	(3,993,176)	(4,294,088)	(4,600,811)	(4,996,969)	(5,297,154)	(5,592,086)	(5,994,819)
Administrative expense	(56,223)	(48,216)	(49,968)	(57,528)	(58,179)	(63,953)	(66,505)	(69,531)
Other changes	558	(753)	(602)	(8,946)	(6,042)	(4,092)	(2,324)	2,671
Net change in plan fiduciary net position	10,835,154	3,497,313	1,310,917	9,301,858	5,810,277	5,161,264	587,189	27,073,697
Plan fiduciary net position - beginning	66,593,183	77,428,337	80,925,650	82,236,567	91,538,425	97,348,702	102,509,966	103,097,155
Plan fiduciary net position - ending (b)	\$ 77,428,337	\$ 80,925,650	\$ 82,236,567	\$ 91,538,425	\$ 97,348,702	\$ 102,509,966	\$ 103,097,155	\$ 130,170,852
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	\$ 16,558,834	\$ 24,228,920	\$ 6,249,146
Plan fiduciary net position as a percentage of the total pension liability	86.29%	86.08%	82.43%	88.54%	89.53%	86.09%	80.97%	95.42%
Covered payroll	\$ 21,677,643	\$ 22,204,022	\$ 23,590,408	\$ 24,642,243	\$ 25,476,397	\$ 26,377,748	\$ 28,061,466	\$ 28,807,387
County and District's net pension liability as a percentage of covered payroll	56.76%	58.95%	74.29%	48.08%	44.69%	62.78%	86.34%	21.69%

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	2019	2020	2021
Total Pension Liability:								
Service cost	\$ 832,108	\$ 817,545	\$ 820,429	\$ 811,126	\$ 767,863	\$ 784,209	\$ 798,398	\$ 778,711
Interest	1,948,144	2,045,747	2,128,901	2,213,159	2,273,515	2,353,731	2,420,331	2,481,845
Differences between expected and actual experience	-	(294,432)	(259,762)	(176,386)	(229,654)	(11,453)	(224,426)	(234,687)
Changes of assumptions	-	-	-	(388,130)	-	913,856	-	1,224,904
Benefit payments, including refunds of employee contributions	(1,423,602)	(1,348,250)	(1,413,634)	(1,558,151)	(1,636,913)	(1,694,651)	(1,921,981)	(2,244,008)
Net change in total pension liability	1,356,650	1,220,610	1,275,934	901,618	1,174,811	2,345,692	1,072,322	2,006,765
Total pension liability - beginning	28,542,435	29,899,085	31,119,695	32,395,629	33,297,247	34,472,058	36,817,750	37,890,072
Total pension liability - ending (a)	\$ 29,899,085	\$ 31,119,695	\$ 32,395,629	\$ 33,297,247	\$ 34,472,058	\$ 36,817,750	\$ 37,890,072	\$ 39,896,837
Plan Fiduciary Net Position:								
Contributions - employer	\$ 722,711	\$ 635,842	\$ 641,139	\$ 458,757	\$ 457,883	\$ 421,138	\$ 379,560	\$ 364,357
Contributions - employee	390,659	394,565	407,589	388,720	388,565	396,178	370,426	344,186
Net investment income	4,013,113	1,334,387	527,774	3,671,538	2,441,647	2,309,120	690,160	9,644,837
Benefit payments, including refunds of employee contributions	(1,423,602)	(1,348,250)	(1,413,634)	(1,558,151)	(1,636,913)	(1,694,651)	(1,921,981)	(2,244,008)
Administrative expense	(21,667)	(18,317)	(18,743)	(21,471)	(21,318)	(23,172)	(24,024)	(24,812)
Other changes	212	(283)	(223)	(3,254)	(2,168)	(1,451)	(1,468)	901
Net change in plan fiduciary net position	3,681,426	997,944	143,902	2,936,139	1,627,696	1,407,162	(507,327)	8,085,461
Plan fiduciary net position - beginning	25,542,725	29,224,151	30,222,095	30,365,997	33,302,136	34,929,832	36,336,994	35,829,667
Plan fiduciary net position - ending (b)	\$ 29,224,151	\$ 30,222,095	\$ 30,365,997	\$ 33,302,136	\$ 34,929,832	\$ 36,336,994	\$ 35,829,667	\$ 43,915,128
School Board non-professional net pension liability (asset) - ending (a) - (b)	\$ 674,934	\$ 897,600	\$ 2,029,632	\$ (4,889)	\$ (457,774)	\$ 480,756	\$ 2,060,405	\$ (4,018,291)
Plan fiduciary net position as a percentage of the total pension liability	97.74%	97.12%	93.73%	100.01%	101.33%	98.69%	94.56%	110.07%
Employer's covered payroll	\$ 8,867,620	\$ 7,801,742	\$ 7,866,736	\$ 7,671,522	\$ 7,656,906	\$ 7,741,507	\$ 6,977,206	\$ 6,228,325
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%	6.21%	29.53%	-64.52%

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	2019	2020	2021
Employer's proportion of the net pension liability	0.81091%	0.82758%	0.82587%	0.81860%	0.82645%	0.81147%	0.79915%	0.80852%
Employer's proportionate share of the net pension liability	\$ 97,996,000	\$ 104,163,000	\$ 115,739,000	\$ 100,671,000	\$ 97,190,000	\$ 106,794,064	\$ 116,297,311	\$ 62,766,195
Employer's covered payroll	\$ 47,690,683	\$ 61,488,041	\$ 62,969,097	\$ 60,677,558	\$ 62,103,689	\$ 67,779,872	\$ 69,768,182	\$ 68,822,822
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%	157.56%	166.69%	91.20%
Plan fiduciary net position as a percentage of the total pension liability	70.88%	70.68%	68.28%	72.92%	74.81%	73.51%	71.47%	85.46%

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	2020	2021	2022	
Contractually required contribution (CRC)	\$ 2,759,564	\$ 2,826,572	\$ 3,003,059	\$ 2,681,076	\$ 2,771,832	\$ 2,716,908	\$ 2,890,331	\$ 3,428,079	\$ 3,685,323	
Contributions in relation to the CRC	2,759,564	2,826,572	3,003,059	2,681,076	2,771,832	2,716,908	2,890,331	3,428,079	3,685,323	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Employer's covered payroll	\$ 21,677,643	\$ 22,204,022	\$ 23,590,408	\$ 24,642,243	\$ 25,476,397	\$ 26,377,748	\$ 28,061,466	\$ 28,807,387	\$ 30,969,101	
Contributions as a percentage of covered payroll	12.73%	12.73%	12.73%	10.88%	10.88%	10.30%	10.30%	11.90%	11.90%	

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	2020	2021	2022	
Contractually required contribution (CRC)	\$ 722,711	\$ 635,842	\$ 641,139	\$ 458,757	\$ 457,883	\$ 421,138	\$ 379,560	\$ 364,357	\$ 442,584	
Contributions in relation to the CRC	722,711	635,842	641,139	458,757	457,883	421,138	379,560	364,357	442,584	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Employer's covered payroll	\$ 8,867,620	\$ 7,801,742	\$ 7,866,736	\$ 7,671,522	\$ 7,656,906	\$ 7,741,507	\$ 6,977,206	\$ 6,228,325	\$ 7,565,538	
Contributions as a percentage of covered payroll	8.15%	8.15%	8.15%	5.98%	5.98%	5.44%	5.44%	5.85%	5.85%	

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	2020	2021	2022	
Contractually required contribution (CRC)	\$ 6,915,149	\$ 8,915,766	\$ 8,853,455	\$ 8,895,330	\$ 10,135,322	\$ 10,627,884	\$ 10,939,651	\$ 11,438,353	\$ 12,245,179	
Contributions in relation to the CRC	6,915,149	8,915,766	8,853,455	8,895,330	10,135,322	10,627,884	10,939,651	11,438,353	12,245,179	
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	\$ 69,768,182	\$ 68,822,822	\$ 73,677,371	
Contributions as a percentage of covered payroll	14.50%	14.50%	14.06%	14.66%	16.32%	15.68%	15.68%	16.62%	16.62%	

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, 2022

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 actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

General Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through nine years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Public Safety Employees with Hazardous Duty Benefits

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changes from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Local's Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – VIRGINIA RETIREMENT SYSTEM For the Year Ended June 30, 2022

Note 2. Changes of Assumptions (Continued)

School Board Professional Plan (Cost-Sharing)

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through nine years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

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	2020	2021	2022
Total Medical Insurance OPEB liability:					
Service cost	\$ 390,913	\$ 410,459	\$ 393,352	\$ 406,569	\$ 661,777
Interest	183,392	195,244	224,816	191,810	138,244
Experience losses	-	-	263,293	-	653,367
Changes in assumptions	-	-	(1,688,245)	-	837,939
Contributions - employer	(196,975)	(212,733)	(175,592)	(188,761)	(220,760)
Net change in total OPEB liability	377,330	392,970	(982,376)	409,618	2,070,567
Total Medical Insurance OPEB liability - beginning	5,702,899	6,080,229	6,473,199	5,490,823	5,900,441
County and District total Medical Insurance OPEB liability - ending	<u>\$ 6,080,229</u>	<u>\$ 6,473,199</u>	<u>\$ 5,490,823</u>	<u>\$ 5,900,441</u>	<u>\$ 7,971,008</u>
Plan fiduciary net position as a percentage of the total					
Medical Insurance OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered employee payroll	\$ 25,476,397	\$ 26,377,748	\$ 28,061,466	\$ 28,807,387	\$ 30,969,101
Total OPEB liability as a percentage of covered employee payroll	23.87%	24.54%	19.57%	20.48%	25.74%

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	2020	2021	2022
Total Medical Insurance OPEB liability:					
Service cost	\$ 1,141,518	\$ 1,198,594	\$ 1,130,216	\$ 1,168,191	\$ 1,824,324
Interest	605,681	646,053	736,318	694,934	499,581
Experience losses	-	-	2,423,524	-	(14,433)
Changes in assumptions	-	-	(4,876,583)	-	2,350,894
Contributions - employer	(468,646)	(506,138)	(635,447)	(683,106)	(285,274)
Net change in total OPEB liability	1,278,553	1,338,509	(1,221,972)	1,180,019	4,375,092
Total Medical Insurance OPEB liability - beginning	18,802,393	20,080,946	21,419,455	20,197,483	21,377,502
School Board total Medical Insurance OPEB liability - ending	<u>\$ 20,080,946</u>	<u>\$ 21,419,455</u>	<u>\$ 20,197,483</u>	<u>\$ 21,377,502</u>	<u>\$ 25,752,594</u>
Plan fiduciary net position as a percentage of the total					
Medical Insurance OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered employee payroll	\$ 69,760,595	\$ 75,521,380	\$ 76,745,388	\$ 81,242,909	\$ 81,242,909
Total OPEB liability as a percentage of covered employee payroll	28.79%	28.36%	26.32%	26.31%	31.70%

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	2020	2021	2022
Contractually required contribution (CRC)	\$ 581,319	\$ 610,641	\$ 175,592	\$ 188,761	\$ 220,760
Contributions in relation to the CRC	581,319	610,641	175,592	188,761	220,760
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered employee payroll	\$ 25,476,397	\$ 26,377,748	\$ 28,061,466	\$ 28,807,387	\$ 30,969,101
Contributions as a percentage of covered employee payroll	2.28%	2.31%	0.63%	0.66%	0.71%

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	2020	2021	2022
Contractually required contribution (CRC)	\$ 1,947,789	\$ 2,053,750	\$ 635,447	\$ 683,106	\$ 285,274
Contributions in relation to the CRC	1,947,789	2,053,750	635,447	683,106	285,274
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered employee payroll	\$ 69,760,595	\$ 75,521,380	\$ 76,745,388	\$ 75,051,147	\$ 81,242,909
Contributions as a percentage of covered employee payroll	2.79%	2.72%	0.83%	0.91%	0.35%

Note to Schedule:

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

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

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

	Fiscal Year June 30,				
	2017	2018	2019	2020	2021
County and the District:					
Employer's proportion of the net GLI OPEB liability	0.13592%	0.13702%	0.13855%	0.14184%	0.14531%
Employer's proportionate share of the net GLI OPEB liability	\$ 2,045,000	\$ 2,081,000	\$ 2,254,577	\$ 2,367,077	\$ 1,691,802
Employer's covered payroll	\$ 25,071,813	\$ 26,053,355	\$ 27,160,577	\$ 29,190,962	\$ 30,001,481
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	8.16%	7.99%	8.30%	8.11%	5.64%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	48.86%	51.22%	52.00%	52.64%	67.45%
School Board Non-Professional:					
Employer's proportion of the net GLI OPEB liability	0.04331%	0.04267%	0.04263%	0.04083%	0.03959%
Employer's proportionate share of the net GLI OPEB liability	\$ 651,000	\$ 649,000	\$ 693,704	\$ 681,386	\$ 460,935
Employer's covered payroll	\$ 7,987,977	\$ 8,112,786	\$ 8,357,500	\$ 8,403,654	\$ 8,173,333
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	8.15%	8.00%	8.30%	8.11%	5.64%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	48.86%	51.22%	52.00%	52.64%	67.45%
School Board Professional:					
Employer's proportion of the net GLI OPEB liability	0.34950%	0.35010%	0.34568%	0.33878%	0.34504%
Employer's proportionate share of the net GLI OPEB liability	\$ 5,260,000	\$ 5,317,000	\$ 5,625,134	\$ 5,653,683	\$ 4,019,478
Employer's covered payroll	\$ 64,465,823	\$ 66,570,938	\$ 67,764,423	\$ 69,723,077	\$ 71,238,148
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	8.16%	7.99%	8.30%	8.11%	5.64%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	48.86%	51.22%	52.00%	52.64%	67.45%

Note to Schedule:

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

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

SCHEDULE OF EMPLOYER CONTRIBUTIONS – OPEB – GROUP LIFE INSURANCE PROGRAM

	Fiscal Year June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
County and the District:										
Contractually required contribution (CRC)	\$ 97,241	\$ 102,169	\$ 107,086	\$ 114,244	\$ 130,373	\$ 134,478	\$ 141,235	\$ 151,793	\$ 162,008	\$ 175,169
Contributions in relation to the CRC	97,241	102,169	107,086	114,244	130,373	134,478	141,235	151,793	162,008	175,169
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 20,258,466	\$ 21,285,137	\$ 22,309,633	\$ 23,800,818	\$ 25,071,813	\$ 26,053,355	\$ 27,160,577	\$ 29,190,962	\$ 30,001,481	\$ 32,438,704
Contributions as a percentage of covered payroll	0.48%	0.48%	0.48%	0.48%	0.52%	0.52%	0.52%	0.52%	0.54%	0.54%
School Board Non-Professional:										
Contractually required contribution (CRC)	\$ 36,906	\$ 37,343	\$ 37,831	\$ 38,363	\$ 41,537	\$ 42,045	\$ 43,459	\$ 43,699	\$ 44,136	\$ 46,838
Contributions in relation to the CRC	36,906	37,343	37,831	38,363	41,537	42,045	43,459	43,699	44,136	46,838
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 7,688,796	\$ 7,779,696	\$ 7,881,447	\$ 7,992,255	\$ 7,987,977	\$ 8,112,786	\$ 8,357,500	\$ 8,403,654	\$ 8,173,333	\$ 8,673,704
Contributions as a percentage of covered payroll	0.48%	0.48%	0.48%	0.48%	0.52%	0.52%	0.52%	0.52%	0.54%	0.54%
School Board Professional:										
Contractually required contribution (CRC)	\$ 280,761	\$ 285,402	\$ 295,802	\$ 302,707	\$ 335,222	\$ 346,483	\$ 352,375	\$ 362,560	\$ 384,686	\$ 410,344
Contributions in relation to the CRC	280,761	285,402	295,802	302,707	335,222	346,483	352,375	362,560	384,686	410,344
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 58,491,814	\$ 59,458,766	\$ 61,625,384	\$ 63,064,004	\$ 64,465,823	\$ 66,570,938	\$ 67,764,423	\$ 69,723,077	\$ 71,238,148	\$ 75,989,630
Contributions as a percentage of covered payroll	0.48%	0.48%	0.48%	0.48%	0.52%	0.52%	0.52%	0.52%	0.54%	0.54%

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	2019	2020	2021
Total HIC OPEB liability:					
Service cost	\$ 19,552	\$ 18,080	\$ 18,979	\$ 20,511	\$ 22,330
Interest	65,388	65,306	68,683	69,108	73,245
Differences between expected and actual experience	-	33,710	207	(9,827)	(24,874)
Changes in assumptions	(22,380)	-	21,876	53,437	22,301
Benefit payments	(54,976)	(72,469)	(65,253)	(68,943)	(74,952)
Net change in total OPEB liability	7,584	44,627	44,492	64,286	18,050
Total HIC OPEB liability - beginning	961,598	969,182	1,013,809	1,058,301	1,122,587
Total HIC OPEB liability - ending (a)	<u>\$ 969,182</u>	<u>\$ 1,013,809</u>	<u>\$ 1,058,301</u>	<u>\$ 1,122,587</u>	<u>\$ 1,140,637</u>
Plan Fiduciary Net Position:					
Contributions - employer	\$ 51,835	\$ 52,735	\$ 58,393	\$ 55,438	\$ 57,893
Net investment income	43,842	28,613	27,512	8,916	114,158
Benefit payments, including refunds of employee	(54,976)	(72,469)	(65,253)	(68,943)	(74,952)
Administrative expense	(702)	(666)	(591)	(843)	(1,314)
Other changes	2,239	(1,625)	(32)	(4)	-
Net change in plan fiduciary net position	42,238	6,588	20,029	(5,436)	95,785
Plan fiduciary net position - beginning	381,566	423,804	430,392	450,421	444,985
Plan fiduciary net position - ending (b)	<u>\$ 423,804</u>	<u>\$ 430,392</u>	<u>\$ 450,421</u>	<u>\$ 444,985</u>	<u>\$ 540,770</u>
School Board non-professional net HIC OPEB liability - ending (a) - (b)	<u>\$ 545,378</u>	<u>\$ 583,417</u>	<u>\$ 607,880</u>	<u>\$ 677,602</u>	<u>\$ 599,867</u>
Plan fiduciary net position as a percentage of the total HIC OPEB liability	43.73%	42.45%	42.56%	39.64%	47.41%
Covered payroll	\$ 7,979,559	\$ 8,112,786	\$ 8,983,538	\$ 8,528,923	\$ 8,171,026
Net OPEB liability as a percentage of covered payroll	6.83%	7.19%	6.77%	7.94%	7.34%

Note to Schedule:

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

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

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

	Fiscal Year June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution (CRC)	\$ 56,338	\$ 57,482	\$ 48,730	\$ 49,492	\$ 51,835	\$ 52,735	\$ 58,393	\$ 55,438	\$ 63,734	\$ 67,614
Contributions in relation to the CRC	56,338	57,482	48,730	49,492	51,835	52,735	58,393	55,438	63,734	67,614
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 7,613,200	\$ 7,767,822	\$ 7,859,697	\$ 7,982,504	\$ 7,979,559	\$ 8,112,786	\$ 8,983,538	\$ 8,528,923	\$ 8,171,026	\$ 8,668,462
Contributions as a percentage of covered payroll	0.74%	0.74%	0.62%	0.62%	0.65%	0.65%	0.65%	0.65%	0.78%	0.78%

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

	Fiscal Year June 30,				
	2017	2018	2019	2020	2021
Employer's proportion of the net HIC OPEB liability	0.81579%	0.82261%	0.80768%	0.79495%	0.80417%
Employer's proportionate share of the net HIC OPEB liability	\$ 10,349,000	\$ 10,445,000	\$ 10,573,316	\$ 10,370,255	\$ 10,322,078
Employer's covered payroll	\$ 64,382,624	\$ 66,527,647	\$ 66,717,131	\$ 68,549,098	\$ 71,122,066
Employer's proportionate share of the net HIC OPEB liability as a percentage of its covered payroll	16.07%	15.70%	15.85%	15.13%	14.51%
Plan fiduciary net position as a percentage of the total HIC OPEB liability	7.04%	8.08%	8.97%	9.95%	13.15%

Note to Schedule:

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

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

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

	Fiscal Year June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution (CRC)	\$ 639,378	\$ 658,256	\$ 652,216	\$ 667,472	\$ 714,647	\$ 807,757	\$ 813,949	\$ 836,299	\$ 860,577	\$ 924,891
Contributions in relation to the CRC	639,378	658,256	652,216	667,472	714,647	807,757	813,949	836,299	860,577	924,891
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 57,601,643	\$ 59,302,346	\$ 61,529,796	\$ 62,969,099	\$ 64,382,624	\$ 66,527,647	\$ 66,717,131	\$ 68,549,098	\$ 71,122,066	\$ 76,437,273
Contributions as a percentage of covered payroll	1.11%	1.11%	1.06%	1.06%	1.11%	1.21%	1.22%	1.22%	1.21%	1.21%

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OTHER POSTEMPLOYMENT BENEFITS Year Ended June 30, 2022

Note 1. Medical Insurance Program

There are no assets accumulated in a trust for the 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

The following changes were made to the actuarial assumptions and methods effective July 1, 2021.

1. The following is the discount rate used for the period presented:

2021	2.18%
2020	3.36%
2019	3.11%

2. The medical claims aging table was updated to be based on the aging factor in the Dale Yamamoto study released by the Society of Actuaries in June 2013.
3. The assumed trend rate for the medical claims was changed to 6.25% grading uniformly to 5.50% over 3 years, and following the Getzen model thereafter until reaching an ultimate rate of 4.04% in the year 2075.

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 actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumption as a result of the experience study and VRS Board action are as follows:

School Board Professional

Teachers

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experienced for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service decrement through nine years of service

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OTHER POSTEMPLOYMENT BENEFITS Year Ended June 30, 2022

Note 2. Group Life Insurance Program (Continued)

B. Changes of Assumptions (Continued)

School Board Professional (Continued)

Teachers (Continued)

Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

County, District and School Board Non-Professional Plans

General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through nine years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OTHER POSTEMPLOYMENT BENEFITS Year Ended June 30, 2022

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 actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

School Board Non-Professional Plan

Non-Largest 10 Locality Employers – General Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service decrement through nine years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

School Board Professional Plan

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year, age and service decrement through nine years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	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.

LLC Library Fund – This fund is used to account for the assets held by the County for the Law Library.

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS June 30, 2022

	Special Revenue			Total
	Asset			Nonmajor
	Forfeiture	Tourism	LLC	Governmental
	Fund	Fund	Library Fund	Funds
ASSETS				
Cash and cash equivalents	\$ 223,269	\$ 1,036,190	\$ 26,830	\$ 1,286,289
Investments	103,651	481,044	12,456	597,151
Accrued interest	230	1,128	27	1,385
Trade and other accounts	-	231,231	-	231,231
Due from other government	-	65,000	-	65,000
Prepaid items	-	1,279	-	1,279
Total assets	\$ 327,150	\$ 1,815,872	\$ 39,313	\$ 2,182,335
LIABILITIES				
Accounts payable	\$ 165	\$ -	\$ 10,280	\$ 10,445
Accrued payroll	-	5,363	-	5,363
Unearned revenue	58,995	-	-	58,995
Total liabilities	59,160	5,363	10,280	74,803
FUND BALANCE				
Nonspendable:				
Prepaid items	-	1,279	-	1,279
Restricted for:				
Judicial administration	91,431	-	-	91,431
Public safety	176,559	-	-	176,559
Parks, recreation and cultural	-	-	29,033	29,033
Community development	-	1,809,230	-	1,809,230
Total fund balance	267,990	1,810,509	29,033	2,107,532
Total liabilities and fund balance	\$ 327,150	\$ 1,815,872	\$ 39,313	\$ 2,182,335

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – NONMAJOR GOVERNMENTAL FUNDS Year Ended June 30, 2022

	Special Revenue			Total
	Asset		LLC	Nonmajor
	Forfeiture	Tourism	Library Fund	Governmental
	Fund	Fund		Funds
Revenues:				
Fines and forfeitures	\$ 42,448	\$ -	\$ -	\$ 42,448
Use of money	745	2,949	68	3,762
Transient occupancy taxes	-	959,489	-	959,489
Miscellaneous	-	-	22,765	22,765
Intergovernmental	15,082	180,000	-	195,082
Total revenues	58,275	1,142,438	22,833	1,223,546
Expenditures:				
Current:				
Judicial administration	18,247	-	-	18,247
Public safety	40,197	-	-	40,197
Parks, recreation and cultural	-	-	63,831	63,831
Community development	-	410,400	-	410,400
Total expenditures	58,444	410,400	63,831	532,675
Net change in fund balance	(169)	732,038	(40,998)	690,871
Fund balance, beginning	268,159	1,078,471	70,031	1,416,661
Fund balance, ending	\$ 267,990	\$ 1,810,509	\$ 29,033	\$ 2,107,532

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.

Lake Shenandoah Stormwater Control Authority – This fund is used to account for the provision of stormwater services to the Lake Shenandoah Stormwater Control Authority, a blended component unit.

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF NET POSITION – NONMAJOR PROPRIETARY FUNDS June 30, 2022

	Lilly Subdivision Sanitary District	Countryside Sanitary District	Penn Laird Sewer Authority	Lake Shenandoah Stormwater Control Authority	Total Nonmajor Proprietary Funds
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 41,099	\$ 12,962	\$ 6,999	\$ 871,691	\$ 932,751
Investments	5,686	1,794	969	120,593	129,042
Trade and other accounts receivable, net	4,207	1,495	1,796	13,642	21,140
Prepaid items	-	-	-	476	476
Accrued interest	42	13	7	861	923
Total current assets	51,034	16,264	9,771	1,007,263	1,084,332
Noncurrent assets:					
Investments	13,394	4,224	2,281	284,083	303,982
Capital assets:					
Land	20,600	-	-	935,787	956,387
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
Construction in progress	-	-	-	206,728	206,728
Less accumulated depreciation and amortization	(151,643)	(100,987)	(352,744)	-	(605,374)
Total capital assets, net of accumulated depreciation and amortization	354,815	205,035	816,746	1,142,515	2,519,111
Total noncurrent assets	368,209	209,259	819,027	1,426,598	2,823,093
Total assets	419,243	225,523	828,798	2,433,861	3,907,425
DEFERRED OUTFLOWS OF RESOURCES					
Other postemployment benefits	-	-	-	605	605
Total deferred outflows of resources	-	-	-	605	605
LIABILITIES					
Current liabilities:					
Accounts payable and deposits	1,131	290	680	-	2,101
Due to other governments	1,478	296	-	-	1,774
Accrued payroll	-	-	-	1,415	1,415
Accrued interest	-	-	1,914	43,927	45,841
Unearned revenue	-	-	-	20,234	20,234
Advance from other funds	-	-	-	172,956	172,956
Revenue bonds	-	-	24,417	-	24,417
Total current liabilities	2,609	586	27,011	238,532	268,738
Noncurrent liabilities:					
Advance from other funds	-	-	-	1,584,125	1,584,125
Other postemployment benefits liability	-	-	-	2,824	2,824
Revenue bonds	-	-	132,320	-	132,320
Total noncurrent liabilities	-	-	132,320	1,586,949	1,719,269
Total liabilities	2,609	586	159,331	1,825,481	1,988,007
DEFERRED INFLOWS OF RESOURCES					
Other postemployment benefits	-	-	-	505	505
Total deferred inflows of resources	-	-	-	505	505
NET POSITION					
Net investment in capital assets	354,815	205,035	660,009	1,142,515	2,362,374
Unrestricted (deficit)	61,819	19,902	9,458	(534,035)	(442,856)
Total net position	\$ 416,634	\$ 224,937	\$ 669,467	\$ 608,480	\$ 1,919,518

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – NONMAJOR PROPRIETARY FUNDS Year Ended June 30, 2022

	Lilly Subdivision Sanitary District	Countryside Sanitary District	Penn Laird Sewer Authority	Lake Shenandoah Stormwater Control Authority	Total Nonmajor Proprietary Funds
Operating revenues:					
Charges for services	\$ 39,705	\$ 11,543	\$ 17,319	\$ 366,870	\$ 435,437
Total operating revenues	39,705	11,543	17,319	366,870	435,437
Operating expenses:					
Contractual services	7,722	2,703	928	3,250	14,603
Personnel Services	-	-	-	11,905	11,905
Fringe Benefits	-	-	-	6,950	6,950
Other charges	18,949	4,804	-	-	23,753
Depreciation and amortization	9,718	6,120	22,399	-	38,237
Total operating expenses	36,389	13,627	23,327	22,105	95,448
Operating income (loss)	3,316	(2,084)	(6,008)	344,765	339,989
Nonoperating revenues (expenses):					
Interest revenue	144	88	67	3,073	3,372
Interest expense	-	(436)	(4,652)	(53,552)	(58,640)
Total nonoperating revenues (expenses), net	144	(348)	(4,585)	(50,479)	(55,268)
Income (loss) before transfers	3,460	(2,432)	(10,593)	294,286	284,721
Transfers in	-	70,000	-	-	70,000
Change in net position	3,460	67,568	(10,593)	294,286	354,721
Total net position, beginning	413,174	157,369	680,060	314,194	1,564,797
Total net position, ending	\$ 416,634	\$ 224,937	\$ 669,467	\$ 608,480	\$ 1,919,518

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF CASH FLOWS – NONMAJOR PROPRIETARY FUNDS Year Ended June 30, 2022

	Lilly Subdivision Sanitary District	Countryside Sanitary District	Penn Laird Sewer Authority	Lake Shenandoah Stormwater Control Authority	Total Nonmajor Proprietary Funds
Cash flows from operating activities:					
Receipts from customers	\$ 40,377	\$ 10,775	\$ 17,158	\$ 373,462	\$ 441,772
Payments to suppliers for goods and services	(28,270)	(7,801)	(903)	(6,950)	(43,924)
Payments to employees	-	-	-	(11,492)	(11,492)
Net cash provided by operating activities	12,107	2,974	16,255	355,020	386,356
Cash flows from noncapital financing activities:					
Transfers from other funds	-	70,000	-	-	70,000
Net cash provided by noncapital financing activities	-	70,000	-	-	70,000
Cash flows from capital and related financing activities:					
Advance to other funds	-	-	-	(167,919)	(167,919)
Principal paid on outstanding debt	-	(53,660)	(23,776)	-	(77,436)
Interest paid and fiscal charges on outstanding debt	-	(872)	(4,942)	(57,750)	(63,564)
Net cash used in capital and related financing activities	-	(54,532)	(28,718)	(225,669)	(308,919)
Cash flows from investing activities:					
Proceeds on sale of investments	-	-	2,629	-	2,629
Purchase of investments	(6,629)	(5,898)	-	(107,329)	(119,856)
Interest received on investment securities	134	75	79	2,212	2,500
Net cash provided by (used in) investing activities	(6,495)	(5,823)	2,708	(105,117)	(114,727)
Net change in cash and cash equivalents	5,612	12,619	(9,755)	24,234	32,710
Cash and Cash Equivalents:					
Beginning	35,487	343	16,754	847,457	900,041
Ending	\$ 41,099	\$ 12,962	\$ 6,999	\$ 871,691	\$ 932,751
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 3,316	\$ (2,084)	\$ (6,008)	\$ 344,765	\$ 339,989
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization	9,718	6,120	22,399	-	38,237
Change in assets and liabilities:					
Decrease (increase) in accounts receivable	672	(768)	(161)	(6,004)	(6,261)
Increase in prepaid items	-	-	-	(476)	(476)
Increase in OPEB related deferred outflows of resources	-	-	-	(605)	(605)
Increase in due to other governments	1,478	296	-	-	1,774
Increase (decrease) in accounts payable and deposits	(3,077)	(590)	25	-	(3,642)
Increase in accrued liabilities	-	-	-	1,415	1,415
Increase in other post employment benefit liability	-	-	-	2,824	2,824
Increase in OPEB related deferred inflows of resources	-	-	-	505	505
Increase in unearned revenue	-	-	-	12,596	12,596
Net cash provided by operating activities	\$ 12,107	\$ 2,974	\$ 16,255	\$ 355,020	\$ 386,356

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, 2022**

	Central Stores	Self - Insurance	Total Internal Service Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ -	\$ 13,402,122	\$ 13,402,122
Investments	-	1,836,536	1,836,536
Trade and other accounts receivable	-	10,022	10,022
Accrued interest	-	13,778	13,778
Total current assets	-	15,262,458	15,262,458
Noncurrent assets:			
Investments	-	4,326,344	4,326,344
Total assets	-	19,588,802	19,588,802
LIABILITIES			
Current liabilities:			
Accounts payable	-	450,402	450,402
Unearned revenue	-	2,663,581	2,663,581
Insurance and benefit claims	-	2,329,377	2,329,377
Total liabilities	-	5,443,360	5,443,360
NET POSITION			
Unrestricted	-	14,145,442	14,145,442
Total net position	\$ -	\$ 14,145,442	\$ 14,145,442

COUNTY OF ROCKINGHAM, VIRGINIA

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION – INTERNAL SERVICE FUNDS
Year Ended June 30, 2022**

	Central Stores	Self - Insurance	Total Internal Service Funds
Operating revenues:			
Charges for services	\$ 38,585	\$ 31,338,913	\$ 31,377,498
Total operating revenues	38,585	31,338,913	31,377,498
Operating expenses:			
Contractual services	-	1,804,893	1,804,893
Risk financing and benefit payments	-	30,375,084	30,375,084
Other charges	38,137	-	38,137
Total operating expenses	38,137	32,179,977	32,218,114
Operating income (loss)	448	(841,064)	(840,616)
Nonoperating revenue:			
Interest	-	34,439	34,439
Total nonoperating revenue	-	34,439	34,439
Income (loss) before transfers	448	(806,625)	(806,177)
Transfers out	(27,039)	-	(27,039)
Total transfers	(27,039)	-	(27,039)
Change in net position	(26,591)	(806,625)	(833,216)
Total net position, beginning	26,591	14,952,067	14,978,658
Total net position, ending	\$ -	\$ 14,145,442	\$ 14,145,442

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF CASH FLOWS – INTERNAL SERVICE FUNDS Year Ended June 30, 2022

	Central Stores	Self - Insurance	Total Internal Service Funds
Cash flows from operating activities:			
Receipts from interfund services provided	\$ 43,663	\$ 31,520,382	\$ 31,564,045
Claims and benefits paid	-	(29,403,313)	(29,403,313)
Payments to suppliers for goods and services	(29,572)	(1,910,576)	(1,940,148)
Net cash provided by operating activities	14,091	206,493	220,584
Cash Flows from noncapital financing activities:			
Transfers to other funds	(27,039)	-	(27,039)
Net cash used in noncapital financing activities	(27,039)	-	(27,039)
Cash flows from investing activities:			
Sale of investments	3,363	-	3,363
Purchase of investments	-	(1,144,354)	(1,144,354)
Interest received on investment securities	-	36,887	36,887
Net cash provided by (used in) investing activities	3,363	(1,107,467)	(1,104,104)
Net change in cash and cash equivalents	(9,585)	(900,974)	(910,559)
Cash and cash equivalents:			
Beginning	9,585	14,303,096	14,312,681
Ending	\$ -	\$ 13,402,122	\$ 13,402,122
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 448	\$ (841,064)	\$ (840,616)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Change in assets and liabilities:			
Decrease (increase) in:			
Accounts receivable	5,078	(4,874)	204
Inventory	10,509	-	10,509
Increase (decrease) in:			
Accounts payable	(1,944)	(105,683)	(107,627)
Unearned revenue	-	186,343	186,343
Insurance and benefit claims	-	971,771	971,771
Net cash provided by operating activities	\$ 14,091	\$ 206,493	\$ 220,584

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, 2022

	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	Nonmajor Governmental Fund - Massanutten Technical Center - Operating Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 6,682,310	\$ 2,249,851	\$ 4,101,825	\$ 271,223	\$ 13,305,209
Investments	3,101,983	1,039,835	1,904,242	125,913	6,171,973
Trade and other accounts receivable	221,543	10,103	-	8,997	240,643
Accrued interest	-	2,163	4,201	254	6,618
Due from other governments	4,882,595	255,715	-	137,562	5,275,872
Prepaid items	3,721,917	196,833	-	86,681	4,005,431
Inventory	129,539	115,872	-	-	245,411
Total assets	\$ 18,739,887	\$ 3,870,372	\$ 6,010,268	\$ 630,630	\$ 29,251,157
LIABILITIES					
Accounts payable	\$ 1,100,077	\$ 40,947	\$ 71,519	\$ 150,636	\$ 1,363,179
Accrued payroll	17,626,548	479,581	-	404,997	18,511,126
Deferred revenue	17	-	-	-	17
Due to other governments	13,245	-	-	74,997	88,242
Total liabilities	18,739,887	520,528	71,519	630,630	19,962,564
FUND BALANCES					
Nonspendable:					
Prepaid items	3,721,917	196,833	-	86,681	4,005,431
Inventory	129,539	115,872	-	-	245,411
Assigned to:					
Capital projects	-	-	5,938,749	-	5,938,749
Cafeteria	-	3,037,139	-	-	3,037,139
Unassigned (deficit)	(3,851,456)	-	-	(86,681)	(3,938,137)
Total fund balances	-	3,349,844	5,938,749	-	9,288,593
Total liabilities and fund balances	\$ 18,739,887	\$ 3,870,372	\$ 6,010,268	\$ 630,630	\$ 29,251,157
Total fund balances					\$ 9,288,593
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				\$ 324,840,236	
Less accumulated depreciation and amortization				(193,197,453)	
Net capital assets					131,642,783
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				25,779,490	
Other postemployment benefits				6,139,200	
					31,918,690
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.					
Long-term due from other government - pension				1,671,238	
Long-term due from other government - other postemployment benefits				475,989	
					2,147,227
Net pension asset used in governmental activities is not a current financial resource and, therefore, is not reported in the governmental funds.					
Net pension asset					4,018,291
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				(4,402,976)	
Leases payable				(1,918,153)	
Other postemployment benefits				(41,154,952)	
Net pension liability				(62,766,195)	
					(110,242,276)
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				(51,851,277)	
Other postemployment benefits				(5,381,112)	
					(57,232,389)
Net position of governmental activities					\$ 22,274,247

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD Year Ended June 30, 2022

	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	\$ 8,537	\$ 5,259	\$ 10,768	\$ 828	\$ 25,392
Charges for services	203,573	132,385	-	665,764	1,001,722
Miscellaneous	407,774	-	-	11,998	419,772
Appropriation from Primary Government	60,570,742	-	35,000	-	60,605,742
Intergovernmental	93,120,051	7,640,782	-	5,859,551	106,620,384
Total revenues	154,310,677	7,778,426	45,768	6,538,141	168,673,012
Expenditures:					
Current:					
Education	154,976,106	6,033,298	-	6,538,141	167,547,545
Capital outlays	-	-	177,759	-	177,759
Debt Service:					
Principal	1,191,238	-	-	-	1,191,238
Interest	142,721	-	-	-	142,721
Total expenditures	156,310,065	6,033,298	177,759	6,538,141	169,059,263
Excess (deficiency) of revenues over (under) expenditures	(1,999,388)	1,745,128	(131,991)	-	(386,251)
Other financing sources:					
Issuance of leases	1,999,388	-	-	-	1,999,388
Other financing sources	1,999,388	-	-	-	1,999,388
Net change in fund balances	-	1,745,128	(131,991)	-	1,613,137
Fund balances, beginning	-	1,604,716	6,070,740	-	7,675,456
Fund balances, ending	\$ -	\$ 3,349,844	\$ 5,938,749	\$ -	\$ 9,288,593
Net change in fund balances					\$ 1,613,137
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 outlay in the current period.					
Expenditure for capital assets				\$ 4,121,165	
Less depreciation and amortization expense				(10,967,642)	
Excess of depreciation and amortization over capital outlays					(6,846,477)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to decrease net position.					(6,047)
Long-term due from other government - pension				(199,992)	
Long-term due from other government - other postemployment benefits				21,794	
					(178,198)
The issuance of long-term debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.					
Issuance of leases				(1,999,388)	
Principal repayments:					
Leases payable				1,191,238	
					(808,150)
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				(454,641)	
Changes in pension liabilities and related deferred outflows and inflows of resources				12,885,548	
Changes in OPEB liabilities and related deferred outflows and inflows of resources				(1,576,809)	
					10,854,098
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net loss of the internal service funds are reported with governmental activities.					
Total revenues				23,530,014	
Total expenses				(24,134,984)	
					(604,970)
Change in net position of governmental activities					\$ 4,023,393

**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, 2022

	Operating Fund	Special Revenue Children's Services Act Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 5,002,786	\$ 187,476	\$ 5,190,262
Investments	2,322,507	87,034	2,409,541
Trade and other accounts receivable	12,900	56,947	69,847
Accrued interest	5,299	-	5,299
Due from other governments	974,286	2,320,361	3,294,647
Prepaid items	175,335	-	175,335
Total assets	\$ 8,493,113	\$ 2,651,818	\$ 11,144,931
LIABILITIES			
Accounts payable	\$ 326,620	\$ 2,444,519	\$ 2,771,139
Accrued payroll	494,812	-	494,812
Due to other governments	273	-	273
Total liabilities	821,705	2,444,519	3,266,224
FUND BALANCES			
Nonspendable:			
Prepaid items	175,335	-	175,335
Assigned to:			
Social services	7,496,073	207,299	7,703,372
Total fund balances	7,671,408	207,299	7,878,707
Total liabilities and fund balances	\$ 8,493,113	\$ 2,651,818	\$ 11,144,931
Fund balances			\$ 7,878,707
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.			
Governmental capital assets		\$ 3,209,227	
Less accumulated depreciation and amortization		(1,073,897)	
Net capital assets			2,135,330
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		1,879,667	
Other postemployment benefits		400,526	
			2,280,193
Long-term due from other government - pension		1,196,669	
Long-term due from other government - other postemployment benefits		934,122	
			2,130,791
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		(37,607)	
Leases payable		(272,526)	
Other postemployment benefits		(1,948,282)	
Net pension liability		(1,216,277)	
			(3,474,692)
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		(3,056,728)	
Other postemployment benefits		(320,487)	
			(3,377,215)
Net position of governmental activities			\$ 7,573,114

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, 2022

	Operating Fund	Special Revenue Children's Services Act Fund	Total Governmental Funds
Revenues:			
Use of money and property	\$ 12,649	\$ 239	\$ 12,888
Miscellaneous	1,968,325	1,736,856	3,705,181
Appropriation from Primary Government	2,710,677	3,108,939	5,819,616
Intergovernmental	14,253,823	8,081,101	22,334,924
Total revenues	18,945,474	12,927,135	31,872,609
Expenditures:			
Current:			
Health and social services	18,145,146	12,719,836	30,864,982
Debt Service:			
Principal	44,868	-	44,868
Interest	13,632	-	13,632
Total expenditures	18,203,646	12,719,836	30,923,482
Net change in fund balances	741,828	207,299	949,127
Fund balances, beginning	6,929,580	-	6,929,580
Fund balances, ending	\$ 7,671,408	\$ 207,299	\$ 7,878,707
Net change in fund balances			\$ 949,127
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.			
Depreciation and amortization			(205,088)
Long-term due from other government - pension plan		\$ (2,296,042)	
Long-term due from other government - other postemployment benefits		58,966	
			(2,237,076)
The issuance of long-term debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.			
Principal repayments:			
Leases payable			44,868
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		961	
Changes in pension liabilities and related deferred outflows and inflows of resources		299,360	
Changes in OPEB liabilities and related deferred outflows and inflows of resources		(117,929)	
			182,392
Change in net position of governmental activities			\$ (1,265,777)

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, 2022**

	Economic Development Authority	Rockingham County Recreation Foundation	Total Nonmajor Discretely Presented Component Units
ASSETS			
Cash and cash equivalents	\$ 27,073	\$ 19,027	\$ 46,100
Investments	12,568	-	12,568
Accounts receivable	14,634	-	14,634
Accrued interest	28	-	28
Total assets	54,303	19,027	73,330
NET POSITION			
Unrestricted	54,303	19,027	73,330
Total net position	\$ 54,303	\$ 19,027	\$ 73,330

COUNTY OF ROCKINGHAM, VIRGINIA

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION – NONMAJOR DISCRETELY
PRESENTED COMPONENT UNITS
Year Ended June 30, 2022**

	Economic Development Authority	Rockingham County Recreation Foundation	Total Nonmajor Discretely Presented Component Units
Operating revenues:			
Charges for services	\$ 18,635	\$ -	\$ 18,635
Miscellaneous - gifts and donations	-	175	175
Total operating revenues	18,635	175	18,810
Operating expenditures:			
Economic development	854,895	-	854,895
Total operating expenditures	854,895	-	854,895
Operating income (loss)	(836,260)	175	(836,085)
Nonoperating revenues:			
Revenue from use of money	116	-	116
Income (loss) before capital grants and contributions	(836,144)	175	(835,969)
Capital grants and contributions	852,694	-	852,694
Change in net position	16,550	175	16,725
Net position, beginning	37,753	18,852	56,605
Net position, ending	\$ 54,303	\$ 19,027	\$ 73,330

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF CASH FLOWS – NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS Year Ended June 30, 2022

	Economic Development Authority	Rockingham County Recreation Foundation	Total Nonmajor Discretely Presented Component Units
Cash flows from operating activities:			
Receipts from customers	\$ 15,910	\$ -	\$ 15,910
Payments to suppliers for goods and services	(982,452)	-	(982,452)
Other receipts	-	175	175
Net cash provided by (used in) operating activities	(966,542)	175	(966,367)
Cash flows from capital and related financing activities:			
Intergovernmental - grants	852,694	-	852,694
Net cash provided by capital and related financing activities	852,694	-	852,694
Cash flows from investing activities:			
Sales of investments	27,256	-	27,256
Interest received on investment securities	164	-	164
Net cash provided by investing activities	27,420	-	27,420
Net change in cash and cash equivalents	(86,428)	175	(86,253)
Cash and cash equivalents:			
Beginning	113,501	18,852	132,353
Ending	<u>\$ 27,073</u>	<u>\$ 19,027</u>	<u>\$ 46,100</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (836,260)	\$ 175	\$ (836,085)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Change in assets and liabilities:			
Accounts receivable	(2,725)	-	(2,725)
Accounts payable	(127,557)	-	(127,557)
Net cash provided by (used in) operating activities	\$ (966,542)	\$ 175	\$ (966,367)

SUPPLEMENTAL SCHEDULES

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED
COMPONENT UNITS – SCHEDULE OF REVENUES –
BUDGET AND ACTUAL
Year Ended June 30, 2022**

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	\$ 64,093,000	\$ 64,093,000	\$ 68,707,103	\$ 4,614,103
Real and personal public service corporation property taxes	2,740,000	2,740,000	2,199,346	(540,654)
Personal property taxes	18,454,000	18,454,000	20,963,508	2,509,508
Machinery and tools taxes	13,510,000	13,510,000	13,336,434	(173,566)
Merchants' capital taxes	1,605,000	1,605,000	1,237,761	(367,239)
Penalties and interest	895,000	895,000	1,016,159	121,159
Total general property taxes	101,297,000	101,297,000	107,460,311	6,163,311
Other local taxes:				
Local sales and use taxes	7,325,000	7,325,000	9,829,852	2,504,852
Consumer utility taxes	1,661,500	1,661,500	1,801,969	140,469
Utility gross receipts taxes	335,000	335,000	314,596	(20,404)
Bank stock taxes	125,000	125,000	149,355	24,355
Motor vehicle licenses	1,350,000	1,350,000	1,396,287	46,287
Taxes on recordation and wills	1,140,000	1,140,000	1,807,256	667,256
Transient occupancy taxes	335,000	335,000	639,659	304,659
Food and beverage taxes	1,600,000	1,600,000	2,171,602	571,602
ATV and moped sales tax	35,000	35,000	36,511	1,511
Total other local taxes	13,906,500	13,906,500	18,147,087	4,240,587
Permits, privilege fees and regulatory licenses:				
Animal licenses	30,000	30,000	25,667	(4,333)
Permits and other licenses	1,412,750	1,412,750	1,572,188	159,438
Total permits, privilege fees and regulatory licenses	1,442,750	1,442,750	1,597,855	155,105
Fines and forfeitures	114,403	114,403	164,458	50,055
Use of money and property:				
Revenue from use of money	60,000	60,000	(1,252,735)	(1,312,735)
Revenue from use of property	741,272	741,272	813,421	72,149
Total use of money and property	801,272	801,272	(439,314)	(1,240,586)

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED
COMPONENT UNITS – SCHEDULE OF REVENUES –
BUDGET AND ACTUAL
Year Ended June 30, 2022**

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	\$ 548,200	\$ 548,200	\$ 496,760	\$ (51,440)
Commonwealth attorney	212,500	212,500	167,626	(44,874)
Law enforcement and traffic control	285,100	285,100	250,223	(34,877)
EMS transport	2,260,000	2,260,000	2,853,421	593,421
Correction and detention	1,058,600	1,058,600	1,030,408	(28,192)
Parks and recreation	620,000	620,000	647,434	27,434
Computer services	2,000	2,000	3,086	1,086
Health	25,000	25,000	-	(25,000)
Garage fees	630,000	630,000	916,291	286,291
Planning and community development	500	500	-	(500)
Total charges for services	5,641,900	5,641,900	6,365,249	723,349
Miscellaneous	160,000	210,910	2,670,901	2,459,991
Recovered costs:				
City of Harrisonburg:				
Judicial administration	1,166,090	1,181,149	1,248,217	67,068
Public safety	4,180,713	4,234,705	4,297,005	62,300
Public works	698,472	707,492	747,665	40,173
Other entities:				
Public safety	415,192	415,192	444,005	28,813
Health and social services	163,484	163,484	163,484	-
Total recovered costs	6,623,951	6,702,022	6,900,376	198,354
Total revenue from local sources	129,987,776	130,116,757	142,866,923	12,750,166
Intergovernmental:				
Revenue from the Commonwealth:				
Non-categorical aid:				
Communications sales and use taxes	1,300,000	1,300,000	1,138,441	(161,559)
Mobile home titling taxes	65,000	65,000	128,572	63,572
Rental vehicle taxes	12,000	12,000	18,701	6,701
Personal property tax relief	6,200,000	6,200,000	5,860,515	(339,485)
Games of skill	60,000	60,000	18,720	(41,280)
Total non-categorical aid	7,637,000	7,637,000	7,164,949	(472,051)

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED
COMPONENT UNITS – SCHEDULE OF REVENUES –
BUDGET AND ACTUAL
Year Ended June 30, 2022**

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	\$ 1,025,123	\$ 1,025,123	\$ 1,018,550	\$ (6,573)
Sheriff	6,793,096	6,793,096	6,598,600	(194,496)
Commissioner of the revenue	229,039	229,039	226,271	(2,768)
Treasurer	202,572	202,572	199,908	(2,664)
Registrar/Electoral Board	50,000	50,000	86,252	36,252
Clerk of circuit court	801,589	1,078,082	758,781	(319,301)
Jail operations	400,249	400,249	425,954	25,705
Total shared costs	9,501,668	9,778,161	9,314,316	(463,845)
Other categorical aid:				
Emergency medical services	90,000	90,000	87,863	(2,137)
Community corrections	448,357	448,357	463,384	15,027
Fire program	200,000	200,000	232,864	32,864
Hazardous materials program	10,000	10,000	10,000	-
Victim witness	45,000	45,000	53,089	8,089
Records preservation	-	-	13,143	13,143
Domestic violence	45,000	45,000	30,713	(14,287)
Other	181,500	216,500	46,586	(169,914)
Total other categorical aid	1,019,857	1,054,857	937,642	(117,215)
Total categorical aid	10,521,525	10,833,018	10,251,958	(581,060)
Total revenue from the Commonwealth	18,158,525	18,470,018	17,416,907	(1,053,111)
Revenue from the federal government:				
Non-categorical aid:				
Payment for federal lands	475,000	475,000	518,725	43,725

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED
COMPONENT UNITS – SCHEDULE OF REVENUES –
BUDGET AND ACTUAL
Year Ended June 30, 2022**

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	\$ 123,875	\$ (6,125)
FEMA	19,022	19,022	19,022	-
Highway safety	36,628	36,628	32,193	(4,435)
Health and human services	285,000	292,353	328,314	35,961
Domestic violence coordinator	22,850	22,850	23,047	197
Drug court	400,000	400,000	252,833	(147,167)
Mental health and substance abuse	245,000	245,000	206,588	(38,412)
Incarceration	5,000	5,000	17,600	12,600
ARPA	-	4,419,836	4,437,105	17,269
Other federal funds	2,500	2,500	2,294	(206)
Total categorical aid	1,146,000	5,573,189	5,442,871	(130,318)
Total revenue from the federal government	1,621,000	6,048,189	5,961,596	(86,593)
Total intergovernmental	19,779,525	24,518,207	23,378,503	(1,139,704)
Total General Fund	\$ 149,767,301	\$ 154,634,964	\$ 166,245,426	\$ 11,610,462
Special Revenue Funds:				
Asset Forfeiture Fund:				
Revenue from local sources:				
Fines and forfeitures:				
Seized funds - judicial administration	\$ 18,900	\$ 18,900	\$ 20,528	\$ 1,628
Seized funds - public safety	18,900	18,900	21,920	3,020
Total fines and forfeitures	37,800	37,800	42,448	4,648
Revenue from use of money	-	-	745	745
Total revenue from local sources	37,800	37,800	43,193	5,393
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
Seized funds - judicial administration	41,800	41,800	497	(41,303)
Seized funds - public safety	41,800	41,800	14,585	(27,215)
Total intergovernmental	83,600	83,600	15,082	(68,518)
Total Asset Forfeiture Fund	121,400	121,400	58,275	(63,125)

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED
COMPONENT UNITS – SCHEDULE OF REVENUES –
BUDGET AND ACTUAL
Year Ended June 30, 2022**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
Special Revenue Funds:				
Tourism Fund:				
Revenue from local sources:				
Transient occupancy taxes	\$ 500,000	\$ 500,000	\$ 959,489	\$ 459,489
Revenue from use of money	-	-	2,949	2,949
Total revenue from local sources	500,000	500,000	962,438	462,438
Intergovernmental:				
Revenue from the Federal Government:				
Non-categorical aid:				
ARPA Funding	-	230,000	180,000	(50,000)
Total non-categorical aid	-	230,000	180,000	(50,000)
Total revenue from the Commonwealth	-	230,000	180,000	(50,000)
Total intergovernmental	-	230,000	180,000	(50,000)
Total Tourism Fund	500,000	730,000	1,142,438	412,438
LLC Library:				
Revenue from local sources:				
Revenue from use of money	-	-	68	68
Other	35,200	35,200	22,765	(12,435)
Total revenue from local sources	35,200	35,200	22,833	(12,367)
Total LLC Library	35,200	35,200	22,833	(12,367)
Total Special Revenue Funds	\$ 656,600	\$ 886,600	\$ 1,223,546	\$ 336,946

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED
COMPONENT UNITS – SCHEDULE OF REVENUES –
BUDGET AND ACTUAL
Year Ended June 30, 2022**

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	\$ 10,000	\$ 10,000	\$ 21,135	\$ 11,135
Miscellaneous	-	-	40,372	40,372
Recovered costs:				
City of Harrisonburg share	-	112,500	178,152	65,652
Total revenue from local sources	10,000	122,500	239,659	117,159
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Other	-	-	1,150,000	1,150,000
Total revenue from the Commonwealth	-	-	1,150,000	1,150,000
Total intergovernmental	-	-	1,150,000	1,150,000
Total General Capital Projects Fund	\$ 10,000	\$ 122,500	\$ 1,389,659	\$ 1,267,159
Grand Total Revenues - Primary Government	\$ 150,433,901	\$ 155,644,064	\$ 168,858,631	\$ 13,214,567
Major Component Units:				
Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of property	\$ 8,000	\$ 8,000	\$ 8,537	\$ 537
Charges for services	70,000	70,000	203,573	133,573
Miscellaneous	191,000	191,000	407,774	216,774
Appropriation from Primary Government	68,366,510	68,366,510	60,570,742	(7,795,768)
Total revenue from local sources	68,635,510	68,635,510	61,190,626	(7,444,884)

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED
COMPONENT UNITS – SCHEDULE OF REVENUES –
BUDGET AND ACTUAL
Year Ended June 30, 2022**

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	\$ 65,439	\$ (8,561)
Categorical aid:				
State sales tax receipts	15,361,937	15,361,937	19,167,910	3,805,973
Basic school aid	33,587,968	33,587,968	31,437,840	(2,150,128)
Other state school funds	26,698,657	26,698,657	26,989,507	290,850
Total categorical aid	75,648,562	75,648,562	77,595,257	1,946,695
Total revenue from the Commonwealth	75,722,562	75,722,562	77,660,696	1,938,134
Revenue from the federal government:				
Categorical aid:				
Title I	1,960,000	1,960,000	1,526,018	(433,982)
Title VIB	2,903,000	2,903,000	2,820,771	(82,229)
ARPA funds	-	521,096	297,157	(223,939)
ESSER	3,854,908	5,324,568	9,345,926	4,021,358
Other school funds	1,139,837	1,162,125	1,469,483	307,358
Total revenue from the federal government	9,857,745	11,870,789	15,459,355	3,588,566
Total intergovernmental	85,580,307	87,593,351	93,120,051	5,526,700
Total School Operating Fund	154,215,817	156,228,861	154,310,677	(1,918,184)
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money	10,000	10,000	5,259	(4,741)
Charges for services	2,078,660	2,078,660	132,385	(1,946,275)
Total revenue from local sources	2,088,660	2,088,660	137,644	(1,951,016)
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	56,000	56,000	136,403	80,403

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED
COMPONENT UNITS – SCHEDULE OF REVENUES –
BUDGET AND ACTUAL
Year Ended June 30, 2022**

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	\$ 3,613,704	\$ 3,613,704	\$ 7,504,379	\$ 3,890,675
Total intergovernmental	3,669,704	3,669,704	7,640,782	3,971,078
Total School Cafeteria Fund	5,758,364	5,758,364	7,778,426	2,020,062
School Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money	-	-	10,768	10,768
Appropriation from Primary Government	-	35,000	35,000	-
Total revenue from local sources	-	35,000	45,768	10,768
Total School Capital Projects Fund	-	35,000	45,768	10,768
Massanutten Technical Center - Operating Fund:				
Revenue from local sources:				
Revenue from use of money	-	-	828	828
Charges for services	592,100	742,100	665,764	(76,336)
Miscellaneous	6,000	6,000	11,998	5,998
Total revenue from local sources	598,100	748,100	678,590	(69,510)
Intergovernmental:				
Revenue from the Commonwealth	561,346	561,346	630,259	68,913
Revenue from the federal government	230,696	330,696	335,245	4,549
Local governments:				
Appropriation from Rockingham County School Board	3,768,875	3,768,875	3,713,740	(55,135)
Appropriation from the City of Harrisonburg	1,197,718	1,197,718	1,180,307	(17,411)
Total local governments	4,966,593	4,966,593	4,894,047	(72,546)
Total intergovernmental	5,758,635	5,858,635	5,859,551	916
Total Massanutten Technical Center - Operating Fund	6,356,735	6,606,735	6,538,141	(68,594)
Total Revenues - Component Unit - School Board	\$ 166,330,916	\$ 168,628,960	\$ 168,673,012	\$ 44,052

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED
COMPONENT UNITS – SCHEDULE OF REVENUES –
BUDGET AND ACTUAL
Year Ended June 30, 2022**

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	\$ 80,000	\$ 80,000	\$ 12,649	\$ (67,351)
Miscellaneous:				
City of Harrisonburg share	1,918,034	1,918,034	1,918,034	-
Other	46,343	46,343	50,291	3,948
Total miscellaneous	1,964,377	1,964,377	1,968,325	3,948
Appropriation from the Primary Government	2,591,975	2,591,975	2,710,677	118,702
Total revenue from local sources	4,636,352	4,636,352	4,691,651	55,299
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Social services administration:				
Public assistance and administration	6,061,781	6,148,260	5,454,244	(694,016)
Virginia department of juvenile justice:				
Virginia juvenile community crime control act grant	90,503	90,503	45,928	(44,575)
Total revenue from the Commonwealth	6,152,284	6,238,763	5,500,172	(738,591)
Revenue from the federal government:				
Categorical aid:				
Social services administration:				
Health and human services	8,998,836	8,934,362	8,595,037	(339,325)
Health and human services- COVID	-	-	80,469	80,469
TANF	-	85,966	78,145	(7,821)
Total revenue from the federal government	8,998,836	9,020,328	8,753,651	(266,677)
Total intergovernmental	15,151,120	15,259,091	14,253,823	(1,005,268)
Total Harrisonburg-Rockingham Social Services District - Operating Fund	19,787,472	19,895,443	18,945,474	(949,969)
Special Revenue Fund:				
Children's Services Act Fund:				
Revenue from local sources:				
Revenue from use of money	-	-	239	239
Miscellaneous:				
City of Harrisonburg share	1,736,856	1,736,856	1,736,856	-
Appropriation from the Primary Government	2,358,939	3,108,939	3,108,939	-
Total revenue from local sources	4,095,795	4,845,795	4,846,034	239

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED
COMPONENT UNITS – SCHEDULE OF REVENUES –
BUDGET AND ACTUAL
Year Ended June 30, 2022**

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	\$ 6,904,205	\$ 7,858,633	\$ 7,531,533	\$ (327,100)
Revenue from the federal government:				
Categorical aid:				
Social services administration:				
Children's Services Act	-	-	549,568	549,568
Total intergovernmental	6,904,205	7,858,633	8,081,101	222,468
Total Children's Services Act Fund	11,000,000	12,704,428	12,927,135	222,707
Total Revenues - Component Unit - Harrisonburg-Rockingham Social Services District	\$ 30,787,472	\$ 32,599,871	\$ 31,872,609	\$ (727,262)

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED
COMPONENT UNITS – SCHEDULE OF EXPENDITURES –
BUDGET AND ACTUAL
Year Ended June 30, 2022**

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	\$ 219,868	\$ 219,868	\$ 203,193	\$ (16,675)
General and financial:				
Executive administration	408,626	408,626	398,328	(10,298)
Legal services	823,369	823,369	715,424	(107,945)
Independent auditor and actuarial services	104,000	104,000	101,700	(2,300)
Commissioner of the revenue	902,938	902,938	810,124	(92,814)
Reassessment and equalization	786,689	579,586	342,067	(237,519)
Treasurer	798,180	798,180	744,727	(53,453)
Fiscal services	993,973	993,973	919,503	(74,470)
Human resources	484,040	484,040	476,002	(8,038)
Technology	1,176,682	1,296,682	1,290,231	(6,451)
Employee benefits	-	-	1,283	1,283
Land use assessment	67,408	67,408	59,058	(8,350)
Total general and financial	6,545,905	6,458,802	5,858,447	(600,355)
Board of elections:				
Electoral board and officials	245,335	245,335	199,619	(45,716)
Registrar	166,912	373,950	370,924	(3,026)
Total board of elections	412,247	619,285	570,543	(48,742)
Total general government administration	7,178,020	7,297,955	6,632,183	(665,772)
Judicial administration:				
Courts:				
Circuit court	234,430	234,430	215,455	(18,975)
General district court	46,800	45,300	32,701	(12,599)
Magistrate	12,450	13,950	13,650	(300)
Juvenile and domestic relations court	42,050	42,050	29,681	(12,369)
Clerk of the circuit court	1,388,741	1,674,058	1,344,171	(329,887)
Department of court services	1,934,410	1,934,410	1,549,916	(384,494)
Total courts	3,658,881	3,944,198	3,185,574	(758,624)
Commonwealth attorney	2,475,993	2,525,993	2,477,131	(48,862)
Total judicial administration	6,134,874	6,470,191	5,662,705	(807,486)

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED
COMPONENT UNITS – SCHEDULE OF EXPENDITURES –
BUDGET AND ACTUAL
Year Ended June 30, 2022**

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	\$ 7,737,930	\$ 8,380,447	\$ 8,218,978	\$ (161,469)
Fire and rescue services:				
Fire and rescue	9,312,699	12,956,358	9,941,767	(3,014,591)
Volunteer fire companies	1,060,097	2,340,027	2,295,792	(44,235)
Ambulance and rescue squads	456,981	456,981	393,165	(63,816)
Emergency medical services transportation	1,460,000	1,460,000	1,800,116	340,116
Fire extinction service	21,768	29,121	19,050	(10,071)
Total fire and rescue services	12,311,545	17,242,487	14,449,890	(2,792,597)
Correction and detention:				
County operated institutions	12,692,314	12,985,704	12,982,765	(2,939)
Building inspections	817,401	817,401	685,306	(132,095)
Other protection:				
Animal control	512,097	522,097	519,326	(2,771)
Emergency services	3,797,763	3,927,763	3,924,206	(3,557)
Total other protection	4,309,860	4,449,860	4,443,532	(6,328)
Total public safety	37,869,050	43,875,899	40,780,471	(3,095,428)
Public works:				
Garage operations	919,790	1,004,790	1,002,871	(1,919)
Maintenance:				
County property	1,128,341	1,063,341	1,003,179	(60,162)
Shared property	1,283,499	1,312,087	1,150,228	(161,859)
Human Services/Health department building	579,749	579,749	516,465	(63,284)
TV translator system	106,500	106,500	6,623	(99,877)
Research and technology center	139,500	204,500	204,007	(493)
Total public works	4,157,379	4,270,967	3,883,373	(387,594)

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED
COMPONENT UNITS – SCHEDULE OF EXPENDITURES –
BUDGET AND ACTUAL
Year Ended June 30, 2022**

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	\$ 567,067	\$ 575,166	\$ 575,106	\$ (60)
Mental health:				
Community Services Board	1,110,257	1,110,258	1,110,257	(1)
Social services:				
Property tax relief for elderly/handicapped	550,000	791,000	790,139	(861)
Appropriation to the Harrisonburg-Rockingham				
Social Services District	5,069,616	5,819,616	5,819,616	-
Institutional care	153,128	153,128	153,128	-
Total health and social services	7,450,068	8,449,168	8,448,246	(922)
Education:				
Appropriation to the Rockingham				
County School Board	68,366,510	68,401,510	60,605,742	(7,795,768)
Total education	68,366,510	68,401,510	60,605,742	(7,795,768)
Parks, recreation and cultural:				
Parks and recreation:				
Administration	275,394	275,394	202,392	(73,002)
Athletic events/programs	1,534,480	1,479,480	1,079,921	(399,559)
Rockingham Park	409,151	501,251	467,859	(33,392)
Total parks and recreation	2,219,025	2,256,125	1,750,172	(505,953)
Cultural:				
Regional library	958,126	958,126	958,126	-
Total parks, recreation and cultural	3,177,151	3,214,251	2,708,298	(505,953)
Community development:				
Planning and community development	938,697	990,598	692,500	(298,098)
Geographic information systems	247,143	253,472	230,478	(22,994)
Economic development	1,803,057	1,832,457	1,157,209	(675,248)
Soil and water conservation district	37,500	37,500	37,500	-
Cooperative extension program	164,137	164,137	152,100	(12,037)
Environmental management	406,764	432,700	426,259	(6,441)
Soil and Water Conservation District	-	-	623,278	623,278
Bond escrow	-	-	99,740	99,740
Contributions, grants and other	740,464	539,163	430,786	(108,377)
Total community development	4,337,762	4,250,027	3,849,850	(400,177)

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED
COMPONENT UNITS – SCHEDULE OF EXPENDITURES –
BUDGET AND ACTUAL
Year Ended June 30, 2022**

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	\$ 967,355	\$ 1,031,753	\$ 921,136	\$ (110,617)
School Board	6,403,635	6,403,635	6,403,635	-
Total principal	7,370,990	7,435,388	7,324,771	(110,617)
Interest and fiscal charges:				
County	346,276	346,276	408,424	62,148
School Board	3,390,536	3,390,536	3,389,186	(1,350)
Total interest and fiscal charges	3,736,812	3,736,812	3,797,610	60,798
Total debt service	11,107,802	11,172,200	11,122,381	(49,819)
Total General Fund	\$ 149,778,616	\$ 157,402,168	\$ 143,693,249	\$ (13,708,919)
Special Revenue Funds:				
Asset Forfeiture Fund:				
Judicial administration:				
Commonwealth attorney	\$ 65,660	\$ 65,660	\$ 18,247	\$ (47,413)
Public safety:				
Law enforcement	55,740	55,740	40,197	(15,543)
Total Asset Forfeiture Fund	121,400	121,400	58,444	(62,956)
Tourism Fund:				
Community development:				
Marketing and promotion	253,156	483,156	410,400	(72,756)
Total Tourism Fund	253,156	483,156	410,400	(72,756)
LLC Library:				
Parks, recreation and cultural:				
Library	50,585	63,835	63,831	(4)
Total LLC Library	50,585	63,835	63,831	(4)
Total Special Revenue Funds	\$ 425,141	\$ 668,391	\$ 532,675	\$ (135,716)
General Capital Projects Fund:				
Capital projects	\$ 2,667,000	\$ 12,517,987	\$ 7,139,745	\$ (5,378,242)
Interest and fiscal charges	-	26,000	25,733	(267)
Total General Capital Projects Fund	\$ 2,667,000	\$ 12,543,987	\$ 7,165,478	\$ (5,378,509)
Grand Total Expenditures - Primary Government	\$ 152,870,757	\$ 170,614,546	\$ 151,391,402	\$ (19,223,144)

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED
COMPONENT UNITS – SCHEDULE OF EXPENDITURES –
BUDGET AND ACTUAL
Year Ended June 30, 2022**

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	\$ 122,453,137	\$ 124,466,181	\$ 123,605,373	\$ (860,808)
Administration, attendance and health	7,261,479	7,261,479	7,309,169	47,690
Pupil transportation services	10,048,744	10,048,744	9,532,760	(515,984)
Operation and maintenance services	14,803,270	14,803,270	14,528,804	(274,466)
Total education	154,566,630	156,579,674	154,976,106	(1,603,568)
Debt service:				
Principal	-	-	1,191,238	1,191,238
Interest and fiscal charges	-	-	142,721	142,721
Total debt service	-	-	1,333,959	1,333,959
Total School Operating Fund	154,566,630	156,579,674	156,310,065	(269,609)
School Cafeteria Fund:				
Education:				
School food services	5,777,714	5,777,714	6,033,298	255,584
Total School Cafeteria Fund	5,777,714	5,777,714	6,033,298	255,584
School Capital Projects Fund:				
Capital projects	-	185,000	177,759	(7,241)
Total School Capital Projects Fund	-	185,000	177,759	(7,241)
Massanutten Technical Center - Operating Fund:				
Education:				
Secondary	5,178,674	5,428,674	5,379,561	(49,113)
Continuing education	1,178,061	1,178,061	1,158,580	(19,481)
Total Massanutten Technical Center - Operating Fund	6,356,735	6,606,735	6,538,141	(68,594)
Total Expenditures - Component Unit - School Board	\$ 166,701,079	\$ 169,149,123	\$ 169,059,263	\$ (89,860)

**GOVERNMENTAL FUNDS AND MAJOR DISCRETELY PRESENTED
COMPONENT UNITS – SCHEDULE OF EXPENDITURES –
BUDGET AND ACTUAL
Year Ended June 30, 2022**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Major Component Units:				
Component Unit - Harrisonburg-Rockingham				
Social Services District:				
Operating Fund:				
Social services:				
Public assistance	\$ 9,266,416	\$ 9,288,421	\$ 7,840,953	\$ (1,447,468)
Administration:				
Health and human services	10,325,553	10,411,519	10,168,124	(243,395)
Virginia juvenile community crime control act grant	90,503	90,503	45,928	(44,575)
Capital projects	105,000	105,000	90,141	(14,859)
Total Health and Human Services	19,787,472	19,895,443	18,145,146	(1,750,297)
Debt service:				
Principal	-	-	44,868	44,868
Interest and fiscal charges	-	-	13,632	13,632
Total debt service	-	-	58,500	58,500
Total Operating Fund	39,574,944	39,790,886	18,203,646	(21,587,240)
Special Revenue Fund:				
Children's Services Act Fund:				
Children's Services Act	11,000,000	12,719,836	12,719,836	-
Total Children's Services Act Fund	11,000,000	12,719,836	12,719,836	-
Total Expenditures - Component Unit - Harrisonburg-Rockingham Social Services District	\$ 50,574,944	\$ 52,510,722	\$ 30,923,482	\$ (21,587,240)

STATISTICAL SECTION

COUNTY OF ROCKINGHAM, VIRGINIA

STATISTICAL SECTION TABLE OF CONTENTS

The statistical section of the County's annual comprehensive 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 annual comprehensive 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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Primary government:										
Governmental activities:										
Net investment in capital assets	\$ 34,110,413	\$ 34,093,586	\$ 33,589,878	\$ 34,854,168	\$ 38,692,548	\$ 42,693,309	\$ 48,293,834	\$ 57,242,324	\$ 62,861,828	\$ 59,189,113
Restricted	2,897,307	3,782,011	235,709	195,800	235,108	404,183	624,258	1,334,085	1,415,419	2,106,253
Unrestricted (deficit)	(40,378,653)	(33,093,357)	(34,021,125)	(37,558,463)	(34,533,494)	(61,273,304)	(51,715,195)	(63,794,527)	(52,335,803)	(26,469,994)
Total governmental activities net position	\$ (3,370,933)	\$ 4,782,240	\$ (195,538)	\$ (2,508,495)	\$ 4,394,162	\$ (18,175,812)	\$ (2,797,103)	\$ (5,218,118)	\$ 11,941,444	\$ 34,825,372
Business-type activities:										
Net investment in capital assets	\$ 28,953,581	\$ 29,032,472	\$ 33,482,569	\$ 30,110,695	\$ 28,127,740	\$ 33,769,673	\$ 36,326,889	\$ 36,828,881	\$ 39,436,305	\$ 39,970,950
Restricted	-	-	-	5,545,857	10,566,691	4,739,335	-	-	-	-
Unrestricted	5,479,288	7,187,340	4,974,695	5,409,029	4,911,714	6,720,049	11,712,273	9,812,714	11,671,872	15,816,264
Total business-type activities net position	\$ 34,432,869	\$ 36,219,812	\$ 38,457,264	\$ 41,065,581	\$ 43,606,145	\$ 45,229,057	\$ 48,039,162	\$ 46,641,595	\$ 51,108,177	\$ 55,787,214
Primary government:										
Net investment in capital assets	\$ 63,063,994	\$ 63,126,058	\$ 67,072,447	\$ 64,964,863	\$ 66,820,288	\$ 76,462,982	\$ 84,620,723	\$ 94,071,205	\$ 102,298,133	\$ 99,160,063
Restricted	2,897,307	3,782,011	235,709	5,741,657	10,801,799	5,143,518	624,258	1,334,085	1,415,419	2,106,253
Unrestricted (deficit)	(34,899,365)	(25,906,017)	(29,046,430)	(32,149,434)	(29,621,780)	(54,553,255)	(40,002,922)	(53,981,813)	(40,663,931)	(10,653,730)
Total primary government net position	\$ 31,061,936	\$ 41,002,052	\$ 38,261,726	\$ 38,557,086	\$ 48,000,307	\$ 27,053,245	\$ 45,242,059	\$ 41,423,477	\$ 63,049,621	\$ 90,612,586
Major component units: (1)										
Component unit - school board:										
Net investment in capital assets	\$ 148,854,227	\$ 141,355,850	\$ 135,289,320	\$ 129,762,202	\$ 129,603,121	\$ 139,675,416	\$ 138,615,241	\$ 142,310,517	\$ 137,385,305	\$ 129,724,630
Restricted	-	-	-	-	-	4,133,596	-	2,620,846	565,038	-
Unrestricted (deficit)	(4,499,513)	(5,090,456)	(109,438,758)	(108,048,391)	(111,818,738)	(129,883,934)	(124,092,478)	(121,432,825)	(119,699,489)	(107,450,383)
Total component unit - school board net position	\$ 144,354,714	\$ 136,265,394	\$ 25,850,562	\$ 21,713,811	\$ 17,784,383	\$ 13,925,078	\$ 14,522,763	\$ 23,498,538	\$ 18,250,854	\$ 22,274,247
Component unit - Harrisonburg-Rockingham Social Services District										
Net investment in capital assets	\$ 8,480	\$ 2,144,091	\$ 2,574,720	\$ 2,451,305	\$ 2,366,316	\$ 2,323,333	\$ 2,103,403	\$ 1,968,464	\$ 2,023,024	\$ 1,862,804
Restricted	2,161,138	1,448,333	1,393,537	1,740,887	2,019,613	2,120,558	2,472,376	2,586,582	-	-
Unrestricted	2,392,680	1,433,092	697,955	1,411,396	2,399,901	1,204,485	1,937,337	1,832,732	6,815,867	5,710,310
Total component unit - HRSSD net position	\$ 4,562,298	\$ 5,025,516	\$ 4,666,212	\$ 5,603,588	\$ 6,785,830	\$ 5,648,376	\$ 6,513,116	\$ 6,387,778	\$ 8,838,891	\$ 7,573,114

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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Major component units:										
Net investment in capital assets	\$ 148,862,707	\$ 143,499,941	\$ 137,864,040	\$ 132,213,507	\$ 131,969,437	\$ 141,998,749	\$ 140,718,644	\$ 144,278,981	\$ 139,408,329	\$ 131,587,434
Restricted	2,161,138	1,448,333	1,393,537	1,740,887	2,019,613	6,254,154	2,472,376	5,207,428	565,038	-
Unrestricted (deficit)	(2,106,833)	(3,657,364)	(108,740,803)	(106,636,995)	(109,418,837)	(128,679,449)	(122,155,141)	(119,600,093)	(112,883,622)	(101,740,073)
Total major component units net position	\$ 148,917,012	\$ 141,290,910	\$ 30,516,774	\$ 27,317,399	\$ 24,570,213	\$ 19,573,454	\$ 21,035,879	\$ 29,886,316	\$ 27,089,745	\$ 29,847,361
Total reporting entity: (2)										
Net investment in capital assets	\$ 123,453,125	\$ 124,167,242	\$ 128,405,019	\$ 126,705,690	\$ 134,528,812	\$ 135,122,135	\$ 148,122,492	\$ 146,726,248	\$ 156,805,784	\$ 145,846,819
Restricted	5,058,445	5,230,344	1,629,246	7,482,544	12,821,412	11,397,672	3,096,634	6,541,513	1,980,457	2,106,253
Unrestricted	51,467,378	52,895,376	(61,255,765)	(68,313,749)	(74,779,704)	(99,893,108)	(84,941,188)	(81,957,968)	(68,646,875)	(27,493,125)
Total reporting entity net position	\$ 179,978,948	\$ 182,292,962	\$ 68,778,500	\$ 65,874,485	\$ 72,570,520	\$ 46,626,699	\$ 66,277,938	\$ 71,309,793	\$ 90,139,366	\$ 120,459,947

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) June 30, 2014 net position was restated for the implementation of GASB Statement No. 68.
- (4) June 30, 2018 net position was restated for the implementation of GASB Statement No. 75.
- (5) June 30, 2018 net position was restated for change in accounting policy.
- (6) June 30, 2021 net position was restated for change in accounting policy.

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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Primary government:										
Expenses:										
Governmental activities:										
General government administration	\$ 5,194,117	\$ 5,462,554	\$ 6,039,859	\$ 5,436,798	\$ 5,932,529	\$ 5,954,830	\$ 5,856,138	\$ 6,921,747	\$ 9,073,530	\$ 7,179,365
Judicial administration	3,638,701	3,859,974	3,815,111	3,883,941	4,107,387	4,830,865	4,924,189	5,448,613	6,137,343	6,148,272
Public safety	21,372,315	23,580,101	23,826,370	36,779,233	27,123,823	30,667,940	29,707,762	31,634,751	34,564,076	45,063,512
Public works	5,144,874	6,898,649	6,868,624	4,339,985	3,365,230	9,564,783	7,132,527	4,484,222	3,443,628	4,295,667
Health and social services	4,702,838	3,769,309	5,715,170	5,761,798	5,786,160	8,212,284	6,725,322	9,299,956	12,235,368	8,403,591
Education	50,100,041	49,859,613	53,790,738	55,511,622	60,961,694	85,021,862	61,670,147	79,867,096	62,367,827	60,605,742
Parks, recreation and cultural	2,199,897	2,186,224	2,209,125	2,343,553	2,433,990	2,503,886	2,776,941	3,214,317	3,548,256	3,284,171
Community development	4,009,340	3,356,974	3,583,964	3,903,620	4,744,578	4,382,927	4,466,472	6,105,207	7,470,738	8,174,277
Interest	4,756,975	4,354,774	4,170,608	3,624,534	3,148,719	3,400,804	3,319,832	3,654,051	3,349,701	3,067,899
Total governmental activities	101,119,098	103,328,172	110,019,569	121,585,084	117,604,110	154,540,181	126,579,330	150,629,960	142,190,467	146,222,496
Business-type activities:										
Water and sewer	6,160,039	6,363,516	6,621,701	6,765,919	7,160,783	7,873,463	7,781,690	10,526,705	9,423,182	8,887,478
Solid waste	4,362,003	5,123,106	4,811,787	4,574,428	6,026,658	6,116,340	6,495,025	7,960,721	6,025,601	6,740,579
Total business-type activities	10,522,042	11,486,622	11,433,488	11,340,347	13,187,441	13,989,803	14,276,715	18,487,426	15,448,783	15,628,057
Total primary government expenses	111,641,140	114,814,794	121,453,057	132,925,431	130,791,551	168,529,984	140,856,045	169,117,386	157,639,250	161,850,553
Program revenue:										
Governmental activities:										
Charges for services:										
General government administration	1,359	2,059	3,511	2,383	1,768	1,727	1,940	1,784	2,896	3,086
Judicial administration	1,005,202	990,660	1,097,413	1,119,539	1,304,471	1,417,626	1,793,772	2,289,677	2,014,873	1,933,131
Public safety	5,495,186	6,312,309	7,276,430	6,483,239	7,298,651	7,833,177	8,330,264	8,775,254	10,028,204	10,812,341
Public works	1,183,823	1,141,301	1,104,328	1,022,145	1,085,426	1,161,736	1,193,105	1,060,312	1,096,061	1,663,956
Health and social services	-	17,745	1,204	2,428	18,565	26,013	24,152	-	208,737	163,484
Parks, recreation and cultural	690,110	756,422	805,431	785,225	863,175	843,541	872,572	585,312	404,983	647,434
Community development	2,975	3,727	2,540	508	1,855	143	-	-	-	-
Operating grants and contributions:										
General government administration	395,203	417,952	411,690	461,210	426,233	434,401	436,847	496,430	1,070,074	512,431
Judicial administration	2,034,608	2,178,098	2,135,443	2,271,957	2,349,172	2,345,308	2,669,219	2,741,111	2,965,891	2,944,500
Public safety	6,129,746	6,665,123	6,578,170	6,784,253	7,630,019	7,448,343	7,201,417	10,860,739	11,659,418	11,924,666
Public works	-	-	-	-	-	-	-	-	91,944	-
Health and social services	186,696	172,263	176,963	200,944	237,994	230,468	284,782	277,084	322,074	328,314
Education	562,808	-	-	-	-	-	-	-	2,040,427	-
Parks, recreation and cultural	-	-	-	-	-	-	-	85,498	77,571	180,000
Community development	-	-	-	100,000	254,000	-	25,000	-	1,275,201	-
Capital grants and contributions:										
General government administration	-	-	-	-	-	-	-	-	140,580	-
Judicial administration	-	-	-	-	-	-	-	-	11,487	-
Public safety	38,354	-	-	-	-	-	-	-	1,047,898	-
Public works	2,537,447	2,802,447	2,394,638	253,442	306,062	3,140,931	1,722,006	867,554	1,011,986	1,150,000
Parks, recreation and cultural	-	-	-	-	-	-	100,000	-	134,970	-
Community development	-	-	-	-	-	-	-	-	508,682	-
Total governmental activities	20,263,517	21,460,106	21,987,761	19,487,273	21,777,391	24,883,414	24,655,076	28,040,755	36,113,957	32,263,343

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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Primary government:										
Program revenue:										
Business-type activities:										
Charges for services:										
Water and sewer	\$ 6,561,144	\$ 7,436,597	\$ 6,450,673	\$ 6,570,101	\$ 6,837,014	\$ 7,478,485	\$ 7,899,974	\$ 7,999,888	\$ 8,652,543	\$ 9,574,801
Solid waste	5,027,936	5,057,086	5,461,705	5,488,882	5,764,198	6,050,596	6,567,397	6,519,218	6,520,677	7,059,640
Operating grants and contributions:										
Water and sewer	-	-	1,638,030	952,584	2,168,073	1,341,662	1,468,780	1,567,175	2,601,890	3,156,685
Solid waste	-	-	-	-	23,830	73,273	75,918	20,926	23,753	33,754
Capital grants and contributions:										
Solid waste	-	-	870,563	-	-	-	-	-	-	-
Total business-type activities	11,589,080	12,493,683	14,420,971	13,011,567	14,793,115	14,944,016	16,012,069	16,107,207	17,798,863	19,824,880
Total primary government revenues	31,852,597	33,953,789	36,408,732	32,498,840	36,570,506	39,827,430	40,667,145	44,147,962	53,912,820	52,088,223
Net (expense) revenue:										
Governmental activities	(80,855,581)	(81,868,066)	(88,031,808)	(102,097,811)	(95,826,719)	(129,656,767)	(101,924,254)	(122,589,205)	(106,076,510)	(113,959,153)
Business-type activities	1,067,038	1,007,061	2,987,483	1,671,220	1,605,674	954,213	1,735,354	(2,380,219)	2,350,080	4,196,823
Total primary government, net expense	(79,788,543)	(80,861,005)	(85,044,325)	(100,426,591)	(94,221,045)	(128,702,554)	(100,188,900)	(124,969,424)	(103,726,430)	(109,762,330)
Governmental activities:										
Taxes:										
General property taxes	70,601,427	70,208,531	71,962,305	77,182,964	81,433,734	88,479,898	91,965,599	94,675,689	98,103,822	107,724,600
Local sales and use	4,881,368	5,309,256	5,387,061	6,105,799	6,324,892	6,276,421	6,650,321	8,015,055	9,138,949	9,829,852
Consumer utility and communications sales and use	1,035,484	1,078,402	1,095,486	1,156,055	1,058,481	1,116,085	1,114,925	1,733,524	1,752,942	1,801,969
Motor vehicles licenses	1,236,520	1,209,701	1,211,564	1,227,518	1,278,070	1,304,491	1,350,626	1,342,514	1,383,739	1,396,287
Food and beverage	889,702	925,336	1,034,025	1,070,535	1,155,637	1,242,234	1,275,618	1,187,022	1,268,157	2,171,602
Other	1,588,072	1,402,550	1,646,656	1,657,068	1,666,630	1,782,847	2,155,195	2,531,705	3,698,852	3,906,866
Intergovernmental, non-categorical aid	8,003,995	8,079,422	7,838,718	8,984,272	8,050,669	8,583,682	8,393,935	8,382,598	7,736,486	7,683,674
Use of money and property	1,472,098	1,505,611	1,460,029	1,720,204	1,133,428	711,810	1,612,133	1,324,348	715,728	(405,807)
Miscellaneous	345,024	302,430	364,608	680,439	627,835	536,673	3,438,994	1,033,465	2,792,030	2,734,038
Transfers	(63,336)	-	870,563	-	-	-	-	(57,730)	-	-
Total governmental activities	89,990,354	90,021,239	92,871,015	99,784,854	102,729,376	110,034,141	117,957,346	120,168,190	126,590,705	136,843,081
Business-type activities:										
Intergovernmental, non-categorical aid	-	-	-	26,640	-	-	-	-	-	-
Use of money and property	67,961	65,660	93,935	59,852	171,908	272,958	532,278	558,613	164,842	144,327
Miscellaneous	1,040,376	898,936	837,750	850,605	762,982	774,434	769,890	366,309	1,951,660	337,887
Transfers	63,336	-	(870,563)	-	-	-	-	57,730	-	-
Total business-type activities	1,171,673	964,596	61,122	937,097	934,890	1,047,392	1,302,168	982,652	2,116,502	482,214
Total primary government	91,162,027	90,985,835	92,932,137	100,721,951	103,664,266	111,081,533	119,259,514	121,150,842	128,707,207	137,325,295
Changes in net assets/net position:										
Governmental activities	9,134,773	8,153,173	4,839,207	(2,312,957)	6,902,657	(19,622,626)	16,033,092	(2,421,015)	20,514,295	22,883,928
Business-type activities	2,238,711	1,971,657	3,048,605	2,608,317	2,540,564	2,001,605	3,037,522	(1,397,567)	4,466,582	4,679,037
Total primary government	\$ 11,373,484	\$ 10,124,830	\$ 7,887,812	\$ 295,360	\$ 9,443,221	\$ (17,621,021)	\$ 19,070,614	\$ (3,818,582)	\$ 24,980,877	\$ 27,562,965

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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Major component units: (2)										
Component unit - school board:										
Expenses:										
Instruction	\$ 99,897,237	\$ 100,536,652	\$ 105,050,310	\$ 106,353,926	\$ 113,232,867	\$ 115,650,916	\$ 113,318,228	\$ 123,050,298	\$ 123,848,194	\$ 127,085,577
Administration, attendance and health	5,346,780	5,552,174	5,895,218	6,431,820	5,824,903	4,995,480	5,574,296	5,935,639	7,047,955	6,734,274
Pupil transportation	9,084,535	9,338,770	9,196,500	9,339,985	9,555,551	9,519,163	9,861,011	11,342,603	9,295,923	10,155,248
Operation and maintenance services	11,810,101	11,573,942	11,746,547	11,417,995	14,110,378	13,290,806	13,566,374	13,961,370	14,405,484	14,613,059
School food services	5,242,451	5,053,123	5,105,966	5,166,363	5,243,049	5,213,331	5,033,504	5,473,498	4,936,653	5,918,740
	-	-	-	-	-	-	-	-	-	142,721
Total expenses	131,381,104	132,054,661	136,994,541	138,710,089	147,966,748	148,669,696	147,353,413	159,763,408	159,534,209	164,649,619
Program revenues:										
Charges for services	4,899,326	5,084,433	5,436,058	5,426,333	5,596,541	5,451,679	5,020,707	4,421,516	750,282	1,001,722
Operating grants and contributions	67,343,777	68,365,556	72,137,991	72,854,877	76,638,660	79,994,313	82,460,795	84,032,792	92,135,682	105,445,911
Capital grants and contributions	81,465	32,720	71,650	83,333	175,791	98,915	-	-	756,704	1,109,034
Total program revenues	72,324,568	73,482,709	77,645,699	78,364,543	82,410,992	85,544,907	87,481,502	88,454,308	93,642,668	107,556,667
Net expense	(59,056,536)	(58,571,952)	(59,348,842)	(60,345,546)	(65,555,756)	(63,124,789)	(59,871,911)	(71,309,100)	(65,891,541)	(57,092,952)
General revenues and other changes in net assets:										
Grants and contributions not restricted to specific programs	50,100,041	49,859,613	53,790,738	55,511,622	60,961,694	85,030,486	61,691,628	79,869,506	60,327,400	60,605,742
Intergovernmental, non-categorical aid	107,026	79,643	72,671	75,166	77,475	74,224	71,192	69,005	66,915	65,439
Use of money and property	37,184	31,489	45,918	35,649	44,232	137,296	161,674	143,546	36,972	25,392
Miscellaneous	360,536	511,887	626,406	586,358	542,927	249,859	192,128	202,818	212,570	419,772
Total general revenues and other changes in net position	50,604,787	50,482,632	54,535,733	56,208,795	61,626,328	85,491,865	62,116,622	80,284,875	60,643,857	61,116,345
Total general revenues and other change in net position	\$ (8,451,749)	\$ (8,089,320)	\$ (4,813,109)	\$ (4,136,751)	\$ (3,929,428)	\$ 22,367,076	\$ 2,244,711	\$ 8,975,775	\$ (5,247,684)	\$ 4,023,393
Component unit - HRSSD:										
Expenses:										
Public assistance	\$ 5,838,876	\$ 6,452,300	\$ 6,847,545	\$ 6,397,049	\$ 6,816,763	\$ 7,451,225	\$ 7,139,235	\$ 7,438,854	\$ 7,036,116	\$ 7,840,953
Comprehensive/children's services	9,028,213	8,874,411	9,146,513	8,883,443	9,573,881	9,755,890	9,909,365	10,697,613	11,490,213	12,719,836
Health and human services	5,889,242	6,233,209	5,997,127	7,515,831	7,642,598	9,037,932	8,655,093	10,003,642	8,394,826	12,518,037
VJCCA	-	-	82,081	83,474	87,171	86,672	72,575	67,801	45,761	45,928
Interest	-	-	-	-	-	-	-	-	-	13,632
Total expenses	20,756,331	21,559,920	22,073,266	22,879,797	24,120,413	26,331,719	25,776,268	28,207,910	26,966,916	33,138,386
Program revenues:										
Operating grants and contributions	14,869,626	15,586,617	16,200,010	16,033,541	17,128,620	17,606,083	18,053,327	19,297,447	20,062,801	22,334,924
Total program revenues	14,869,626	15,586,617	16,200,010	16,033,541	17,128,620	17,606,083	18,053,327	19,297,447	20,062,801	22,334,924
Net expense	(5,886,705)	(5,973,303)	(5,873,256)	(6,846,256)	(6,991,793)	(8,725,636)	(7,722,941)	(8,910,463)	(6,904,115)	(10,803,462)

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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General revenues and other changes in net assets:										
Grants and contributions not restricted to specific programs	\$ 6,337,742	\$ 6,348,530	\$ 6,739,048	\$ 7,722,610	\$ 8,091,663	\$ 8,209,413	\$ 8,491,193	\$ 8,587,413	\$ 9,281,426	\$ 9,474,506
Use of money and property	32,633	16,177	20,951	12,362	32,086	40,755	134,457	145,160	23,199	12,888
Miscellaneous	38,138	71,814	57,963	48,660	50,286	48,830	47,022	52,552	50,603	50,291
Total general revenues and other changes in net position	6,408,513	6,436,521	6,817,962	7,783,632	8,174,035	8,298,998	8,672,672	8,785,125	9,355,228	9,537,685
Total component unit - HRSSD change in net position	\$ 521,808	\$ 463,218	\$ 944,706	\$ 937,376	\$ 1,182,242	\$ (426,638)	\$ 949,731	\$ (125,338)	\$ 2,451,113	\$ (1,265,777)
Total major component units change in net position	\$ (7,929,941)	\$ (7,626,102)	\$ (3,868,403)	\$ (3,199,375)	\$ (2,747,186)	\$ 21,940,438	\$ 3,194,442	\$ 8,850,437	\$ (2,796,571)	\$ 2,757,616
Total reporting entity change in net position	\$ 3,443,543	\$ 2,498,728	\$ 4,019,409	\$ (2,904,015)	\$ 6,696,035	\$ 4,319,417	\$ 22,265,056	\$ 5,031,855	\$ 22,184,306	\$ 30,320,581

Notes:

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

COUNTY OF ROCKINGHAM, VIRGINIA

Table 4

PROGRAM REVENUES BY FUNCTION / PROGRAM

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

Function/Program	Fiscal Year June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Primary government:										
Governmental activities:										
General government administration	\$ 396,562	\$ 420,011	\$ 415,201	\$ 463,593	\$ 428,001	\$ 436,128	\$ 438,787	\$ 498,214	\$ 1,213,550	\$ 515,517
Judicial administration	3,039,810	3,168,758	3,232,856	3,391,496	3,653,643	3,762,934	4,462,991	5,030,788	4,992,251	4,877,631
Public safety	11,663,286	12,977,432	13,854,600	13,267,492	14,928,670	15,281,520	15,531,681	19,635,993	22,735,520	22,737,007
Public works	3,721,270	3,943,748	3,498,966	1,275,587	1,391,488	4,302,667	2,915,111	1,927,866	2,199,991	2,813,956
Health and social services	186,696	190,008	178,167	203,372	256,559	256,481	308,934	277,084	530,811	491,798
Education	562,808	-	-	-	-	-	-	-	2,040,427	-
Parks, recreation and cultural	690,110	756,422	805,431	785,225	863,175	843,541	972,572	670,810	617,524	827,434
Community development	2,975	3,727	2,540	100,508	255,855	143	25,000	-	1,783,883	-
Total governmental activities	20,263,517	21,460,106	21,987,761	19,487,273	21,777,391	24,883,414	24,655,076	28,040,755	36,113,957	32,263,343
Business-type activities:										
Water and sewer	6,561,144	7,436,597	8,088,703	7,522,685	9,005,087	8,820,147	9,368,754	9,567,063	11,254,433	12,731,486
Solid waste	5,027,936	5,057,086	6,332,268	5,488,882	5,788,028	6,123,869	6,643,315	6,540,144	6,544,430	7,093,394
Total business-type activities	11,589,080	12,493,683	14,420,971	13,011,567	14,793,115	14,944,016	16,012,069	16,107,207	17,798,863	19,824,880
Total primary government	\$ 31,852,597	\$ 33,953,789	\$ 36,408,732	\$ 32,498,840	\$ 36,570,506	\$ 39,827,430	\$ 40,667,145	\$ 44,147,962	\$ 53,912,820	\$ 52,088,223
Major component units:										
Component unit - school board:										
Instruction	\$ 67,373,976	\$ 68,376,769	\$ 72,551,314	\$ 73,069,780	\$ 76,995,702	\$ 80,216,305	\$ 82,046,967	\$ 83,603,832	\$ 88,002,363	\$ 99,783,500
Pupil transportation services	-	-	-	-	-	-	-	-	633,926	-
Operation and maintenance services	-	-	-	-	-	-	-	-	82,478	-
School food services	4,950,592	5,105,940	5,094,385	5,294,763	5,415,290	5,328,602	5,434,535	4,850,476	4,923,901	7,773,167
Total component unit - school board	72,324,568	73,482,709	77,645,699	78,364,543	82,410,992	85,544,907	87,481,502	88,454,308	93,642,668	107,556,667
Component unit - HRSSD:										
Public assistance	4,803,986	5,029,280	5,047,847	4,748,681	4,961,568	5,034,759	5,142,885	5,282,800	4,943,818	5,454,244
Comprehensive/children's services	5,193,142	5,237,254	5,377,628	5,113,599	5,215,483	5,527,679	5,516,368	6,044,493	7,010,078	8,081,101
Health and human services	4,872,498	5,320,083	5,712,054	6,069,231	6,868,035	6,956,814	7,321,658	7,902,353	8,063,144	8,753,651
VJCCA	-	-	62,481	102,030	83,534	86,831	72,416	67,801	45,761	45,928
Total component unit - HRSSD	14,869,626	15,586,617	16,200,010	16,033,541	17,128,620	17,606,083	18,053,327	19,297,447	20,062,801	22,334,924
Total major component units	\$ 87,194,194	\$ 89,069,326	\$ 93,845,709	\$ 94,398,084	\$ 99,539,612	\$ 103,150,990	\$ 105,534,829	\$ 107,751,755	\$ 113,705,469	\$ 129,891,591
Total reporting entity	\$ 119,046,791	\$ 123,023,115	\$ 130,254,441	\$ 126,896,924	\$ 136,110,118	\$ 142,978,420	\$ 146,201,974	\$ 151,899,717	\$ 167,618,289	\$ 181,979,814

COUNTY OF ROCKINGHAM, VIRGINIA

Table 5

FUND BALANCES – GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund:										
Nonspendable	\$ 536,388	\$ 483,343	\$ 584,337	\$ 712,636	\$ 785,140	\$ 695,007	\$ 722,684	\$ 699,185	\$ 806,616	\$ 781,855
Restricted	3,116,396	2,105,608	2,058,400	2,551,574	3,026,483	3,088,162	3,804,263	3,880,583	-	-
Committed	-	-	-	-	82,374	171,434	452,880	4,889,739	1,034,013	3,194,659
Assigned	-	-	-	-	-	53,822	142,979	-	-	-
Unassigned	25,803,047	25,193,314	25,644,629	27,066,722	23,537,191	26,465,446	24,456,592	35,585,131	40,298,647	54,737,478
Total General Fund	\$ 29,455,831	\$ 27,782,265	\$ 28,287,366	\$ 30,330,932	\$ 27,431,188	\$ 3,284,171	\$ 29,579,398	\$ 45,054,638	\$ 42,139,276	\$ 58,713,992
All Other Governmental Funds:										
Nonspendable	\$ 11,143	\$ 11,143	\$ 11,143	\$ -	\$ -	\$ -	\$ -	\$ 11,204	\$ 1,242	\$ 1,279
Restricted	484,439	193,685	224,566	195,800	235,108	404,183	518,066	1,334,085	1,415,419	2,106,253
Committed	-	-	-	-	4,288,809	3,962,920	7,218,556	3,756,964	5,302,877	9,085,690
Assigned	19,801,602	22,093,893	17,828,714	14,456,621	7,312,400	3,979,016	2,375,979	3,115,432	4,036,000	481,868
Total all other governmental funds	\$ 20,297,184	\$ 22,298,721	\$ 18,064,423	\$ 14,652,421	\$ 11,836,317	\$ 8,346,119	\$ 10,112,601	\$ 8,217,685	\$ 10,755,538	\$ 11,675,090

COUNTY OF ROCKINGHAM, VIRGINIA

CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

Table 6

Page 1

	Fiscal Year June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues:										
General property taxes	\$ 70,546,928	\$ 70,426,736	\$ 71,932,121	\$ 77,123,724	\$ 81,459,657	\$ 88,474,133	\$ 91,989,158	\$ 94,559,498	\$ 97,875,970	\$ 107,460,311
Other local taxes	9,631,146	9,925,245	10,374,792	11,216,975	11,483,710	11,722,078	12,546,685	14,809,820	17,242,739	19,106,576
Permits, privilege fees and licenses	888,111	1,003,449	1,085,078	1,056,984	1,730,059	1,364,545	1,166,099	1,312,113	1,532,890	1,597,855
Fines and forfeitures	167,342	159,842	184,583	151,516	240,396	208,051	202,191	181,988	128,829	206,906
Use of money and property	1,457,668	1,494,063	1,444,522	1,711,660	1,111,496	687,937	1,541,962	1,242,515	697,969	(414,417)
Charges for services	3,657,806	3,925,885	3,956,131	3,643,395	3,645,601	3,898,039	3,851,156	3,542,104	4,934,707	6,365,249
Miscellaneous	345,024	302,430	364,608	680,439	627,835	536,673	3,538,994	1,033,465	2,792,030	2,734,038
Recovered costs	3,665,254	4,134,950	5,064,878	4,563,572	4,957,855	5,457,543	7,246,686	7,709,501	7,206,313	7,078,528
Reimbursement from component unit	562,808	-	-	-	-	-	-	-	-	-
Intergovernmental	19,326,049	20,315,305	19,535,622	19,056,078	19,254,149	22,183,133	20,733,206	23,711,014	30,094,689	24,723,585
Total revenues	110,248,136	111,687,905	113,942,335	119,204,343	124,510,758	134,532,132	142,816,137	148,102,018	162,506,136	168,858,631
Expenditures:										
General government administration	4,463,079	4,787,939	4,804,695	5,203,673	5,543,460	5,349,427	5,539,382	6,099,898	7,416,570	6,632,183
Judicial administration	3,371,268	3,540,441	3,740,215	3,827,334	4,187,990	4,279,035	4,917,656	5,116,568	5,520,971	5,680,952
Public safety	20,575,858	22,919,965	26,121,456	26,286,332	28,665,762	29,582,664	30,271,052	33,148,888	38,471,650	40,820,668
Public works	2,705,553	2,852,182	2,921,785	2,944,236	3,108,156	2,927,766	3,121,323	2,972,751	3,378,189	3,883,373
Health and social services	4,557,024	5,898,577	5,400,366	5,807,989	6,171,569	6,868,468	6,584,606	8,834,422	12,275,121	8,448,246
Education	50,100,041	49,859,613	53,790,738	55,511,622	60,961,694	85,030,486	61,691,628	79,869,506	62,367,827	60,605,742
Parks, recreation and cultural	2,126,961	2,130,299	2,197,829	2,251,615	2,365,854	2,392,388	2,476,069	2,521,162	2,828,855	2,772,129
Community development	3,154,781	2,497,658	2,753,660	3,090,881	3,959,791	3,479,239	3,691,910	4,186,445	6,707,455	4,260,250
Capital outlay	2,796,798	4,593,950	5,048,279	3,965,319	3,894,304	14,168,378	11,975,289	11,454,099	6,023,046	7,139,745
Debt service:										
Principal	8,086,516	7,528,018	7,182,006	7,762,776	7,809,066	6,975,972	7,668,695	8,085,187	11,077,345	7,324,771
Interest and fiscal charges	5,148,228	4,751,292	4,581,066	3,921,002	3,558,960	3,235,080	4,006,518	3,719,626	4,372,922	3,823,343
Total expenditures	107,086,107	111,359,934	118,542,095	120,572,779	130,226,606	164,288,903	141,944,128	166,008,552	160,439,951	151,391,402
Revenues over (under) expenditures	3,162,029	327,971	(4,599,760)	(1,368,436)	(5,715,848)	(29,756,771)	872,009	647,434	2,066,185	17,467,229
Other financing sources (uses):										
Transfers in	4,930,448	4,284,869	1,947,743	800,000	800,000	8,757,000	8,699,500	512,431	7,364,575	6,031,539
Transfers out	(4,960,000)	(4,284,869)	(1,077,180)	(800,000)	(800,000)	(7,232,000)	(8,699,500)	2,944,500	(6,374,149)	(6,004,500)
Issuance of debt	-	-	13,125,000	-	-	25,822,000	-	11,924,666	-	-
Payment to refunded bond escrow agent	-	-	(13,125,000)	-	-	-	-	-	-	-
Premium on issuance debt	-	-	-	-	-	1,962,256	-	328,314	-	-
Total other financing sources (uses), net	(29,552)	-	870,563	-	-	29,309,256	-	-	990,426	27,039
Net change in fund balance	\$ 3,132,477	\$ 327,971	\$ (3,729,197)	\$ (1,368,436)	\$ (5,715,848)	\$ (447,515)	\$ 872,009	\$ -	\$ 3,056,611	\$ 17,494,268

COUNTY OF ROCKINGHAM, VIRGINIA

Table 6
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CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt Service as a percentage of noncapital expenditures:										
Primary government:										
Total debt service	\$ 13,234,744	\$ 12,279,310	\$ 11,763,072	\$ 11,683,778	\$ 11,368,026	\$ 10,211,052	\$ 11,675,213	\$ 11,804,813	\$ 15,450,267	\$ 11,148,114
Total expenditures	\$ 107,086,107	\$ 111,359,934	\$ 118,542,095	\$ 120,572,779	\$ 130,226,606	\$ 164,288,903	\$ 141,944,128	\$ 166,008,552	\$ 160,439,951	\$ 151,391,402
Less: Capital outlay - primary government	(668,787)	(1,258,644)	(2,087,485)	(2,724,796)	(5,626,572)	(5,912,172)	(8,204,800)	(11,420,136)	(7,078,960)	(4,762,243)
Noncapital expenditures	\$ 106,417,320	\$ 110,101,290	\$ 116,454,610	\$ 117,847,983	\$ 124,600,034	\$ 158,376,731	\$ 133,739,328	\$ 154,588,416	\$ 153,360,991	\$ 146,629,159
Debt service as a percentage of noncapital expenditures	12.44%	11.15%	10.10%	9.91%	9.12%	6.45%	8.73%	7.64%	10.07%	7.60%
Major component units - School Board and HRSSD:										
Expenditures:										
School board	\$ 124,197,953	\$ 123,811,920	\$ 131,802,060	\$ 134,799,313	\$ 146,858,092	\$ 162,739,989	\$ 156,758,093	\$ 160,118,201	\$ 154,132,308	\$ 169,059,262
HRSSD	20,668,028	23,594,887	23,264,806	22,983,663	24,549,020	25,742,457	25,764,272	27,785,854	28,955,614	30,923,482
Less: Capital outlay - school board	(2,037,300)	(1,421,014)	(2,891,187)	(3,267,837)	(8,428,049)	(18,786,715)	(9,334,130)	(12,746,714)	(3,643,625)	(4,121,164)
Less: Capital outlay - HRSSD	-	(2,163,687)	(530,456)	(31,182)	(42,681)	(123,000)	-	-	(199,473)	-
Noncapital expenditures	\$ 142,828,681	\$ 143,822,106	\$ 151,645,223	\$ 154,483,957	\$ 162,936,382	\$ 169,572,731	\$ 173,188,235	\$ 175,157,341	\$ 179,244,824	\$ 195,861,580
Total reporting entity:										
Total noncapital expenditures	\$ 193,713,080	\$ 197,938,726	\$ 207,908,866	\$ 212,140,973	\$ 227,345,449	\$ 238,142,511	\$ 236,391,308	\$ 241,423,662	\$ 263,353,188	\$ 272,351,641
Debt service as a percentage of noncapital expenditures	6.83%	6.20%	5.66%	5.51%	5.00%	4.29%	4.94%	4.89%	5.87%	4.09%

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

Notes:

- (1) 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.
- (2) 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	Recordation and Wills	Food and Beverage	Other	Total
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
2020	93,669,919	8,015,055	1,342,514	1,733,524	1,221,494	1,187,022	1,310,211	108,479,739
2021	96,967,443	9,138,949	1,383,739	1,752,942	1,745,780	1,268,157	1,088,435	113,345,445
2022	106,444,152	9,829,852	1,396,287	1,801,969	1,807,256	2,171,602	2,099,610	125,550,728
Change 2013-2022	52.54%	101.37%	12.92%	74.02%	86.33%	144.08%	239.66%	58.10%

Notes:

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

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	Real Estate Tax Value as a Percentage of Assessed Value	Personal Property Value	Personal Property Tax	Total Direct Personal Property Tax Rate
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%	\$ 1,220,024,151	\$ 28,406,280	\$ 2.85
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%	1,215,239,308	28,311,213	2.85
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%	1,257,521,262	29,402,197	2.90
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%	1,353,543,739	31,609,749	2.90
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%	1,420,103,739	33,932,001	3.00
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%	1,524,244,049	36,387,138	3.00
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%	1,586,377,475	38,113,105	3.00
2020	5,804,990,300	883,777,300	303,406,900	2,131,013,600	1,181,671,700	10,304,859,800	1.63%	1,029,216,830	8,093,971,270	0.74	78.55%	1,698,981,212	40,745,335	3.00
2021	5,911,663,600	906,602,000	402,607,600	2,046,666,300	1,188,370,700	10,455,910,200	1.47%	1,026,717,200	8,240,822,300	0.74	78.81%	1,763,157,277	44,868,033	3.00
2022	7,971,544,500	1,203,118,400	617,516,700	2,225,108,200	1,557,623,800	13,574,911,600	29.83%	1,032,157,640	10,985,130,160	0.68	80.92%	2,185,238,888	50,634,627	3.00

Source:

Rockingham County real estate records.

Notes:

- (1) Real estate assessed values are assessed for comparison to fair market value every four years. (2014, 2018 and 2022)
- (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
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
2020	0.74	3.00	0.74	2.55	0.87	0.44	8.34
2021	0.74	3.00	0.74	2.55	0.87	0.44	8.34
2022	0.68	2.65	0.68	2.55	0.87	0.44	7.87

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
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
2020	0.07-0.12	0.20-0.75	0.07-0.38	0.30-0.40
2021	0.07-0.12	0.20-0.75	0.07-0.38	0.30-0.40
2022	0.07-0.12	0.30-0.75	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)

2022						
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Property Taxes Paid	Rank	Percentage of Total Property Taxes Paid
Great Eastern Resort Management	\$ 462,349,915	1	3.41%	\$ 3,406,522	3	2.72%
MillerCoors	377,568,215	2	2.78%	6,525,818	1	5.21%
Wal-Mart Retail and Distribution Centers	272,092,705	3	2.00%	4,642,652	2	3.70%
Merck & Company, Inc.	180,468,325	4	1.33%	1,911,688	5	1.53%
White Wave	141,536,150	5	1.04%	2,332,846	4	1.86%
Marshall's	86,396,500	6	0.64%	587,496	11	0.47%
LSC Communications (formerly RR Donnelley)	82,488,475	7	0.61%	901,772	7	0.72%
Sunnyside Retirement Community	72,850,305	8	0.54%	961,944	6	0.77%
Sysco	61,368,485	9	0.45%	732,353	10	0.58%
Cargill	58,665,725	10	0.43%	853,725	8	0.68%
Total	\$ 1,795,784,800		13.23%	\$ 22,856,817		18.24%

2013						
Taxpayer	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	\$ 388,663,590	1	4.7%	\$ 2,651,880	2	3.6%
Adolph Coors Company	224,970,915	2	2.7%	3,988,036	1	5.4%
Merck & Company, Inc.	108,588,830	3	1.3%	1,518,250	4	2.1%
Wal-Mart Retail and Distribution Centers	95,842,545	4	1.2%	1,022,314	6	1.4%
White Wave (Morningstar Foods)	93,616,380	5	1.1%	1,567,501	3	2.1%
Marshall's	65,196,340	6	0.8%	686,041	8	0.9%
Sunnyside Retirement Community	64,624,420	7	0.8%	1,051,491	5	1.4%
Cargill (formerly Rocco)	52,954,300	8	0.6%	(2)		
R.R. Donnelley & Sons Co.	47,135,010	9	0.6%	686,109	7	0.9%
Sysco	34,791,275	10	0.4%	418,837	10	0.6%
Dynamic Aviation	(1)			525,805	9	0.7%
Total	\$ 1,176,383,604		14.20%	\$ 14,116,262		19.10%

Notes:

(1) Not in the Top 10 Taxable Assessed Value

(2) Not in the Top 10 Property Taxes Paid

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
2012	\$ 46,458,616	\$ 44,793,454	96.42%	\$ 1,665,162	\$ 46,458,616	100.00%
2013	46,907,901	45,330,910	96.64%	1,576,991	46,907,901	100.00%
2014	47,672,133	46,160,931	96.83%	1,511,202	47,672,133	100.00%
2015	50,861,929	49,410,225	97.15%	1,481,661	50,891,886	100.06%
2016	53,997,527	53,187,098	98.50%	758,901	53,945,999	99.90%
2017	57,907,159	57,106,295	98.62%	710,480	57,816,775	99.84%
2018	60,063,608	59,254,109	98.65%	686,108	59,940,217	99.79%
2019	61,330,358	60,536,048	98.70%	589,014	60,923,782	99.34%
2020	62,389,728	61,744,639	98.97%	299,778	61,744,639	98.97%
2021	63,615,307	62,884,680	98.85%	N/A	62,884,680	98.85%

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
	General Obligation Bonds	Private Placement Notes	Lease Revenue Refunding Bonds	Leases Payable	Revenue Bonds		
2013	\$ 88,473,576	\$ -	\$ 19,364,182	\$ -	\$ 15,275,826	\$ 123,113,584	4.65%
2014	82,458,757	-	17,597,852	-	13,602,412	113,659,021	4.30%
2015	76,531,468	-	16,090,003	-	12,359,388	104,980,859	3.74%
2016	70,472,680	8,714,153	14,132,883	-	20,383,318	113,703,034	3.99%
2017	64,260,913	7,826,952	12,282,453	-	29,711,540	114,081,858	3.74%
2018	83,339,596	9,866,514	10,411,515	-	31,844,345	135,461,970	4.21%
2019	77,216,875	8,320,437	8,514,297	-	29,686,640	123,738,249	3.64%
2020	102,069,244	6,723,467	6,595,000	-	27,299,897	142,687,608	3.99%
2021	94,801,461	5,094,984	2,115,000	-	25,292,544	127,303,989	N/A
2022	87,360,723	3,434,360	1,590,000	627,241	23,179,526	116,191,850	N/A

General bonded debt outstanding:

Fiscal Year	General Obligation Bonds	Total	Percentage of Actual Taxable Value of Property	Debt Per Capita
2013	\$ 88,473,576	\$ 88,473,576	1.26%	\$ 1,133
2014	82,458,757	82,458,757	1.15%	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%	939
2020	102,069,244	102,069,244	1.26%	1,233
2021	94,801,461	94,801,461	1.15%	1,123
2022	87,360,723	87,360,723	0.80%	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.
- (4) The County implemented GASB 87, *Leases*, in fiscal year 2022. As of June 30, 2022, the County no longer has any capital leases but does revenue refunding bonds.

N/A - Per capita personal income was unavailable at fiscal year end.

COUNTY OF ROCKINGHAM, VIRGINIA

Table 13

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
Year Ended June 30, 2022
(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Town of Bridgewater, Virginia	\$ 3,690,682	0.49%	\$ 18,084
Town of Broadway, Virginia	174,129	3.22%	5,607
Town of Mt. Crawford, Virginia	-	0.00%	-
Town of Dayton, Virginia	-	0.00%	-
Town of Elkton, Virginia	1,479,885	0.66%	9,767
Town of Grottoes, Virginia	-	0.00%	-
Town of Timberville, Virginia	-	0.00%	-
Subtotal, overlapping debt			<u>33,458</u>
County Direct Debt			<u>93,012,324</u>
Total direct and overlapping debt			<u><u>\$ 93,045,782</u></u>

Note:

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

COUNTY OF ROCKINGHAM, VIRGINIA

Table 14

PLEDGED-REVENUE COVERAGE

Page 1

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	
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
2020	9,329,252	6,415,417	2,913,835	790,000	477,897	1,267,897	2.30
2021	10,574,649	6,248,920	4,325,729	830,000	449,672	1,279,672	3.38
2022	11,678,541	6,510,025	5,168,516	860,000	410,118	1,270,118	4.07

Smith Creek Water & Waste Authority Fund							
Fiscal Year	Utility Service Charges	Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
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
2020	642,100	304,707	337,393	204,682	32,112	236,794	1.42
2021	585,407	388,351	197,056	210,620	25,908	236,528	0.83
2022	741,135	438,913	302,222	216,730	19,524	236,254	1.28

Countryside Sanitary District Fund							
Fiscal Year	Utility Service Charges	Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
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
2020	15,208	13,119	2,089	9,423	2,214	11,637	0.18
2021	15,080	14,179	901	9,732	1,903	11,635	0.08
2022	11,543	7,507	4,036	53,660	872	54,532	0.07

COUNTY OF ROCKINGHAM, VIRGINIA

Table 14

Page 2

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	
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
2020	6,970,164	5,273,583	1,696,581	930,000	410,799	1,340,799	1.27
2021	6,702,009	4,096,826	2,605,183	730,000	373,599	1,103,599	2.36
2022	7,256,779	4,699,905	2,556,874	755,000	335,226	1,090,226	2.35

Lilly Subdivision Sanitary District							
Fiscal Year	Utility Service	Operating	Net	Debt Service			Coverage
	Charges	Expenses	Available Revenue	Principal	Interest	Total	
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
2020	56,464	47,352	9,112	225,116	5,116	230,232	0.04
2021	68,837	30,815	38,022	-	-	-	-
2022	39,705	26,671	13,034	-	-	-	-

Penn Laird Sewer Authority							
Fiscal Year	Utility Service	Operating	Net	Debt Service			Coverage
	Charges	Expenses	Available Revenue	Principal	Interest	Total	
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
2020	18,941	-	18,941	22,544	6,021	28,565	0.66
2021	15,861	860	15,001	23,151	5,346	28,497	0.53
2022	17,319	928	16,391	23,776	4,652	28,428	0.58

Notes:

- (1) Utility service charges include all revenues of the fund except gains on sales of capital assets, interest income, and intergovernmental revenue
- (2) Operating expenses are exclusive of depreciation and amortization, expansion allocation in the Regional Sewer Authority, 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	(1) Median Age	(2) Personal Income	(2) Per Capita Personal Income	(3) School Enrollment	(4) Unemployment Rate
2013	78,102	41.3	\$ 2,646,027,951	\$ 33,879	11,331	5.1%
2014	78,953	41.4	2,642,433,157	33,468	11,307	4.8%
2015	79,134	41.4	2,804,549,679	35,441	11,327	4.4%
2016	79,735	41.4	2,847,734,260	35,715	10,449	3.7%
2017	80,666	41.2	3,048,267,461	37,789	11,261	3.4%
2018	81,422	41.2	3,216,335,687	39,502	11,252	3.1%
2019	82,208	41.2	3,396,176,896	41,312	11,356	2.7%
2020	82,809	41.2	3,579,998,688	43,232	11,487	6.9%
2021	84,394	39.9	N/A	N/A	11,005	3.6%
2022	N/A	N/A	N/A	N/A	10,904	2.2%

Sources:

(1) Census Reported

(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,	
	2022	2013
	Rank	Rank
Rockingham County School Board	1	1
Sentara Healthcare	2	2
Wal-Mart	3	5
Cargill Meat Solutions	4	3
Merck Sharp & Dohme Corp.	5	6
Marshall's	6	8
Great Eastern Resort Management	7	4
County of Rockingham	8	10
Pilgrims Pride Corp.	9	9
Danone North America Public Benefit	10	-
LSC Communications	-	7

Source:

Virginia Employment Commission. Community Profile.

COUNTY OF ROCKINGHAM, VIRGINIA

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

Function/Program	Fiscal Year	
	2013	2014
General government administration:		
Legislative	5.00	5.00
General and financial:		
Commissioner of the revenue	13.00	13.00
Treasurer	6.00	6.00
Executive administration and legal	8.00	9.00
Finance	9.40	9.40
Human resources	2.40	2.40
Information systems	11.00	11.00
Central switchboard	1.40	1.40
Board of elections	2.00	2.00
Judicial administration:		
Courts:		
Clerk of the circuit court	14.00	14.00
Court services	9.50	10.00
Commonwealth attorney	25.90	26.30
Public safety:		
Sheriff	166.50	167.00
Fire and rescue	70.00	74.00
Building inspections	8.00	8.00
Other protection	2.00	2.00
Public works:		
General administration	0.60	0.70
Garage operations	2.00	2.00
Maintenance	16.60	17.00
Parks, recreation and cultural	9.60	9.00
Community development:		
Planning and community development	12.50	12.00
Economic development	1.30	1.00
Utilities/water treatment	19.50	19.60
Solid waste:		
Landfill	17.80	17.90
Container site	12.40	12.00
Component unit school board:		
Education:		
Instruction	1,413.00	1,402.00
Administration, attendance and health	62.00	62.00
Pupil transportation services	236.00	239.00
Operation and maintenance services	115.00	115.00
School food services	113.00	110.00
Component unit HRSSD:		
Social services:		
Services	52.00	57.00
Public assistance	41.00	45.00
Comprehensive Services Act	3.50	3.50
Administration	10.00	5.00
Totals	2,491.9	2,490.2

Source:

Rockingham County Department of Human Resources.

Table 17

2015	2016	2017	2018	2019	2020	2021	2022
5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
13.50	14.00	15.00	15.00	15.00	15.00	15.00	15.00
6.50	7.00	7.00	7.00	7.00	7.00	7.00	7.00
9.00	9.00	9.00	7.00	8.00	8.00	9.00	8.00
9.15	9.15	11.00	11.00	11.00	10.00	10.00	10.00
3.00	3.50	3.50	3.50	4.00	4.00	4.00	5.00
11.00	11.00	11.00	13.00	12.00	12.00	12.00	12.00
1.50	1.50	1.00	1.00	1.00	1.00	1.00	-
2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
15.00	15.00	15.00	16.00	15.00	15.00	17.00	17.00
11.00	11.00	11.00	12.00	12.00	13.00	13.00	13.00
26.30	27.30	26.00	26.30	24.00	24.00	25.00	25.00
169.00	175.00	175.00	178.00	179.00	187.00	190.00	196.00
81.00	76.00	90.00	86.00	95.00	96.00	105.00	117.00
8.50	9.00	9.00	9.00	10.00	10.00	10.00	10.00
2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
0.65	0.65	1.00	2.00	1.00	1.00	1.00	1.00
2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
17.00	17.55	18.00	19.00	19.00	18.00	18.00	20.00
11.00	10.50	10.50	11.00	11.00	11.00	13.00	12.00
12.50	12.00	12.00	13.00	12.00	13.00	13.00	13.00
1.00	1.00	1.00	1.00	1.00	1.00	1.00	-
20.10	21.10	21.00	21.00	21.00	21.00	21.00	23.00
17.90	18.95	18.95	18.95	19.00	19.00	21.00	21.00
12.00	12.35	12.35	12.35	11.00	9.00	10.00	10.00
1,414.00	1,410.00	1,486.00	1,477.00	1,491.00	1,498.00	1,513.00	1,535.00
63.00	64.00	98.00	48.00	50.00	50.00	52.00	52.00
238.00	238.00	241.00	236.00	239.00	241.00	242.00	242.00
115.00	115.00	116.00	118.00	118.00	119.00	119.00	123.00
108.00	113.00	108.00	109.00	108.00	108.00	108.00	67.00
							107.00
58.50	65.00	65.00	65.00	69.00	71.00	74.00	74.00
48.50	53.00	53.00	52.00	68.00	66.00	69.00	69.00
3.50	3.50	3.50	3.80	4.00	12.00	3.00	3.00
5.00	7.00	7.00	7.00	10.00	2.00	5.00	5.00
2,521.1	2,542.1	2,666.8	2,612.1	2,656.0	2,673.0	2,712.0	2,824.0

COUNTY OF ROCKINGHAM, VIRGINIA

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

Function/Program	2013	2014
Commonwealth Attorney:		
Felony Cases	N/A	N/A
Misdemeanor Cases	N/A	N/A
General District Court: Teresa Brown		
Traffic Infraction, Misdemeanor, Felony, S/C & Capias	23,279	22,393
Criminal Misdemeanor, Felony, S/C & Capias	8,337	7,454
Civil Filings (All types)	11,828	10,199
Juvenile Domestic Relations Court: Teresa Rea		
New Cases	7,572	7,719
Garage:		
# of Inspections Performed	-	-
Human Resources:		
New Hires Processed	N/A	N/A
Terminations	N/A	N/A
Police: (1)		
Calls for service	21,124	23,546
Adult arrest	4,162	3,749
Juvenile arrest	202	373
Traffic citations	1,879	1,363
Fire: (2)		
Total fire runs	7,475	7,119
Total rescue runs	17,283	17,289
Public service: (3)		
Garbage collected (ton)	108,882	107,977
Recycle collected (ton)	24,323	16,343
Recreation:		
Trips	866	819
Football/Cheerleading	636	566
Basketball	716	707
Adult Volleyball	273	259
Adult Softball	304	368
Childcare Program:		
Afterschool	508	487
Summer Day Care	249	301
Water and sewer: (3)		
New water connections	97	115
New wastewater connections	97	115
Average daily water consumption (gallons)	58,389,558	69,591,675
Average daily sewage treatment (gallons)	50,065,833	63,479,583
Education: (6)		
Average daily membership	11,223	11,304
Kindergarteners	852	820
Grades 1-12	10,371	10,484

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

2015	2016	2017	2018	2019	2020	2021	2022
1,218	1,123	1,093	1,073	1,095	982	1,185	1,859
142	129	141	186	175	318	2,559	5,641
21,087	21,497	21,549	19,938	26,208	12,881	18,603	14,944
7,305	8,036	6,876	6,852	7,053	5,570	4,395	5,064
10,300	8,347	10,503	12,492	11,812	8,541	7,172	6,184
7,143	7,438	8,018	7,138	7,561	6,506	6,349	6,575
-	-	-	-	-	251	263	292
180	163	177	195	202	238	309	303
146	123	130	190	140	193	191	222
22,714	25,081	32,250	33,803	33,485	19,329	33,047	39,964
4,119	4,201	4,253	5,232	5,016	3,518	2,466	2,396
257	195	294	220	253	108	58	84
1,479	1,682	3,081	3,634	3,167	2,155	1,883	628
6,959	6,907	6,623	11,016	8,029	7,544	7,633	11,552
18,313	18,948	19,414	13,512	15,553	6,734	21,131	32,713
127,842	124,278	134,879	133,255	144,209	144,357	145,726	173,068
12,714	9,632	2,276	2,188	2,737	2,990	3,049	2,806
955	1,024	879	1,151	1,277	146	143	255
550	659	649	587	876	311	1,074	951
687	698	743	783	695	256	393	427
259	266	252	280	287	224	186	288
336	352	336	320	304	-	80	352
501	484	465	455	491	409	254	286
303	317	301	325	361	154	306	376
118	124	105	109	128	182	246	302
129	112	97	134	119	170	239	297
74,113,083	71,094,539	70,032,583	76,006,333	78,061,833	82,545,667	88,162,083	89,510,666
62,545,110	73,577,916	73,000,000	85,927,083	111,199,290	84,716,040	87,522,664	9,223,842
11,290	11,287	11,261	11,252	11,356	11,487	11,005	10,904
854	838	795	812	808	864	766	774
10,436	10,449	10,466	10,440	10,548	10,623	10,239	10,130

COUNTY OF ROCKINGHAM, VIRGINIA

CAPITAL ASSET STATISTICS BY FUNCTION / PROGRAM

Last Ten Fiscal Years

(Unaudited)

Function/Program	2013	2014
Police Stations: (1)	1	1
Fire Companies (not County owned): (2)	10	10
Rescue Squads (not County owned): (2)	8	8
Streets: (4)		
Centerline Mileage:		
Interstate	54	54
Primary	186	187
Secondary	898	898
Number of street lights	16	16
Traffic signals	41	41
Parks and Recreation: (5)		
Parks - number of acres	22	81
Neighborhood parks - number of acres	22	22
Baseball/softball diamonds	31	31
Soccer/football fields	13	13
Basketball courts	13	13
Parks with playground equipment	1	1
Picnic shelters	3	3
Community centers	3	3
Water: (3)		
Wells (County owned)	2	2
Water lines (feet)	534,150	538,958
Fire hydrants	803	815
Storage capacity (MGPD)	10,088,000	10,088,000
Average daily consumption (MGPD)	2,076,660	2,287,945
Peak consumption (MGPD)	2,979,000	3,267,000
Wastewater: (3)		
Sanitary sewers (feet)	571,944	572,727

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

2015	2016	2017	2018	2019	2020	2021	2022
1	1	1	1	1	1	1	1
10	11	11	11	11	11	11	11
7	8	7	7	7	7	7	6
				1	1	2	2
54	54	54	54	54	54	54	54
192	192	192	210	210	215	215	215
899	900	900	882	882	880	880	880
16	16	16	16	16	16	16	16
42	42	43	43	43	43	43	43
81	81	81	81	81	81	81	81
19	19	19	19	19	19	19	19
31	31	31	31	33	33	33	33
13	13	13	13	17	17	17	17
13	14	14	14	14	14	14	14
1	1	1	1	2	2	2	2
3	3	3	3	3	3	3	3
3	3	3	3	3	3	3	3
2	2	2	3	3	3	3	3
553,039	577,643	587,938	599,862	622,226	632,505	653,683	653,683
854	909	957	999	1,002	1,031	1,071	1,071
10,088,000	10,088,000	10,088,000	10,088,000	10,088,000	10,088,000	10,088,000	10,088,000
2,436,595	2,337,355	2,302,441	2,498,838	2,566,576	2,713,830	2,898,479	2,898,479
3,252,000	3,188,000	3,322,000	3,315,000	3,847,000	4,274,000	4,123,000	4,123,000
586,191	588,915	598,057	608,165	613,756	621,871	639,325	639,325

COMPLIANCE SECTION



**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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 2, 2022.

Report on 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) as a basis for designing 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

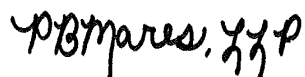
As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2022-002.

County's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the County's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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



Harrisonburg, Virginia
December 2, 2022



**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

Qualified and Unmodified Opinions

We have audited the County of Rockingham, Virginia's (County) compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

Qualified Opinion on COVID-19: Elementary and Secondary School Emergency Relief (ESSER) Fund

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Federal Assistance Listing Number 84.425D, COVID-19: Elementary and Secondary School Emergency Relief (ESSER) Fund, for the year ended June 30, 2022.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2022.

Basis for Qualified and Unmodified Opinions

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned cost. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Matter Giving Rise to Qualified Opinion on COVID-19: Elementary and Secondary School Emergency Relief (ESSER) Fund

As described in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding Federal Assistance Listing Number 84.425D, COVID-19: Elementary and Secondary School Emergency Relief (ESSER) Fund, as described in finding number 2022-002 for Special Tests and Provisions – Wage Rate Requirement.

Compliance with such requirement is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of the federal programs as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-002 to be a material weakness.

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 audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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
December 2, 2022

SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
Year Ended June 30, 2022

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
DEPARTMENT OF AGRICULTURE:				
<u>Direct payments:</u>				
Cooperative Law Enforcement	10.U01	N/A	\$ -	\$ 4,150
<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	-	2,004,911
Total SNAP Cluster				2,004,911
Department of Agriculture and Consumer Services				
Child Nutrition Cluster:				
Commodity Distributions	10.555	40623	-	533,984
Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	402530	-	1,222,403
National School Lunch Program	10.555	402540	-	4,083,859
COVID-19: National School Lunch Program	10.555	865570,411080	-	205,663
Summer Food Service Program for Children	10.559	603020/603030	-	74,799
Total Child Nutrition Cluster				6,120,708
Department of Agriculture and Consumer Services				
COVID-19: Pandemic EBT Administrative Costs	10.649	865560	-	5,814
Department of Education:				
Forest Service Schools and Roads Cluster:				
Schools and Roads - Grants to States	10.665	438410	-	26,657
Total Forest Service Schools and Roads Cluster				26,657
Total Department of Agriculture				8,162,240
DEPARTMENT OF DEFENSE:				
<u>Direct payments:</u>				
Payments to States in Lieu of Real Estate Taxes	12.112	N/A	-	518,574
Total Department of Defense				518,574
DEPARTMENT OF ENVIRONMENTAL QUALITY:				
<u>Direct payments:</u>				
Rents and Royalties Paid on Federal Land	15.U01	N/A	-	151
Total Department of Environmental Quality				151

SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
Year Ended June 30, 2022

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
DEPARTMENT OF JUSTICE:				
<u>Direct payments:</u>				
Federal Forfeiture - Equitable Sharing Program	16.922	N/A	\$ -	\$ 15,082
<u>Pass-through payments:</u>				
Violence Against Women Office:				
Violence Against Women Formula Grants	16.588	21-Y9349VA20, 22-Z9349VA21	-	23,047
Department of Criminal Justice Services:				
Crime Victim Assistance - Discretionary Grants	16.575	22-O1013VW19	-	123,875
Edward Byrne Memorial Justice Assistance Grant Program	16.738	21-U1172LO18	-	2,270
Criminal and Juvenile Justice and Mental Health	16.745	N/A	-	206,588
Total Department of Justice				370,862
DEPARTMENT OF TRANSPORTATION:				
<u>Pass-through payments:</u>				
Department of Motor Vehicles:				
Alcohol Open Container Requirements	20.607	154AL-2021-51101-21101	-	28,043
Total Department of Transportation				28,043
DEPARTMENT OF THE TREASURY:				
<u>Pass-through payments:</u>				
Virginia Department of the Treasury:				
COVID-19: Coronavirus Relief Fund	21.019	SLT0022	-	5,034
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	SLT0022	-	4,449,215
Virginia Tourism Corporation:				
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	Not provided	-	180,000
Total Department of The Treasury				4,634,249
DEPARTMENT OF EDUCATION:				
<u>Pass-through payments:</u>				
Department of Education:				
Title I Grants to Local Educational Agencies	84.010	429010	-	1,526,018
Special Education Cluster:				
Special Education - Grants to States	84.027A	430710, 600330	-	2,820,771
COVID-19: Special Education - Grants to States	84.027X	402870	-	277,469
Special Education - Preschool Grants	84.173A	625210	-	67,246
COVID-19: Special Education - Preschool Grants	84.173X	625210	-	19,688
Total Special Education Cluster				3,185,174
Adult Education - Basic Grants to States	84.002	V002A180047/STATE190002	-	335,245
Career and Technical Education - Basic Grants to States	84.048	600310, 6000311	-	197,394
English Language Acquisition State Grants	84.365	605120	-	110,065
Supporting Effective Instruction State Grant	84.367	614800	-	345,939
Student Support and Academic Enrichment Program	84.424	600190	-	126,013
Education Stabilization Fund:				
COVID-19: Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	601770, 501950, 501930, 501750	-	9,391,426
Total Department of Education				15,217,274

SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
Year Ended June 30, 2022

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
<u>Direct payments:</u>				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	N/A	\$ -	\$ 252,833
<u>Pass-through payments:</u>				
Department of Social Services:				
Guardianship Assistance	93.090	Not provided	-	19,986
Title IV-E Prevention Program	93.472	Not provided	-	14,014
Promoting Safe and Stable Families	93.556	Not provided	-	56,683
Temporary Assistance to Needy Families	93.558	Not provided	-	747,579
Refugee and Entrant Assistance - State Administered Programs	93.566	Not provided	-	73,723
Low-Income Home Energy Assistance	93.568	Not provided	-	138,999
Child Care and Development Fund Cluster:				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	Not provided	-	140,538
Total Child Care and Development Fund Cluster				140,538
Chafee Education and Training Vouchers Program (ETV)	93.599	Not provided	-	11,691
COVID-19: Chafee Education and Training Vouchers Program (ETV)	93.599	Not provided	-	1,670
Stephanie Tubbs Jones Child Welfare Services Program	93.645	Not provided	-	1,356
Foster Care - Title IV-E	93.658	Not provided	-	1,547,206
Adoption Assistance	93.659	Not provided	-	2,564,848
Social Services Block Grant	93.667	Not provided	-	1,142,643
COVID-19: Chafee Foster Care Independence Program	93.674	Not provided	-	84,747
COVID-19: Elder Abuse Prevention Interventions Program	93.747	Not provided	-	8,809
Children's Health Insurance Program	93.767	Not provided	-	10,462
Medicaid Cluster:				
Medical Assistance Program	93.778	Not provided	-	1,612,334
Total Medicaid Cluster				1,612,334
Total Department of Health and Human Services				8,430,121
SOCIAL SECURITY ADMINISTRATION:				
<u>Direct payments:</u>				
Social Security Administration:				
Reward for Incarceration Notification	96.U01	N/A	-	17,600
Total Social Security Administration				17,600
DEPARTMENT OF HOMELAND SECURITY:				
<u>Pass-through payments:</u>				
Department of Emergency Management:				
Emergency Management Performance Grants	97.042	EMPG Local 2020	-	19,022
Total Department of Homeland Security				19,022
Total Expenditures of Federal Awards				\$ 37,398,136

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS Year Ended June 30, 2022

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, 2022. 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.

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, Child Care and Development Fund, Medicaid, and Special Education.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS Year Ended June 30, 2022

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 \$533,984 at the time received were consumed during the year ended June 30, 2022. These commodities were included in the determination of federal awards expended during the year ended June 30, 2022.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2022

Section I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over major federal programs:

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

Type of auditor's report issued on compliance for major federal programs: Unmodified for all major programs except 84.425D, COVID-19: Elementary and Secondary School Emergency Relief (ESSER) Fund, which was qualified.

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

√ Yes No

Identification of major federal programs:

Federal Assistance Listing Number	Name of Federal Program or Cluster
21.027	COVID-19: Coronavirus State and Local Fiscal Recovery Funds
84.010	Title 1 Grants to Local Educational Agencies
Special Education Cluster:	
84.027A	Special Education – Grants to States
84.027X	COVID-19: Special Education – Grants to States
84.173A	Special Education – Preschool Grants
84.173X	COVID-19: Special Education – Preschool Grants
84.425D	COVID-19: Elementary and Secondary School Emergency Relief (ESSER) Fund
93.658	Foster Care – Title IV-E
93.659	Adoption Assistance
93.667	Social Services Block Grant
Medicaid Cluster:	
93.788	Medical Assistance Program

Section I. SUMMARY OF AUDITOR'S RESULTS (Continued)

Dollar threshold used to distinguish between type A and type B programs	\$ 1,121,944
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Auditee qualified as low-risk auditee?	√	Yes	No
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A. Material Weakness in Internal Control

2022-001: Material Weakness Due to Material Audit Adjustments

Criteria: The year-end financial statements obtained from the County to be audited should be final and free of material misstatements.

Condition: Upon auditing accounts payables in the Capital Projects Fund, landfill depreciation in the Solid Waste Fund, and revenues in the Tourism Fund, we identified material audit entries.

Cause: Invoices received after year end were not being properly reviewed to ensure they were recorded in the correct period, landfill depreciation calculation was calculated incorrectly, and there was a misclassification of revenue.

Effect: The financial statements have been corrected to include the identified audit adjustments. The necessary entries were material to the financial statements, and were included as adjustments in order to more accurately represent the County's financial position. Failure to record the material items noted above is a departure from GAAP.

Recommendation: We recommend the County be more diligent in reviewing accounts payable, landfill depreciation calculation, and classification of revenues.

Views of Responsible Official: The County agrees with this finding.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

Section III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

A. Material Weakness in Internal Control Over Compliance and Compliance Finding

2022-002: Special Test – Wage Rate Requirement

Department of Education

Passed through the Virginia Department of Education

Pass-through Entity Identifying Numbers: 601770, 501950, 501930, 501750

Program Name: COVID-19: Elementary and Secondary School Emergency Relief (ESSER) Fund

Assistance Listing Number: 84.425D

Criteria: Nonfederal entities shall include in their construction contracts subject to the Wage Rate Requirements (which still may be referenced as the Davis-Bacon Act) a provision that the contractor or subcontract comply with those requirements and the DOL regulations (29 CFR Part 5, Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction). This includes a requirement for the contractor or subcontractor to submit to the nonfederal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls) (29 CFR sections 5.5 and 5.6; the A-102 Common Rule (section 36(i)(5)); OMB Circular A-110 (2 CFR Part 215, Appendix A, Contract Provisions); 2 CFR Part 176, Subpart C; and 2 CFR section 200.326).

Condition: The School Board did not have adequate internal controls in place to verify this compliance requirement for this particular award prior to funds being spent.

Cause: School Board employees were unaware the Wage Rate Requirement was applicable for this program due to confusion on some ESSER funds being exempt from this requirement.

Effect: The School Board could have contracted with a vendor that did not meet the wage rate requirement.

Questioned Costs: Unknown

Context: Of the total expenditures for this program \$604,730, or 6.43%, was spent to a vendor for various construction related projects in which the wage rate requirement was not verified with the contractor.

Recommendation: We recommend the School Board implement new procedures to ensure all compliance requirements are being followed related to their federal awards.

Views of Responsible Officials: The School Board agrees with this finding.



STEPHEN G. KING
County Administrator



ROCKINGHAM COUNTY

BOARD OF SUPERVISORS

DEWEY L. RITCHIE

Election District No. 1

SALLIE WOLFE-GARRISON

Election District No. 2

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Election District No. 3

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Election District No. 4

MICHAEL A. BREEDEN

Election District No. 5

CORRECTIVE ACTION PLAN **Year Ended June 30, 2022**

Identifying Number: 2022-001: Material Weakness Due to Material Audit Adjustments

Finding: Upon auditing accounts payables in the Capital Projects Fund, landfill depreciation in the Solid Waste Fund, and revenues in the Tourism Fund, we identified material audit entries.

Corrective Action Taken or Planned: The County has been without a Deputy Director since February of 2020. The workload on the Senior Accountant increased due to the loss of the position. More care and diligence will be taken this fiscal year in order to ensure that the errors made will not be repeated. The County is in the process of making an offer to fill the Deputy Director position and will have additional hands and minds available to help with fiscal year end 2023.

Date: January 1, 2023 – the County plans to have hired a Deputy Director.

July 1, 2023 – the County plans to implement a schedule of duties that reduces the workload on the Senior Accountant.

Responsible person: Trish Davidson

Identifying Number: 2022-002: Special Test – Wage Rate Requirement

Finding: Nonfederal entities shall include in their construction contracts subject to the Wage Rate Requirements (which still may be referenced as the Davis-Bacon Act) a provision that the contractor or subcontract comply with those requirements and the DOL regulations (29 CFR Part 5, Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction). This includes a requirement for the contractor or subcontractor to submit to the nonfederal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls) (29 CFR sections 5.5 and 5.6; the A-102 Common Rule (section 36(i)(5)); OMB Circular A-110 (2 CFR Part 215, Appendix A, Contract Provisions); 2 CFR Part 176, Subpart C; and 2 CFR section 200.326). The School Board did not have adequate internal controls in place to verify this compliance requirement for this particular award prior to funds being spent. School Board employees were unaware the Wage Rate Requirement was applicable for this program.

Corrective Action Taken or Planned: The policy on the Uniform Grant Guidance for federal grants will be updated to be more clear on the requirements. Also, the CFO will communicate the requirements to ensure all employees responsible for federally sourced funds are adequately trained.

Anticipated Implementation Date: March 1, 2023

Responsible person: Cheryl Mast

COUNTY OF ROCKINGHAM, VIRGINIA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2022

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.