

Comprehensive Annual Financial Report



**Rockingham County, VA
Fiscal Year Ended June 30, 2015**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2015



Prepared by:

Department of Finance
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www.rockinghamcountyva.gov

COUNTY OF ROCKINGHAM, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2015

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INTRODUCTORY SECTION



JOSEPH S. PAXTON
County Administrator



ROCKINGHAM COUNTY

BOARD OF SUPERVISORS

PABLO CUEVAS

Election District No. 1

FREDERICK E. EBERLY

Election District No. 2

RICK L. CHANDLER

Election District No. 3

WILLIAM B. KYGER, JR.

Election District No. 4

MICHAEL A. BREEDEN

Election District No. 5

November 25, 2015

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

Gentlemen:

It is my pleasure to submit to you the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015. This report has been prepared in accordance with Section 15.2-2503 of the *Code of Virginia*, 1950, as amended.

Upon completing your review of this introductory section, you are encouraged to 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 County's economy began to show signs of an uptick at the end of 2014 and during the first half of 2015. This downturn that started in 2008 presented significant fiscal challenges for all local governments, including the County. The Commonwealth of Virginia reduced funding for its share of education, transportation, and social services costs, and for those services provided by the County's five elected Constitutional Officers; and, funding continues to lag behind 2008 levels in many areas. With the leadership of the Board and support from the Constitutional Officers and School Board, the County came through this period poised to meet the challenges that are facing a locality that is one of the fastest growing in the Commonwealth. Building permits for 2015 are at their highest levels since 2006 and 2007, inquiries for new business locations or expansions of existing businesses are at a high level, with several announced in the first half of 2015, including Shenandoah Growers and Virginia Poultry Growers Cooperative. Bright times are ahead for the County; but, with such prosperity comes the challenge of increased demand for government services. I believe the Board has positioned the County to meet those challenges through its disciplined fiscal planning and development of a five-year capital and operational plan.

Significant events and actions during this past year include:

- Working with the Virginia Department of Transportation (VDOT), the County began and continued a number of critical road infrastructure projects:

- Completed Stone Spring Road (Southeast Connector) as part of a private-public partnership with Southeast Connector, LLC to construct a roadway that connects the regional hospital, Sentara RMH Medical Center, with Spotswood Trail (a major transportation corridor in the County) to the east and Rawley Pike to the west. With the completion of this project a four-lane limited access road has been constructed to provide a critical transportation link between western and eastern Rockingham County, and open commercial properties for development in the Harrisonburg Metro Area.
 - Began acquisition of right of way for the Reservoir Street widening project in partnership with the City of Harrisonburg (City) to improve Reservoir Street east from the City limits to the new Sentara RMH facility; with construction expected to be initiated in 2016.
 - Completed design of the Massanetta Springs Road improvement project in cooperation with the Preston Lake development. The project will begin from just north of the Massanetta Springs conference center and extend to Route 33, with construction expected to be initiated in 2016.
- Completed construction of an updated filter system at the Three Springs Water Treatment Plant to continue to meet the demand for water while reducing operating costs with a filtration system that requires less manpower and reduces energy costs;
 - Progress continues to secure Part B approval from the Virginia Department of Environmental Quality (anticipated in January of 2016) for the development of the next disposal area for the County Landfill. The approval of the Part B plan will provide an estimated 35 years of additional disposal area. The initial phase for the new disposal cell construction provides space for an estimated 18 of the 35 years. The current cell has approximately three years of disposal life remaining;
 - Continued the phased upgrade of the County's financial management software. Payroll and human resources modules were implemented in early 2015. The next phase is the cash collections and utilities billing systems;
 - In response to a continued increase in inmate population at the Rockingham Regional Jail, which has led to overcrowding, the County and the City of Harrisonburg purchased membership in the Middle River Regional Jail, to provide additional capacity for inmates and reduce overcrowding at the Rockingham facility. The County and City join existing members Augusta County and the Cities of Staunton and Waynesboro to comprise the Middle River Regional Jail Authority, which governs the jail's operations.
 - Initiated pilot programs in County middle and high schools to allow the School Board to evaluate the appropriate technological devices and associated software packages to be utilized to implement a technology-based instruction program.
 - Acquired an existing volunteer EMS agency owned facility in the McGaheysville area of the County. The County will renovate the facility to strategically locate a County-owned emergency response station to serve the area east of Interstate 81 in the County.

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

These items include:

- Evaluate partnerships with the City and the seven towns in the County to develop water supply resources and related delivery infrastructure, and look to acquire additional wastewater treatment capacity to meet long-term needs in the County.
- Meet the financial commitment required by the Commonwealth to phase-in the increased cost of the local share of the school professional employee (teacher) retirement system. The increased funding is necessary to reduce the long-term unfunded liability of the system to an acceptable level. Over the past several years, the Virginia General Assembly used reduced contribution rates for teachers as a means to soften the financial burden of the economic downturn on the Commonwealth and its localities. However, the national ratings agencies are putting additional pressure on the General Assembly to increase the rate to restore the fund's fiscal integrity.
- Analyze the options provided from an on-going emergency services study to meet the increased demand for County-funded fire and rescue services in the more densely-populated areas of the County.

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

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

During the strategic planning session, public safety was identified as experiencing the greatest pressure for increased funding, including law enforcement, corrections and fire and rescue services. Law enforcement in Virginia counties is a service jointly funded by the Commonwealth and local government (in this case, 50% County/50% City). Increased calls for service resulted in the County adding three deputy sheriff positions this past year. However, due to limited state funding, the County and City are responsible for 100% of the cost. Increasing fire and emergency medical service calls, coupled with declining volunteer support, resulted in the County adding three additional fire and rescue responders. The 2020 Plan includes adding up to forty public safety positions to meet an increasing call load, with the largest number of new positions (30) in fire & rescue. Staff continues to look to federal grant funding and other options to fund the cost of the new fire & rescue staffing level.

Another significant program identified during the 2014 session was an expanded instructional technology program for the County's K-12 education system to prepare our youth to fill the jobs of the next century. This program, which is recommended to be phased-in over a five-year period, has an estimated capital cost of \$2.8M. In addition, when fully implemented, the program will increase school operational costs by almost \$4M per year. The Board of Supervisors has been advised that the change to a technology-based instructional program will eliminate some current school operational costs, thereby mitigating a portion of the increased cost. However, the net cost of the program, when fully implemented, potentially adds two to three cents to the real estate tax rate over a five-year period.

The economy of the region remains relatively strong, influenced by the steady growth at three local universities and colleges (James Madison University, Eastern Mennonite University and Bridgewater College), and a very diverse local economy. Despite the economic challenges in other areas of Virginia and the United States 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 has implemented a restrained, targeted strategy for local operations with close coordination with the School Board and the Constitutional Officers.

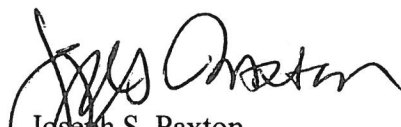
Rockingham County holds a financial rating from the United States' three largest credit rating agencies - Standard & Poor's, Moody's Investor Service, and Fitch Ratings, including a "AAA" from Standard & Poor's, and a "AA" from Moody's and Fitch. In 2015, the County was notified by Standard & Poor's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

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

The Government Finance Officers Association of the United States and Canada has awarded the County a Certificate of Achievement for Excellence in Financial Reporting for thirty-three 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, I extend our sincerest appreciation to the members of the Board of Supervisors for the confidence expressed and resources entrusted to us throughout the year, which allow for the implementation of the Board's policies. We look forward to continuing to work with you to provide high quality, efficient and effective services for our community.

Respectfully submitted,



Joseph S. Paxton
County Administrator



JOSEPH S. PAXTON
County Administrator



ROCKINGHAM COUNTY

BOARD OF SUPERVISORS

PABLO CUEVAS

Election District No. 1

FREDERICK E. EBERLY

Election District No. 2

RICK L. CHANDLER

Election District No. 3

WILLIAM B. KYGER, JR.

Election District No. 4

MICHAEL A. BREEDEN

Election District No. 5

November 25, 2015

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

The Finance Department is pleased to present the County of Rockingham's (the County) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015. The report is designed to present fairly the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County in all material respects, and to demonstrate compliance with applicable finance-related legal and contractual provisions. The report adheres to the principle of full disclosure so that the reader may gain the maximum understanding of the County's financial affairs.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. 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 judgments by management.

PBMares, LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the County's financial statements for the year ended June 30, 2015. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of the Government

The County of Rockingham, located in the heart of the Shenandoah Valley, is the third largest county in Virginia in land area with 853.65 square miles and an estimated population of 78,953. The independent city of Harrisonburg, with an estimated population of 52,612 serves as the County seat, and is the largest city in western Virginia between the Roanoke and the Washington, D.C. metropolitan areas.

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

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

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

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

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

The School, School Textbook, and School Cafeteria Funds are included in the supplementary information 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 supplementary information 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 30, 2014, the Board approved the budget for fiscal year 2015. During the fiscal year 2015, as is customary, the Board also approved supplemental budget amendments.

Local Economy

The County continues to enjoy a relatively stable and diverse local economy. The County has a varied manufacturing, industrial, distribution, services, and higher education base that adds to the relative stability of the unemployment rate (currently 4.4%). Major industries with headquarters or divisions located within the County's boundaries include a chemical manufacturer, brewery, book printer, foodservice marketer and distributor, retail distributors, four-season resort, and several poultry processors. Higher education also has a major presence within the area with a state university, private university, private college, and a community college with a combined student population of 28,723.

In 2007, SRI International selected the County's Center to locate its Center for Advanced Drug Research (CADRE) in the 40,000 square foot SRI-Shenandoah Valley facility. SRI is a premier research institute and serves as the cornerstone in the County's Innovation Village at Rockingham, which consists of 365 acres of prime development property.

According to the 2012 U.S. Census of Agriculture, Rockingham County is ranked 1st in the state for total value of agricultural products sold (\$659 million) with 1,902 farms totaling 222,049 acres. Also from the census, Rockingham County is ranked 1st in the state for the following four commodity group sales: Milk and other dairy products from cows, cattle and calves, poultry and eggs. Rockingham County further ranked 1st in the state for four out of five livestock categories.

The County experienced renewed growth in building activity for fiscal year 2015. There was over \$380 million authorized for new construction and renovations in the County for this fiscal year compared to \$239 million last fiscal year. Current fiscal year projects, each of which involved an investment of \$500,000 or more, included:

- Merck & Co., Inc.
- WalMart Stores, Inc.
- Virginia Poultry Growers Cooperative, Inc.
- Rockingham Aviation Corp.
- Sunnyside Presbyterian Home

- Church of Solsburg
- Kati's Foods
- McGaheysville Fire Company
- Cargill Meat Solutions Corp.
- Associated Developers, LLC
- Great Eastern Resort
- Harrisonburg-Rockingham Regional Sewer Authority

Long-Term Financial Planning

Unassigned fund balance in the General Fund totaled over \$25.6 million, which represents 23% of total General Fund expenditures. An additional \$17.8 million, which represents another 16% of total General Fund expenditures, is assigned to future unspecified capital outlays in the General Capital Projects Fund.

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

In May 2011, the Board of Supervisors retained a financial advisor to consider obtaining initial credit ratings from the three national credit rating agencies, and to examine potential opportunities for refinancing existing bonds. In December 2014, Standard & Poor's Financial Services, LLC changed the County's General Obligation (GO) rating from AA+ to AAA. As a direct result of strong current and historical financial management of the County, Rockingham currently has the following credit ratings:

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

Relevant Financial Policies

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

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

Annually, the Board/Finance Committee reviews the existing policies and compliance with them.

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

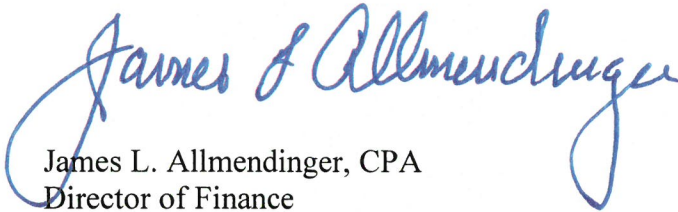
Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Rockingham for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2014. This was the 33rd consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

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

Respectfully submitted,



James L. Allmendinger, CPA
Director of Finance

COUNTY OF ROCKINGHAM, VIRGINIA

Directory of Principal Officials
June 30, 2015

Board of Supervisors

Michael A. Breeden, Chairman
District 5
William B. Kyger, Jr., Vice-Chairman
District 4

Rick L. Chandler
District 3

Frederick E. Eberly
District 2

Pablo Cuevas
District 1

County Administrator

Joseph S. Paxton

School Board

Bob May, Chairman
District 4
Renee A. Reed, Vice-Chairman
District 3

Dan Breeden
District 5

Lowell Fulk
District 4

LaDonna A. Shiflet
District 1

Superintendent of Schools

Dr. Carol Fenn

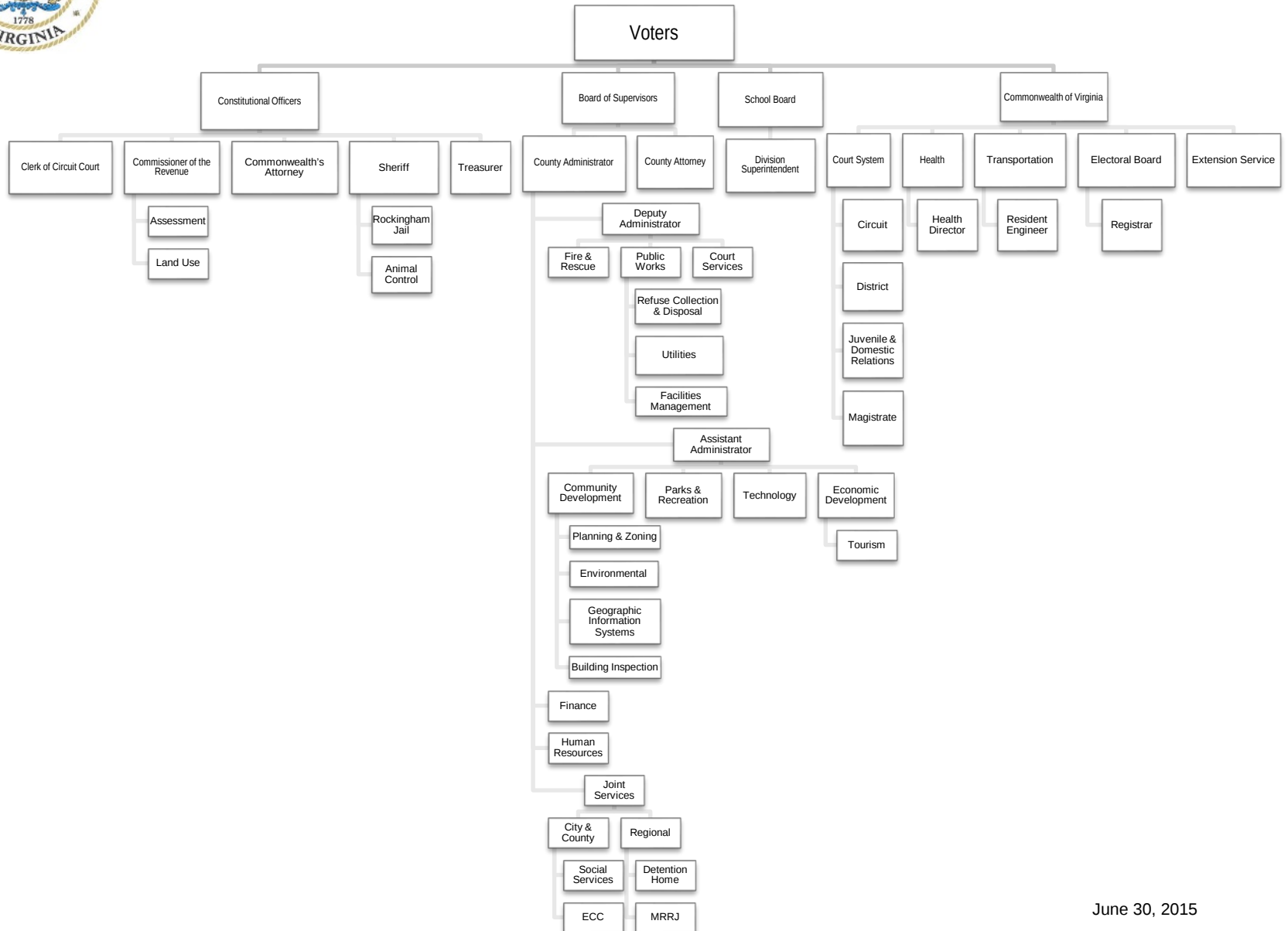
Other Officials

Stephen G. King
George K. Anas
Thomas H. Miller
Lowell R. Barb
Bryan F. Hutcheson
L. Todd Garber
Marsha L. Garst
Chaz W. Evans-Haywood
James L. Allmendinger
Donald D. Driver, Jr.
Terri M. Perry
Katherine S. McQuain
Rhonda G. Cooper
Barry E. Hertzler
Ann Marie Freeman
Jennifer J. Mongold
Lisa B. Gooden
Jeremy C. Holloway
Casey Armstrong

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



Rockingham County, VA Government Organizational Chart





Government Finance Officers Association

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

Presented to

**County of Rockingham
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Rockingham, Virginia (County), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 23 to the financial statements, the County restated net position in the Governmental Activities, Business-Type Activities, Water and Sewer Fund, Solid Waste Fund, School Board Component Unit, and Harrisonburg-Rockingham Social Services District Component Unit to record the net pension liability and related components in accordance with the implementation of GASB Statement No. 68.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis and the required supplementary information on pages 16-31 and 111-118, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis, as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the basic financials. The accompanying schedules listed in the table of contents as supplementary information, supplemental schedules, introductory section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2015 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

PBMares, LLP

Harrisonburg, Virginia
November 25, 2015

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, 2015. We encourage readers to consider the information presented here in conjunction with the letters of transmittal in the Introductory Section of this report and the County's financial statements following this analysis. **All amounts, unless otherwise indicated, are expressed in thousands of dollars.**

Financial Highlights

- The County's total net position, excluding component units, totaled \$38,262 at June 30, 2015. Of this amount, there was \$67,072 invested in the County's capital assets, net of related debt, \$236 in restricted funds assets, and a negative \$29,046 in unrestricted funds.
- The negative \$29,046 in unrestricted funds is a result of recording \$73,391 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 to 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 \$46,352. Approximately 55 percent of this total amount, \$25,645 is available for spending at the government's discretion (unassigned fund balance). There is an additional \$17,829 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 \$25,645, which represents 23 percent of total General Fund expenditures. As mentioned above, an additional \$17,829, which represents 16 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 and a legally separate social services district for which the County is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government.

The government-wide financial statements can be found on pages 32-35 of this report.

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

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

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

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

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

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

Proprietary funds. The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its water and sewer activities and for its solid waste operation. *Internal service funds* are 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 41-44 of this report.

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

The basic fiduciary fund financial statement can be found on page 45 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 \$38,262 at the close of the most recent fiscal year. This is an increase of \$7,887 in comparison with the prior year restated fund balance. The explanation for this change is provided below.

By far, the largest portion of the County's net position, \$67,072, reflects its investment in capital assets (e.g. land, easements, buildings, improvements, machinery and equipment, software, and construction in progress, net of accumulated depreciation and amortization), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to its citizens; consequently, these assets are not readily available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves would not likely be used to liquidate these liabilities. The balance did not significantly change from the prior year balance of \$63,126 to \$67,072.

An additional portion of the County's net position, \$236, represents resources that are subject to external restrictions on how they may be used. There was a decrease of \$3,546 in restricted net assets reported in connection with the County's governmental activities.

The unrestricted portion of the County's net position for the primary government's governmental activities changed from a positive \$4,782 to a negative \$195. This change in the unrestricted portion of the County's net position was impacted by recording a net pension liability for the first time, as required by GASB Statement No. 68.

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

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

County of Rockingham, Virginia
Summary Statement of Net Position
June 30, 2015 and 2014

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 65,291	\$ 63,911	\$ 15,934	\$ 16,225	\$ 81,225	\$ 80,136
Capital assets, net	49,680	51,691	46,195	43,045	95,875	94,736
Total assets	114,971	115,602	62,129	59,270	177,100	174,872
Deferred outflows of resources	2,306	-	143	-	2,449	-
Other liabilities	16,678	7,571	2,044	475	18,722	8,046
Noncurrent liabilities	96,963	103,249	21,525	22,575	118,488	125,824
Total liabilities	113,641	110,820	23,569	23,050	137,210	133,870
Deferred inflows of resources	3,831	-	246	-	4,077	-
Net position:						
Net investment in capital assets	33,590	34,093	33,482	29,033	67,072	63,126
Restricted	236	3,782	-	-	236	3,782
Unrestricted (deficit)	(34,021)	(33,093)	4,975	7,187	(29,046)	(25,906)
Total net position, as restated	\$ (195)	\$ 4,782	\$ 38,457	\$ 36,220	\$ 38,262	\$ 41,002

	Component Units			
	School Board		Harrisonburg-Rockingham Social Services District	
	2015	2014	2015	2014
Current and other assets	\$ 27,866	\$ 24,773	\$ 5,753	\$ 5,208
Capital assets, net	135,289	141,356	2,575	2,144
Total assets	163,155	166,129	8,328	7,352
Deferred outflows of resources	9,562	-	409	-
Other liabilities	23,161	19,787	1,234	1,502
Noncurrent liabilities	107,055	10,077	2,183	824
Total liabilities	130,216	29,864	3,417	2,326
Deferred inflows of resources	16,650	-	654	-
Net Position:				
Investment in capital assets, net of related debt	135,289	141,356	2,575	2,144
Restricted	-	-	1,393	1,449
Unrestricted (deficit)	(109,438)	(5,091)	698	1,433
Total net position	\$ 25,851	\$ 136,265	\$ 4,666	\$ 5,026

County of Rockingham, Virginia
Summary Statement of Changes in Net Position
Years Ended June 30, 2015 and 2014

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 10,291	\$ 9,224	\$ 11,912	\$ 11,235	\$ 22,203	\$ 20,459
Operating grants and contributions	9,302	9,433	1,638	-	10,940	9,433
Capital grants and contributions	2,395	2,803	871	1,259	3,266	4,062
General revenues:						
General property taxes	71,962	70,209	-	-	71,962	70,209
Other local taxes	10,374	9,925	-	-	10,374	9,925
Intergovernmental non-categorical aid	7,839	8,079	-	-	7,839	8,079
Use of money and property	1,460	1,506	94	66	1,554	1,572
Miscellaneous	365	302	838	899	1,203	1,201
Total revenues	113,988	111,481	15,353	13,459	129,341	124,940
Expenses:						
General government administration	6,040	5,462	-	-	6,040	5,462
Judicial administration	3,815	3,860	-	-	3,815	3,860
Public safety	23,826	23,580	-	-	23,826	23,580
Public works	6,869	6,899	11,434	11,487	18,303	18,386
Health and social services	5,715	3,769	-	-	5,715	3,769
Education	53,791	49,860	-	-	53,791	49,860
Parks, recreation and cultural	2,209	2,186	-	-	2,209	2,186
Community development	3,584	3,357	-	-	3,584	3,357
Interest	4,171	4,355	-	-	4,171	4,355
Total expenses	110,020	103,328	11,434	11,487	121,454	114,815
Change in net position before transfers	3,968	8,153	3,919	1,972	7,887	10,125
Transfers	871	-	(871)	-	-	-
Change in net position	4,839	8,153	3,048	1,972	7,887	10,125
Net position, beginning, as restated	(5,034)	(3,371)	35,409	34,248	30,375	30,877
Net position, ending	\$ (195)	\$ 4,782	\$ 38,457	\$ 36,220	\$ 38,262	\$ 41,002

Ending net position at June 30, 2014 does not match beginning net position as of July 1, 2014 due to implementation of GASB Statement No. 68. Information to restate fiscal year 2014 is not available.

County of Rockingham, Virginia
Summary Statement of Changes in Net Position (Continued)
Years Ended June 30, 2015 and 2014

	Component Units			
	School Board		Harrisonburg-Rockingham Social Services District	
	2015	2014	2015	2014
Revenues:				
Program revenues:				
Charges for services	\$ 5,436	\$ 5,084	\$ -	\$ -
Operating grants and contributions	72,138	68,365	16,200	15,587
Capital grants and contributions	72	33	-	-
General revenues:				
Grants and contributions not restricted to specific programs	53,791	49,860	6,739	6,348
Intergovernmental non-categorical aid	73	80	-	-
Use of money and property	46	31	21	16
Miscellaneous	626	512	58	72
Total revenues	132,182	123,965	23,018	22,023
Expenses:				
Health and social services	-	-	22,073	21,560
Education	136,995	132,055	-	-
Total expenses	136,995	132,055	22,073	21,560
Change in net position	(4,813)	(8,090)	945	463
Net position, beginning, as restated	30,664	144,355	3,721	4,562
Net position, ending	\$ 25,851	\$ 136,265	\$ 4,666	\$ 5,025

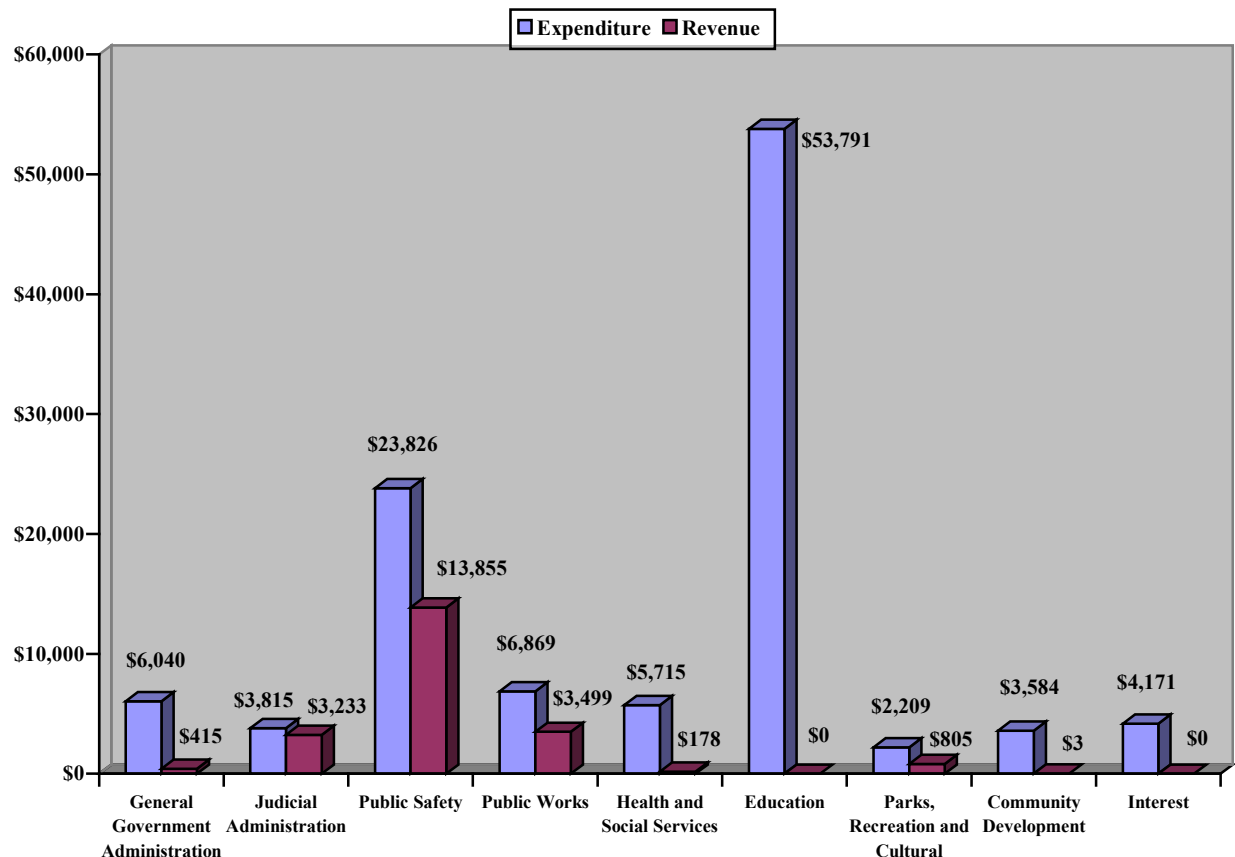
Governmental activities. Governmental activities reduced the deficit in the County's net position by \$4,839 compared to \$8,153 in fiscal year 2014. Key factors for this change are as follows:

- Total revenues increased \$2,507 (from \$111,481 to \$113,988) compared to last year.
- Total expenses increased by \$6,692 (from \$103,328 to \$110,020) compared to last year.

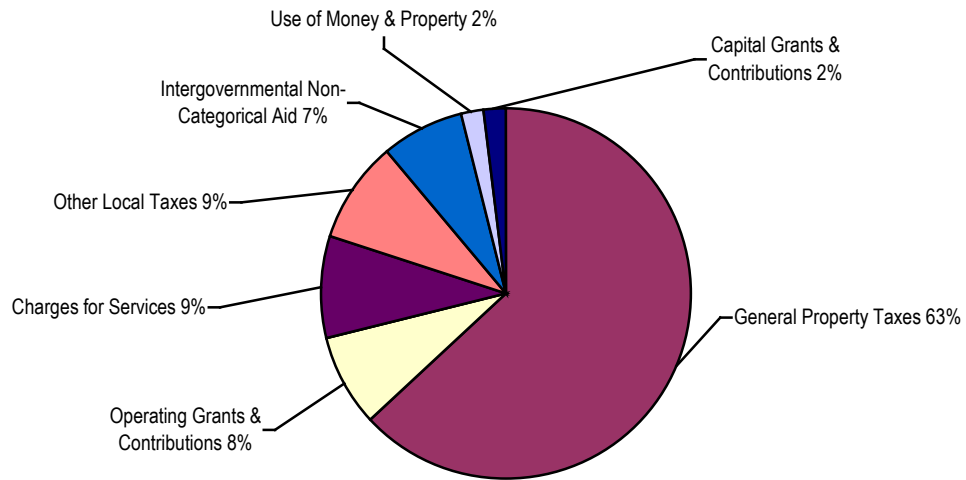
An explanation of the key components for the revenue and expense changes is outlined on page 26 under the Financial Analysis of the Government's Funds.

Business-type activities. Business-type activities also increased the County's net position by \$3,048 compared to an increase of \$1,972 last fiscal year. Each of these businesses is monitored on a regular basis to assure that they are operating as a self-sustaining enterprise.

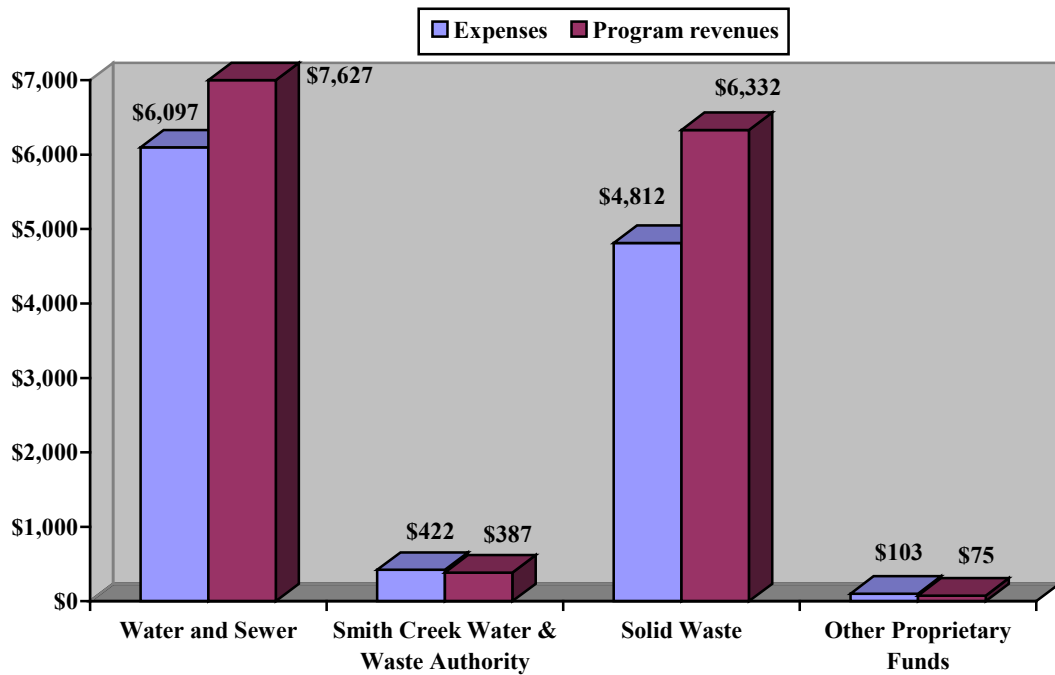
Expenses and Program Revenues - Governmental Activities



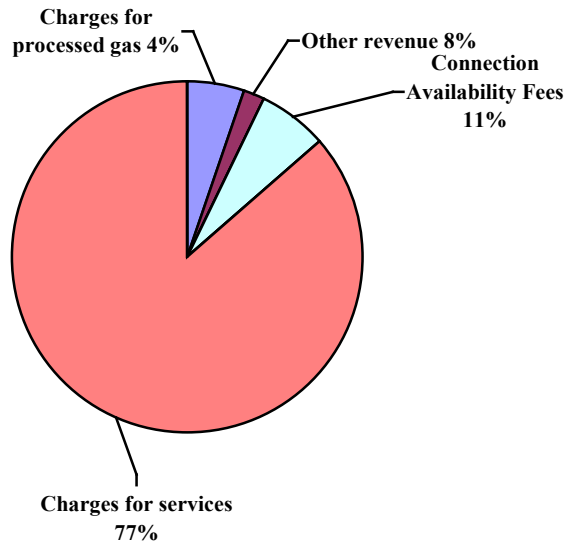
Revenues by Source - Governmental Activities



Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



Component Unit – School Board. The School Board’s net position decreased by \$4,813 this fiscal year compared to a decrease of \$8,090 in fiscal year 2014. Key elements of this decrease are as follows:

1. Revenues increased by \$8,217 (from \$123,965 to \$132,182) primarily due to an increase in the operating grants and contributions of \$3,773 (from \$68,365 to \$72,138).
2. Expenses also increased by a total of \$4,940 (from \$132,055 to \$136,995) due to modestly higher operating costs as follows:

Instruction	\$	4,514
Administration, attendance and health		343
Pupil transportation services		(142)
Operation and maintenance services		172
School food services		53
	\$	<u>4,940</u>

3. Included in 2015 Expenses listed above are depreciation and amortization totaling \$9,012 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 \$46,352, a decrease of \$3,729 in comparison with the prior year.

Approximately 55 percent of this total amount (\$25,645) constitutes unassigned general fund balance, which is available for spending at the government's discretion. In addition, another 38 percent of this total amount (\$17,829) 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 \$25,645, while total fund balance reached \$28,287. 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 23 percent of total General Fund expenditures, while total fund balance represents 25 percent of that same amount.

The fund balance of the County's General Fund increased \$505 during the current fiscal year compared to an increase of \$1,674 for fiscal year 2014. This \$505 increase is significantly better than the original budget which projected a \$3,849 decrease, and the final budget projecting a \$5,609 decrease. The key factors influencing these results are as follows:

- Total revenues increased by \$2,558 compared to last year. The largest revenue changes were:
 - General property taxes increased \$1,505 primarily due to an increase in the real estate tax rate of 2 cents in June 2015. Recovered costs also contributed \$871 to higher judicial administration, public works, and public safety expenditures.
- Total expenditures increased by \$5,172 compared to last year. Many of the expenditure categories remained relatively flat. The key components with changes were:
 - Public safety increased \$3,244 compared to the prior fiscal year total of \$22,767.
 - Education increased \$2,335 compared to the prior fiscal year of \$49,860.

The General Capital Projects Fund has a total fund balance of \$17,829, of which the entire amount is assigned to unspecified future capital outlays. The County had capital outlays of \$6,644 during the current fiscal year, which were funded by revenues and the fund balance.

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

Net position of these funds increased \$3,048 this fiscal year to \$38,457. The largest portion of the net position, \$33,482, continues to reflect the County's investment in capital assets. The unrestricted net position of the proprietary funds decreased from \$7,187 last fiscal year to \$4,975 this fiscal year primarily due to recording a net pension liability and related components for the first time as required by GASB Statement No. 68.

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

General Fund Budgetary Highlights

During the year there was a \$4,171 increase in appropriations between the original and final amended budget. The following are the largest components of the increase:

- \$517 supplemental appropriation for a transfer to the School Fund for the ongoing operating costs to implement the technology projects at all the middle schools.
- \$1,077 supplemental appropriation for the County's portion of the 10% initial payment to become a member jurisdiction of Middle River Regional Jail.
- \$796 supplemental appropriation for additional operating costs at the existing jail.

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

There were also significant differences between the final amended budget for the General Fund and actual amounts (presented using the basis of budgeting). For the fiscal year, expenditures exceeded revenue before transfers by \$572, which was \$6,114 favorable to final budget.

Total revenues were \$1,974 over the final budgeted amounts and the key factors for this were:

- General property taxes were \$1,775 over the final budget amount. Personal property taxes were higher by \$950 due to an increase in the number of vehicles and an improved economy resulting in new vehicle purchases.
- Other local taxes were \$468 over the final budget amount due to food and beverage taxes and taxes on recordation of real estate being higher due to the improved economy.
- Both categorical and non-categorical aid from the Commonwealth of Virginia were lower by a combined \$576. This difference was due to a number of factors.

Total expenditures were \$4,140 under the final budgeted amounts and the key factors were:

- The appropriation to the Rockingham County School Board for general operations was less than the final budget by \$2,863. The remaining funds were left unspent at year-end by the School Board in recognition of the need to conserve resources.
- Most of the other expenditure categories were less than the final budget amounts to varying degrees, but primarily due to containment of costs.

Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of June 30, 2015, amounted to \$95,875 (net of accumulated depreciation and amortization). This investment in capital assets includes land, easements, construction in progress, buildings, improvements, machinery and equipment, and software. The County's investment in capital assets for the current fiscal year remained relatively unchanged at \$95,875 compared to \$94,736 last year.

County of Rockingham, Virginia Summary Statement of Capital Assets June 30, 2015 and 2014

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Non-Depreciable Assets:						
Land	\$ 3,226	\$ 4,096	\$ 2,449	\$ 1,579	\$ 5,675	\$ 5,675
Easements	-	-	198	198	198	198
Construction in progress	579	207	3,260	1,013	3,839	1,220
Depreciable Capital Assets:						
Buildings	48,508	48,282	421	421	48,929	48,703
Improvements	11,142	10,709	63,799	62,666	74,941	73,375
Machinery and equipment	18,012	17,494	5,197	4,551	23,209	22,045
Software	1,612	1,762	44	-	1,656	1,762
Accumulated depreciation and amortization	(33,399)	(30,859)	(29,173)	(27,383)	(62,572)	(58,242)
Total	\$ 49,680	\$ 51,691	\$ 46,195	\$ 43,045	\$ 95,875	\$ 94,736

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

- Construction in progress under Governmental Activities of \$454 for the new Albert Long Park.
- Construction in progress under Business-type Activities of \$2,247 for new water lines, a water filtration system, and some landfill upgrades.
- Improvements under Business-type Activities of \$930 for water and sewer lines along Route 33 East to serve the new Albert Long Park and future businesses.
- Machinery and equipment under Governmental Activities of \$354 for Sheriff replacement vehicles and \$324 for Fire and Rescue equipment.
- Machinery and equipment under Business-type Activities of \$1,049 which included \$253 for a replacement bulldozer and \$647 for a compactor at the landfill.

County of Rockingham, Virginia
Summary Statement of Capital Assets (Continued)
June 30, 2015 and 2014

	Component Units			
	School Board		Harrisonburg-Rockingham Social Services District	
	2015	2014	2015	2014
Non-Depreciable Assets:				
Land	\$ 5,470	\$ 5,470	\$ -	\$ -
Easements	37	37	-	-
Construction in progress	12	-	11	1,407
Depreciable Capital Assets:				
Buildings	176,685	176,686	703	703
Improvements	51,441	50,355	1,908	3
Machinery and equipment	37,438	35,712	573	551
Software	49	49	-	-
Accumulated depreciation and amortization	(135,843)	(126,953)	(620)	(520)
Total	\$ 135,289	\$ 141,356	\$ 2,575	\$ 2,144

The only major capital event of the component unit School Board was the purchase of \$1,511 for the replacement of 17 passenger buses and three other vehicles during the current fiscal year.

The only major capital event of the component unit Social Services District was the completion of the renovation of the Family Services building totaling \$1,873 (of which \$498 was incurred in 2015).

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

Long-term obligations. At the end of the current fiscal year, the County had total bonded debt outstanding of \$73,392. All bonded debt issued by the County is for educational purposes, primarily for the construction of school facilities.

County of Rockingham, Virginia
Summary Statement of Long-Term Obligations
June 30, 2015 and 2014

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 73,391	\$ 79,065	\$ -	\$ -	\$ 73,392	\$ 79,065
Capital leases	16,090	17,598	-	-	16,090	17,598
Unamortized premiums	3,141	3,394	353	410	3,493	3,804
Revenue bonds	-	-	12,359	13,603	12,359	13,603
Landfill obligation	-	-	9,157	8,189	9,157	8,189
Compensated absences	755	1,587	160	159	915	1,746
Net pension liability	9,962	-	641	-	10,603	-
Other postemployment benefits	1,867	1,605	220	214	2,087	1,819
Total	\$ 105,206	\$ 103,249	\$ 22,890	\$ 22,575	\$ 128,096	\$ 125,824

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 2015 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
78,953	\$7,281,735,320	\$76,531,468	.0105	\$969

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 2015 in Rockingham County was 4.4 percent, which is consistent with the 4.8 percent rate a year ago. This compares favorably to the Virginia statewide unemployment rate of 4.8 percent and the United States national average of 5.5 percent.
- The County is encountering its 8th consecutive year of significant revenue challenges.
- Fiscal year 2016 General Fund Revenue is budgeted to increase 5.2% to \$115,148 in comparison to the fiscal year 2015 Amended Budget of \$109,134.
- 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 2016 General Fund Expenditures are budgeted to increase 2.2% to \$118,458 in comparison to the fiscal year 2015 Amended Budget of \$115,820.
- The unassigned fund balance in the General Fund at fiscal year-end was \$25,645. The County has appropriated \$3,311 of this amount for spending in the fiscal year 2016 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 2016.

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, 2015

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Totals	School Board	Harrisonburg- Rockingham Social Services District
ASSETS					
Cash, cash equivalents and temporary cash investments	\$ 142,180	\$ -	\$ 142,180	\$ 10,500	\$ -
Investments	48,213,497	14,599,885	62,813,382	18,906,616	2,806,076
Receivables, net:					
Property taxes	3,411,136	-	3,411,136	-	-
Utility taxes	170,593	-	170,593	-	-
Trade and other accounts	1,014,975	1,217,495	2,232,470	227,424	27,113
Accrued interest	105,020	32,484	137,504	20,703	6,858
Due from other governments	7,053,880	-	7,053,880	4,848,188	2,801,536
Internal balances	118,758	(118,758)	-	-	-
Prepaid items	1,695,317	61,289	1,756,606	3,669,931	111,835
Inventory	60,097	141,671	201,768	182,298	-
Restricted cash	33,058	-	33,058	-	-
Investment in Harrisonburg-Rockingham Social Services District	3,272,675	-	3,272,675	-	-
Capital assets, net of accumulated depreciation and amortization:					
Land	3,225,766	2,449,023	5,674,789	5,469,535	-
Easements	-	197,842	197,842	36,654	-
Buildings	48,508,579	420,506	48,929,085	176,685,780	703,015
Improvements other than buildings	11,141,769	63,799,244	74,941,013	51,441,364	1,908,330
Machinery and equipment	18,012,529	5,196,771	23,209,300	37,437,627	573,010
Software	1,611,529	44,004	1,655,533	49,407	-
Construction in progress	578,860	3,260,586	3,839,446	11,913	10,430
Less: accumulated depreciation and amortization	(33,399,151)	(29,172,753)	(62,571,904)	(135,842,960)	(620,065)
Total assets	114,971,067	62,129,289	177,100,356	163,154,980	8,328,138
DEFERRED OUTFLOWS OF RESOURCES					
Pension plan	2,304,785	143,578	2,448,363	9,561,694	409,556

LIABILITIES

Accounts payable	1,946,977	465,924	2,412,901	2,379,389	1,048,167
Accrued payroll	647,510	66,443	713,953	15,539,761	163,001
Accrued liabilities	394,933	-	394,933	-	-
Accrued interest	1,730,604	147,062	1,877,666	-	-
Unearned revenue	3,276,947	-	3,276,947	1,458,740	-
Insurance and benefit claims	437,750	-	437,750	1,313,250	-
Due to other governments	-	-	-	82,622	-
Noncurrent liabilities:					
Due within one year:					
Bonds payable	5,805,656	1,279,512	7,085,168	-	-
Capital leases	1,957,120	-	1,957,120	-	-
Compensated absences	480,371	85,183	565,554	2,387,043	23,049
Due in more than one year:					
Bonds payable, net	70,725,812	11,433,142	82,158,954	-	-
Capital leases	14,132,883	-	14,132,883	-	-
Landfill obligation	-	9,156,825	9,156,825	-	-
Compensated absences	274,589	74,954	349,543	919,410	16,189
Net pension liability	9,962,222	640,666	10,602,888	98,670,934	1,702,122
Other postemployment benefits	1,867,469	219,551	2,087,020	7,464,578	464,476
Total liabilities	113,640,843	23,569,262	137,210,105	130,215,727	3,417,004

DEFERRED INFLOWS OF RESOURCES

Pension plan	3,830,547	246,341	4,076,888	16,650,385	654,478
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NET POSITION

Net investment in capital assets	33,589,878	33,482,569	67,072,447	135,289,320	2,574,720
Restricted:					
Nonexpendable trust principal	11,143	-	11,143	-	-
Nonexpendable minority interest	-	-	-	-	1,393,537
Park maintenance	21,986	-	21,986	-	-
Judicial administration	120,066	-	120,066	-	-
Public safety	82,514	-	82,514	-	-
Unrestricted (deficit)	(34,021,125)	4,974,695	(29,046,430)	(109,438,758)	697,955
Total net position	\$ (195,538)	\$ 38,457,264	\$ 38,261,726	\$ 25,850,562	\$ 4,666,212

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF ACTIVITIES

Year Ended June 30, 2015

Functions/Programs	Net (Expense) Revenue and Changes in Net Position								
	Expenses	Program Revenues			Primary Government			Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals	School Board	Harrisonburg- Rockingham Social Services District
Primary Government:									
Governmental activities:									
General government administration	\$ 6,039,859	\$ 3,511	\$ 411,690	\$ -	\$ (5,624,658)	\$ -	\$ (5,624,658)	\$ -	\$ -
Judicial administration	3,815,111	1,097,413	2,135,443	-	(582,255)	-	(582,255)	-	-
Public safety	23,826,370	7,276,430	6,578,170	-	(9,971,770)	-	(9,971,770)	-	-
Public works	6,868,624	1,104,328	-	2,394,638	(3,369,658)	-	(3,369,658)	-	-
Health and social services	5,715,170	1,204	176,963	-	(5,537,003)	-	(5,537,003)	-	-
Education	53,790,738	-	-	-	(53,790,738)	-	(53,790,738)	-	-
Parks, recreation and cultural	2,209,125	805,431	-	-	(1,403,694)	-	(1,403,694)	-	-
Community development	3,583,964	2,540	-	-	(3,581,424)	-	(3,581,424)	-	-
Interest	4,170,608	-	-	-	(4,170,608)	-	(4,170,608)	-	-
Total governmental activities	110,019,569	10,290,857	9,302,266	2,394,638	(88,031,808)	-	(88,031,808)	-	-
Business-type activities:									
Water and sewer	6,621,701	6,450,673	1,638,030	-	-	1,467,002	1,467,002	-	-
Solid waste	4,811,787	5,461,705	-	870,563	-	1,520,481	1,520,481	-	-
Total business-type activities	11,433,488	11,912,378	1,638,030	870,563	-	2,987,483	2,987,483	-	-
Total primary government	\$ 121,453,057	\$ 22,203,235	\$ 10,940,296	\$ 3,265,201	(88,031,808)	2,987,483	(85,044,325)	-	-
Component Units:									
Rockingham County School Board:									
Education:									
Instruction	\$ 105,050,310	\$ 3,467,272	\$ 69,012,392	\$ 71,650	-	-	-	(32,498,996)	-
Administration, attendance and health	5,895,218	-	-	-	-	-	-	(5,895,218)	-
Pupil transportation services	9,196,500	-	-	-	-	-	-	(9,196,500)	-
Operation and maintenance services	11,746,547	-	-	-	-	-	-	(11,746,547)	-
School food services	5,105,966	1,968,786	3,125,599	-	-	-	-	(11,581)	-
Total school board	136,994,541	5,436,058	72,137,991	71,650	-	-	-	(59,348,842)	-

Harrisonburg-Rockingham Social

Services District:

Social Services:

Public assistance	6,847,545	-	5,047,847	-	-	-	-	-	(1,799,698)
Comprehensive services	9,146,513	-	5,377,628	-	-	-	-	-	(3,768,885)
Administration:									
Welfare	5,997,127	-	5,712,054	-	-	-	-	-	(285,073)
VJCCA	82,081	-	62,481	-	-	-	-	-	(19,600)

Total social services district	22,073,266	-	16,200,010	-	-	-	-	-	(5,873,256)
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Total component units	\$ 159,067,807	\$ 5,436,058	\$ 88,338,001	\$ 71,650	-	-	-	(59,348,842)	(5,873,256)
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General Revenues:

Taxes:

General property taxes	71,962,305	-	71,962,305	-	-
Other local taxes:					
Local sales and use	5,387,061	-	5,387,061	-	-
Consumer utility	1,095,486	-	1,095,486	-	-
Motor vehicle licenses	1,211,564	-	1,211,564	-	-
Other	2,680,681	-	2,680,681	-	-
Grants and contributions not restricted to specific programs	-	-	-	53,790,738	6,739,048
Intergovernmental, non-categorical aid	7,838,718	-	7,838,718	72,671	-
Use of money and property	1,460,029	93,935	1,553,964	45,918	20,951
Miscellaneous	364,608	837,750	1,202,358	626,406	57,963
Transfers	870,563	(870,563)	-	-	-

Total general revenues	92,871,015	61,122	92,932,137	54,535,733	6,817,962
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Change in net position	4,839,207	3,048,605	7,887,812	(4,813,109)	944,706
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Net position, beginning, as restated	(5,034,745)	35,408,659	30,373,914	30,663,671	3,721,506
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Net position, ending	\$ (195,538)	\$ 38,457,264	\$ 38,261,726	\$ 25,850,562	\$ 4,666,212
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COUNTY OF ROCKINGHAM, VIRGINIA

BALANCE SHEET GOVERNMENTAL FUNDS June 30, 2015

	General	General Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 142,180	\$ -	\$ -	\$ 142,180
Investments	25,166,076	18,469,856	430,111	44,066,043
Receivables, net:				
Property taxes	3,411,136	-	-	3,411,136
Utility taxes	170,593	-	-	170,593
Trade and other accounts	960,332	33,110	-	993,442
Accrued interest	60,760	37,964	1,025	99,749
Due from other governments	3,274,606	504,929	-	3,779,535
Prepaid items	411,675	-	-	411,675
Inventory	53,904	-	-	53,904
Advance to other funds	118,758	-	-	118,758
Restricted cash	-	-	33,058	33,058
Investment in Harrisonburg-Rockingham Social Services District	2,058,400	-	-	2,058,400
Total assets	\$ 35,828,420	\$ 19,045,859	\$ 464,194	\$ 55,338,473
LIABILITIES				
Accounts payable	\$ 1,106,845	\$ 827,147	\$ 6,611	\$ 1,940,603
Accrued payroll	647,257	-	253	647,510
Accrued liabilities	-	389,998	-	389,998
Unearned revenue	2,569,080	-	221,621	2,790,701
Total liabilities	4,323,182	1,217,145	228,485	5,768,812
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	3,217,872	-	-	3,217,872
Total deferred inflows of resources	3,217,872	-	-	3,217,872
FUND BALANCES				
Nonspendable:				
Prepaid items	411,675	-	-	411,675
Inventory	53,904	-	-	53,904
Advance to other funds	118,758	-	-	118,758
Nonexpendable trust principal	-	-	11,143	11,143
Restricted for:				
Harrisonburg-Rockingham Social Services District	2,058,400	-	-	2,058,400
Park maintenance	-	-	21,986	21,986
Judicial administration	-	-	120,066	120,066
Public safety	-	-	82,514	82,514
Assigned to:				
Capital outlay	-	17,828,714	-	17,828,714
Unassigned:				
General fund	25,644,629	-	-	25,644,629
Total fund balances	28,287,366	17,828,714	235,709	46,351,789
Total liabilities, deferred inflows of resources and fund balances	\$ 35,828,420	\$ 19,045,859	\$ 464,194	\$ 55,338,473

COUNTY OF ROCKINGHAM, VIRGINIA

RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION June 30, 2015

	Governmental Funds	
Total fund balances - total governmental funds	\$	46,351,789
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	\$	83,079,032
Less accumulated depreciation and amortization		(33,399,151)
Net capital assets		49,679,881
Unearned revenue represents amounts that were not available to fund current expenditures and, therefore, is not reported as revenue in the governmental funds.		3,217,872
Other assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Investment in Harrisonburg-Rockingham Social Services District		1,214,275
Deferred outflows of resources represent a consumption of net position that applies to a future period and, therefore, are not recognized as expenditures in the governmental funds.		2,304,785
Initial payment to Augusta County to become a member jurisdiction of Middle River Regional Jail Authority		1,077,179
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.		3,456,544
Long-term due from other government - pension		2,796,268
Long-term due from other government - other postemployment benefits		478,077
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		
General obligation bonds, including unamortized premiums	(76,531,468)	
Capital leases	(16,090,003)	
Compensated absences	(754,960)	
Arbitrage payable	(4,935)	
Interest payable	(1,730,604)	
Other postemployment benefits	(1,867,469)	
Net pension liability	(9,962,222)	
		(106,941,661)
Deferred inflows of resources represent an acquisition of net position that applies to a future period and, therefore, are not recognized as revenue in the governmental funds.		(3,830,547)
Net position of governmental activities	\$	(195,538)

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS Year Ended June 30, 2015

	General	General Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:				
General property taxes	\$ 71,932,121	\$ -	\$ -	\$ 71,932,121
Other local taxes	10,374,792	-	-	10,374,792
Permits, privilege fees and regulatory licenses	1,085,078	-	-	1,085,078
Fines and forfeitures	111,715	-	72,868	184,583
Use of money and property	1,320,124	121,332	3,066	1,444,522
Charges for services	3,956,131	-	-	3,956,131
Miscellaneous	344,089	10,494	10,025	364,608
Recovered costs	5,005,625	59,253	-	5,064,878
Intergovernmental	16,978,785	2,394,638	162,199	19,535,622
Total revenues	111,108,460	2,585,717	248,158	113,942,335
Expenditures:				
Current:				
General government administration	4,804,695	-	-	4,804,695
Judicial administration	3,634,143	-	106,072	3,740,215
Public safety	26,010,251	-	111,205	26,121,456
Public works	2,921,785	-	-	2,921,785
Health and social services	5,400,366	-	-	5,400,366
Education	52,194,738	1,596,000	-	53,790,738
Parks, recreation and cultural	2,197,829	-	-	2,197,829
Community development	2,753,660	-	-	2,753,660
Capital outlay	-	5,048,279	-	5,048,279
Debt service:				
Principal	7,182,006	-	-	7,182,006
Interest and fiscal charges	4,581,066	-	-	4,581,066
Total expenditures	111,680,539	6,644,279	217,277	118,542,095
Revenues over (under) expenditures	(572,079)	(4,058,562)	30,881	(4,599,760)
Other financing sources (uses):				
Lease revenue refunding bonds issued	13,125,000	-	-	13,125,000
Payment to refunded bond escrow agent	(13,125,000)	-	-	(13,125,000)
Transfers in	1,077,180	870,563	-	1,947,743
Transfers out	-	(1,077,180)	-	(1,077,180)
Other financing sources (uses), net	1,077,180	(206,617)	-	870,563
Net change in fund balances	505,101	(4,265,179)	30,881	(3,729,197)
Fund balance, beginning	27,782,265	22,093,893	204,828	50,080,986
Fund balance, ending	\$ 28,287,366	\$ 17,828,714	\$ 235,709	\$ 46,351,789

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, 2015

		Governmental Funds
Net change in fund balances - total governmental funds		\$ (3,729,197)
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	\$ 2,087,485	
Less depreciation and amortization expense	(3,223,683)	
Excess of depreciation and amortization over capital outlays		(1,136,198)
The net effect of miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to decrease net position.		(875,359)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Unearned revenue	30,184	
Investment in Harrisonburg-Rockingham Social Service District	(257,300)	
Long-term due from other government - other postemployment benefits	478,077	
		250,961
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Principal repayments:		
General obligation debt	7,182,006	
Lease revenue refunding bonds issued	13,125,000	
Payment to refunded bond escrow agent	(13,125,000)	
		7,182,006
Initial payment to Augusta County to become a member jurisdiction of Middle River Regional Jail Authority		1,077,179
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.		
Deferred outflows of resources	2,304,785	
Accrued interest	157,523	
Compensated absences	832,201	
Arbitrage	(197)	
Other postemployment benefits	(262,001)	
Amortization of premium	253,132	
Pension expense	(1,179,516)	
		2,105,927
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net income of the internal service funds are reported with governmental activities.		
Total revenues	5,962,289	
Total expenses	(5,998,401)	
		(36,112)
Change in net position of governmental activities		\$ 4,839,207

See Notes to Financial Statements.

COUNTY OF ROCKINGHAM, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2015**

	General Fund			Variance with Final Budget Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
General property taxes	\$ 70,157,000	\$ 70,157,000	\$ 71,932,121	\$ 1,775,121
Other local taxes	9,906,300	9,906,300	10,374,792	468,492
Permits, privilege fees and regulatory licenses	1,034,050	1,034,050	1,085,078	51,028
Fines and forfeitures	101,500	101,500	111,715	10,215
Use of money and property	1,463,803	1,463,803	1,320,124	(143,679)
Charges for services	3,707,200	3,928,200	3,956,131	27,931
Miscellaneous	205,000	231,175	344,089	112,914
Recovered costs	4,256,625	4,782,661	5,005,625	222,964
Intergovernmental	16,968,800	17,529,667	16,978,785	(550,882)
Total revenues	107,800,278	109,134,356	111,108,460	1,974,104
Expenditures:				
Current:				
General government administration	4,884,973	4,987,973	4,804,695	(183,278)
Judicial administration	3,387,122	3,736,754	3,634,143	(102,611)
Public safety	22,853,825	26,214,222	26,010,251	(203,971)
Public works	3,160,439	3,224,439	2,921,785	(302,654)
Health and social services	5,222,886	5,377,886	5,400,366	22,480
Education	54,540,550	55,057,550	52,194,738	(2,862,812)
Parks, recreation and cultural	2,242,182	2,294,963	2,197,829	(97,134)
Community development	3,765,700	3,149,465	2,753,660	(395,805)
Debt service:				
Principal	7,181,864	7,181,864	7,182,006	142
Interest and fiscal charges	4,410,079	4,595,079	4,581,066	(14,013)
Total expenditures	111,649,620	115,820,195	111,680,539	(4,139,656)
Revenues under expenditures	(3,849,342)	(6,685,839)	(572,079)	6,113,760
Other financing sources (uses):				
Lease revenue refunding bonds issued	-	13,125,000	13,125,000	-
Payment to refunded bond escrow agent	-	(13,125,000)	(13,125,000)	-
Transfers in	-	1,077,180	1,077,180	-
Total other financing sources, net	-	1,077,180	1,077,180	-
Net change in fund balance	(3,849,342)	(5,608,659)	505,101	6,113,760
Fund balance, beginning	3,849,342	5,608,659	27,782,265	22,173,606
Fund balance, ending	\$ -	\$ -	\$ 28,287,366	\$ 28,287,366

See Notes to Financial Statements.

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF NET POSITION PROPRIETARY FUNDS June 30, 2015

	Business-type Activities - Enterprise Funds					Governmental
	Water and Sewer	Smith Creek Water & Waste Authority	Solid Waste	Other Proprietary Funds	Totals	Activities - Internal Service Funds
ASSETS						
Current Assets:						
Investments	\$ 8,060,209	\$ -	\$ 6,412,095	\$ 127,581	\$ 14,599,885	\$ 9,507,206
Trade and other accounts receivable	603,794	35,687	559,828	18,186	1,217,495	78,429
Accrued interest	17,003	-	15,210	271	32,484	21,084
Prepaid items	19,547	-	41,742	-	61,289	825,854
Inventory	141,671	-	-	-	141,671	6,193
Total current assets	8,842,224	35,687	7,028,875	146,038	16,052,824	10,438,766
Noncurrent Assets:						
Capital assets:						
Land	262,198	-	2,166,225	20,600	2,449,023	-
Easements	177,211	-	-	20,631	197,842	-
Buildings	12,995	-	398,611	8,900	420,506	-
Improvements other than buildings	35,896,987	6,616,233	19,263,103	2,022,921	63,799,244	-
Machinery and equipment	1,008,332	361,546	3,792,531	34,362	5,196,771	-
Software	-	-	44,004	-	44,004	-
Construction in progress	2,588,931	-	671,655	-	3,260,586	-
Less accumulated depreciation and amortization	(12,824,911)	(1,820,186)	(14,147,996)	(379,660)	(29,172,753)	-
Total capital assets, net of accumulated depreciation and amortization	27,121,743	5,157,593	12,188,133	1,727,754	46,195,223	-
Total noncurrent assets	27,121,743	5,157,593	12,188,133	1,727,754	46,195,223	-
Total assets	35,963,967	5,193,280	19,217,008	1,873,792	62,248,047	10,438,766
DEFERRED OUTFLOWS OF RESOURCES						
Pension plan	68,194	-	75,384	-	143,578	-
LIABILITIES						
Current Liabilities:						
Accounts payable and deposits	282,501	23,141	157,294	2,988	465,924	25,112
Compensated absences	39,957	-	45,226	-	85,183	-
Accrued payroll	30,275	-	36,168	-	66,443	-
Accrued interest	92,590	21,077	23,478	9,917	147,062	-
Advance from other funds	-	12,465	-	106,293	118,758	-
Unearned revenue	-	-	-	-	-	1,944,986
Insurance and benefit claims	-	-	-	-	-	1,751,000
Revenue bonds	455,000	182,563	595,000	46,949	1,279,512	-
Total current liabilities	900,323	239,246	857,166	166,147	2,162,882	3,721,098
Noncurrent Liabilities:						
Compensated absences	34,288	-	40,666	-	74,954	-
Other postemployment benefits	96,778	-	122,773	-	219,551	-
Revenue bonds	7,534,968	1,811,424	1,413,299	673,451	11,433,142	-
Net pension liability	297,141	-	343,525	-	640,666	-
Landfill obligation	-	-	9,156,825	-	9,156,825	-
Total noncurrent liabilities	7,963,175	1,811,424	11,077,088	673,451	21,525,138	-
Total liabilities	8,863,498	2,050,670	11,934,254	839,598	23,688,020	3,721,098
DEFERRED INFLOWS OF RESOURCES						
Pension plan	114,253	-	132,088	-	246,341	-
NET POSITION						
Net investment in capital assets	19,131,775	3,163,606	10,179,834	1,007,354	33,482,569	-
Unrestricted (deficit)	7,922,635	(20,996)	(2,953,784)	26,840	4,974,695	6,717,668
Total net position	\$ 27,054,410	\$ 3,142,610	\$ 7,226,050	\$ 1,034,194	\$ 38,457,264	\$ 6,717,668

See Notes to Financial Statements.

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUNDS Year Ended June 30, 2015

	Business-type Activities - Enterprise Funds					Governmental
	Smith Creek					Activities -
	Water and	Water &	Solid	Other		Internal
	Sewer	Waste	Waste	Proprietary	Totals	Service
		Authority		Funds		Funds
Operating revenues:						
Charges for services	\$ 6,037,014	\$ 268,437	\$ 5,461,705	\$ 74,502	\$ 11,841,658	\$ 23,679,031
Sale of processed gas	-	-	565,965	-	565,965	-
Connection fees	63,610	7,110	-	-	70,720	-
Other revenue	147,326	100	124,359	-	271,785	-
Total operating revenues	6,247,950	275,647	6,152,029	74,502	12,750,128	23,679,031
Operating expenses:						
Personal services	850,572	-	981,621	-	1,832,193	-
Fringe benefits	302,263	-	372,898	-	675,161	-
Contractual services	268,034	62,418	468,918	6,993	806,363	2,561,469
Regional Sewer Authority assessment:						
Operations and maintenance	1,065,751	-	-	-	1,065,751	-
Debt service	1,540,572	-	-	-	1,540,572	-
Risk financing and benefit payments	-	-	-	-	-	21,287,972
Internal services	69,626	-	46,085	-	115,711	-
Electrical services	341,988	11,636	58,084	13,411	425,119	-
Repairs and maintenance	61,979	-	186,331	-	248,310	-
Landfill closure	-	-	967,465	-	967,465	-
Other charges	460,007	143,123	443,538	16,320	1,062,988	36,041
Depreciation and amortization	779,090	146,644	1,195,927	43,185	2,164,846	-
Total operating expenses	5,739,882	363,821	4,720,867	79,909	10,904,479	23,885,482
Operating income (loss)	508,068	(88,174)	1,431,162	(5,407)	1,845,649	(206,451)
Nonoperating revenues (expenses):						
Connection availability fees	1,526,640	111,390	-	-	1,638,030	-
Interest revenue	50,425	-	41,697	1,813	93,935	62,777
Interest expense	(356,800)	(57,809)	(62,500)	(23,480)	(500,589)	-
Loss on disposal of capital assets	-	-	(28,420)	-	(28,420)	-
Total nonoperating revenues (expenses), net	1,220,265	53,581	(49,223)	(21,667)	1,202,956	62,777
Income (loss) before transfers and capital contributions	1,728,333	(34,593)	1,381,939	(27,074)	3,048,605	(143,674)
Capital contributions	-	-	870,563	-	870,563	-
Transfers out	-	-	(870,563)	-	(870,563)	-
Change in net position	1,728,333	(34,593)	1,381,939	(27,074)	3,048,605	(143,674)
Total net position, beginning, as restated	25,326,077	3,177,203	5,844,111	1,061,268	35,408,659	6,861,342
Total net position, ending	\$ 27,054,410	\$ 3,142,610	\$ 7,226,050	\$ 1,034,194	\$ 38,457,264	\$ 6,717,668

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2015

	Business-type Activities - Enterprise Funds					Governmental Activity - Internal Service Funds
	Water and Sewer	Smith Creek Water & Waste Authority	Solid Waste	Other Proprietary Funds	Totals	
Cash Flows From Operating Activities:						
Receipts from interfund services provided	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,790,903
Receipts from customers	6,081,662	271,147	5,397,804	70,253	11,820,866	-
Claims and benefits paid	-	-	-	-	-	(22,200,826)
Payments to suppliers for goods and services	(3,697,023)	(205,310)	(1,178,563)	(35,660)	(5,116,556)	(3,000,772)
Payments to employees for services	(1,170,266)	-	(1,386,993)	-	(2,557,259)	-
Internal activity - payments to other funds	(69,626)	-	(46,085)	-	(115,711)	-
Other receipts, net	147,326	100	690,324	-	837,750	-
Net cash provided by (used in) operating activities	1,292,073	65,937	3,476,487	34,593	4,869,090	(1,410,695)
Cash Flows From Capital and Related Financing Activities:						
Advance from other funds	-	12,465	-	23,545	36,010	-
Connection availability fees	1,526,640	111,390	-	-	1,638,030	-
Principal paid on bonds	(440,000)	(177,419)	(580,000)	(45,605)	(1,243,024)	-
Interest paid and fiscal charges on outstanding debt	(379,548)	(59,655)	(108,207)	(24,168)	(571,578)	-
Acquisition and construction of capital assets	(3,212,318)	-	(1,123,190)	-	(4,335,508)	-
Transfers out	-	-	(870,563)	-	(870,563)	-
Net cash used in capital and related financing activities	(2,505,226)	(113,219)	(2,681,960)	(46,228)	(5,346,633)	-
Cash Flows From Investing Activities:						
(Purchases) proceeds on sale of investments, net	1,165,755	47,250	(829,180)	9,886	393,711	1,352,644
Interest received on investment securities	47,398	32	34,653	1,749	83,832	58,051
Net cash provided by (used in) investing activities	1,213,153	47,282	(794,527)	11,635	477,543	1,410,695
Net change in cash and cash equivalents	-	-	-	-	-	-
Cash and Cash Equivalents:						
Beginning	-	-	-	-	-	-
Ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2015

	Business-type Activities - Enterprise Funds					Governmental
	Smith Creek					Activity -
	Water and	Water &	Solid	Other	Totals	Internal
	Sewer	Waste	Waste	Proprietary		Service
		Authority		Funds		Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ 508,068	\$ (88,174)	\$ 1,431,162	\$ (5,407)	\$ 1,845,649	\$ (206,451)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	779,090	146,644	1,195,927	43,185	2,164,846	-
Pension expense	35,182	-	40,672	-	75,854	-
Change in assets and liabilities:						
(Increase) decrease in:						
Accounts receivable	(18,962)	(4,400)	(63,901)	(4,249)	(91,512)	(75,685)
Prepaid items	(2,132)	-	(5,906)	-	(8,038)	(825,854)
Inventory	(28,801)	-	-	-	(28,801)	110
Increase (decrease) in:						
Accounts payable and deposits	72,241	11,867	(15,786)	1,064	69,386	(403,372)
Accrued liabilities	15,581	-	2,238	-	17,819	-
Unearned revenue	-	-	-	-	-	187,557
Insurance and benefit claims	-	-	-	-	-	(87,000)
Deferred outflows	(68,194)	-	(75,384)	-	(143,578)	-
Landfill obligation	-	-	967,465	-	967,465	-
Net cash provided by (used in) operating activities	\$ 1,292,073	\$ 65,937	\$ 3,476,487	\$ 34,593	\$ 4,869,090	\$ (1,410,695)
Schedule of Noncash Capital and Related Financing Activities:						
Capital assets acquired through incurrence of accounts payable	\$ 45,976	\$ -	\$ 91,577	\$ -	\$ 137,553	\$ -
Capital assets acquired through capital contributions	\$ -	\$ -	\$ 870,563	\$ -	\$ -	\$ -

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF NET POSITION

FIDUCIARY FUNDS

June 30, 2015

	Agency Funds
ASSETS	
Cash, cash equivalents and temporary cash investments	\$ 1,808,712
Accounts receivable	<u>176,327</u>
Total assets	<u>1,985,039</u>
LIABILITIES	
Accounts payable	<u>1,985,039</u>
Total liabilities	<u>\$ 1,985,039</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. As required by GAAP, these financial statements present the activities of the County and its component units.

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

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

A. Reporting Entity

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

Blended Component Units:

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

The Lilly Subdivision Sanitary District, the Smith Creek Water & Waste Authority, the Penn Laird Sewer Authority, and the Countryside Sanitary District serve the citizens of the primary government that are in their respective districts and authority 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:

1) School Board

Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the County.

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 four special revenue funds and one capital projects fund which include the following:

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

School Textbook Fund accounts for centralized school textbook operation.

School Cafeteria Fund accounts for the centralized school cafeteria operations.

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

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

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

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

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

Massanutten Technical Center
325 Pleasant Valley Road
Harrisonburg, Virginia 22801

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

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

B. Government-Wide and Fund Financial Statements

Government-Wide Statements: The Statement of Net 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.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

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

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.

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

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)

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items.

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

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

The County reports the following major governmental funds:

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

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

The County reports the following major enterprise funds:

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

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

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

The County reports the following internal service funds:

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

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

The County also reports the following fund type:

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

D. Budgetary Data

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

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

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity

1. Deposits and Investments

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

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

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

2. Property Taxes

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

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 Equity (Continued)

5. Restricted Cash

The Albert K. Long Trust Fund's cash balance is restricted in accordance with the trust agreement.

6. Capital Assets

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

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

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

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

7. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditure) until then. The County and discretely presented component units, the School Board and the District, only have one item that qualifies for reporting in this category. It is the employer's fiscal year 2015 Virginia Retirement System contributions and is reported in the government-wide Statement of Net Position, the Water and Sewer Fund and Solid Waste Fund.

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 Equity (Continued)

7. 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. Two types of items qualify for reporting in this category. Accordingly, one item, unavailable revenue, which arises under the modified accrual basis of accounting, is reported only in the governmental funds Balance Sheet. The governmental funds report unavailable revenue from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The second item, the net difference between projected and actual earnings on the Virginia Retirement System's plan investments, is reported in the government-wide Statement of Net Position, the Water and Sewer Fund and Solid Waste Fund.

8. Compensated Absences

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

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

Also, in the primary government, compensatory time can be earned at 1 ½ hours in lieu of overtime pay. Compensatory time must be used within 90 days after earning the time. If not used in the specified time period, payment of the time is made to the employee. The County receives payment from the State Compensation Board for certain employees. For those employees, compensated absences balances are not accrued by the County, as the County's policy is to not pay for those employees' compensated absences balances.

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 Equity (Continued)

8. Compensated Absences (Continued)

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

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

9. Long-Term Obligations

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

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

10. Net Position Deficit

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

In the Statement of Net 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 as position of the Component Unit - School Board (title holder), thereby increasing their net assets.

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 Equity (Continued)

10. Net Position Deficit (Continued)

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 Equity

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

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

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

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

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

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 Equity (Continued)

11. Fund Equity (Continued)

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

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

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

F. Pensions

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

G. Use of Estimates

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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 Virginia Security for Public Deposits Act. At year end, none of the County’s deposits were exposed to custodial credit risk.

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

Investment Policy:

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

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

As of June 30, 2015, the County’s investment policy establishes the maximum percentages of the portfolio permitted in each of the following instruments:

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Credit Risk:

As of June 30, 2015, as required by state statute, the Policy requires commercial paper, with a maturity of 270 days or less, have a short-term debt rating of no less than “A-1” (or its equivalent) by at least two of the Nationally Recognized Statistical Rating Organizations (NRSROs). Corporate notes with final maturity of less than five years must have a rating of at least “AA” by Standard & Poor’s and “Aa” by Moody’s Investors Service. Negotiable certificates of deposit and negotiable bank deposit notes of domestic banks and domestic offices of foreign banks, maturing in one year or less, must have a rating of at least “A-1” by Standard & Poor’s and “P-1” by Moody’s Investors Service. Negotiable certificates of deposit and negotiable bank deposit notes of domestic banks and domestic offices of foreign banks, maturing over one year but less than five years, must have a rating of at least “AA” by Standard & Poor’s and “Aa” by Moody’s Investors Service. Federal agency obligations, with final maturity less than five years, must have a rating of at least “AA” (or its equivalent) by at least two of the NRSROs, one of which will be either Moody’s Investors Service or Standard & Poor’s. Municipal obligations, with final maturity less than five years, must have a rating of at least “AA” by Standard & Poor’s and/or “Aa” by Moody’s Investors Service. Bankers’ Acceptances, with a maturity of 180 days or less, must have a short-term debt rating of no less than “A-1” (or its equivalent) by at least two of the NRSROs. Money market mutual funds must be rated at least “AAA” or the equivalent by at least two of the following: Moody’s Investors Service, Standard & Poor’s, Fitch Investors Service, or Duff and Phelps, Inc.

As of June 30, 2015, 27% was invested in “AA+” U. S. Agency Securities, 9% was invested in “AAA, AA, A+, and A-” Corporate obligations, and 64% was invested in “AAAm” rated Short-Term Investment Funds (STIF) and Money Market Funds. All credit ratings presented in this paragraph are Standard & Poor’s ratings.

Concentration of Credit Risk:

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government’s investment in a single issuer. If certain investments in any one issuer represent 5% of total investments, there must be a disclosure for the amount and issuer. At June 30, 2015, the portion of the County’s portfolio, excluding the LGIP, U. S. Government guaranteed obligations and money market mutual funds that exceed 5% of the total portfolio are as follows:

STIF and Money Market Funds	64.24%
U.S. Treasury Notes	19.29%
Corporate obligations	7.83%

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Interest Rate Risk:

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

	Fair Value	Investment Maturities (in years)	
		Less Than 1 Year	1 – 5 Years
U. S. Agencies	\$ 24,095,396	\$ 1,914,093	\$ 22,181,303
STIF and Money Market	55,421,341	55,421,341	-
Corporate Obligations	6,754,276	2,241,024	4,513,252

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

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

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

Note 3. Receivables and Unearned Revenues

Receivables at June 30, 2015 for the County's individual major funds and nonmajor and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Primary Government

	General Fund	General Capital Projects	Water and Sewer Fund	Smith Creek Water & Waste Authority
Property taxes	\$ 4,211,136	\$ -	\$ -	\$ -
Utility taxes	170,593	-	-	-
Trade and other accounts	960,332	33,110	631,994	39,287
Gross receivables	5,342,061	33,110	631,994	39,287
Less allowance for uncollectible accounts	800,000	-	28,200	3,600
Net receivables	\$ 4,542,061	\$ 33,110	\$ 603,794	\$ 35,687

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 3. Receivables and Unearned Revenues (Continued)

Primary Government (Continued)

	Solid Waste Fund	Nonmajor Proprietary Funds	Internal Service Funds	Totals
Property taxes	\$ -	\$ -	\$ -	\$ 4,211,136
Utility taxes	-	-	-	170,593
Trade and other accounts	569,428	21,286	78,429	2,333,866
Gross receivables	569,428	21,286	78,429	6,715,595
Less allowance for uncollectible accounts	9,600	3,100	-	844,500
Net receivables	\$ 559,828	\$ 18,186	\$ 78,429	\$ 5,871,095

The County determines its allowance for uncollectible accounts using historical collection data and specific account analysis. The total allowance for uncollectible accounts amounted to \$844,500 as of June 30, 2015.

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

	Unavailable	Unearned
Delinquent property taxes receivable (General Fund)	\$ 3,217,872	\$ -
Advance collection of 2015-2016 taxes (General Fund)	-	774,902
Personal Property Tax Relief Act – state reimbursement (General Fund)	-	1,794,178
Equitable Sharing Program (Asset Forfeiture Fund)	-	221,621
	<u>\$ 3,217,872</u>	<u>\$ 2,790,701</u>

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 4. Due From Other Governments

Amounts due from other governments include the following:

Primary Government:	
Governmental Funds:	
General Fund:	
Commonwealth of Virginia:	
Local sales and use taxes	\$ 1,088,047
Communications sales and use taxes	260,759
Categorical aid:	
Shared costs:	
Commissioner of the revenue	16,336
Commonwealth attorney	74,128
Sheriff	482,420
Clerk of circuit court	48,243
Treasurer	15,315
Other	11,194
Federal government:	
Boarding and care of prisoners	34,272
Categorical aid:	
Homeland Security Program	39,660
Ground transportation	10,940
Emergency Management Performance	18,815
Other	3,619
City of Harrisonburg	1,170,858
Total General Fund	<u>3,274,606</u>
General Capital Projects Fund:	
Commonwealth of Virginia:	
Revenue sharing	504,929
Total General Capital Projects Fund	<u>504,929</u>
Total Primary Government – Governmental Funds	<u>3,779,535</u>
Government-wide:	
Governmental Activities:	
City of Harrisonburg – pension plan	2,796,268
City of Harrisonburg – other postemployment benefits	478,077
Total Governmental Activities	<u>3,274,345</u>
Total Primary Government	<u>\$ 7,053,880</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 4. Due From Other Governments (Continued)

Component Unit - School Board:

Governmental Funds:

School Operating Fund:

Commonwealth of Virginia:

State sales tax receipts

\$ 2,299,408

Other

21,471

Federal government:

Education grants

479,838

Total School Operating Fund

2,800,717

School Cafeteria Fund:

Federal government:

School food program

57,300

Total School Cafeteria Fund

57,300

Massanutten Technical Center:

Commonwealth of Virginia:

Education grants

20,550

Federal government:

Education grants

63,780

Total Massanutten Technical Center

84,330

Government-wide:

Governmental Activities:

City of Harrisonburg – pension plan

1,850,276

City of Harrisonburg – other postemployment benefits

55,565

Total Governmental Activities

1,905,841

Total Component Unit – School Board

\$ 4,848,188

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 4. Due From Other Governments (Continued)

Component Unit - Harrisonburg-Rockingham Social Services District:

Governmental Funds:

Operating Fund:

Commonwealth of Virginia:

Public assistance and administration \$ 437,989

Federal government:

Public assistance and administration 513,784

Total Operating Fund 951,773

Special Revenue – Comprehensive Services Act Fund:

Commonwealth of Virginia:

Comprehensive Services Act 766,464

Total Special Revenue Fund 766,464

**Total Component Unit - Harrisonburg-Rockingham
Social Services District – Governmental Funds**

\$ 1,718,237

Government-wide:

Governmental Activities:

City of Harrisonburg – pension plan \$ 851,061

City of Harrisonburg – other postemployment benefits 232,238

Total Governmental Activities \$ 1,083,299

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

\$ 2,801,536

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2015 is as follows:

Primary Government:

	Beginning Balance	Increases	(Deletions)/ Reclassifications/ Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated or amortized:				
Land	\$ 4,096,329	\$ -	\$ (870,563)	\$ 3,225,766
Construction in progress	206,864	454,322	(82,326)	578,860
Total capital assets, not being depreciated or amortized	4,303,193	454,322	(952,889)	3,804,626
Capital assets, being depreciated or amortized:				
Buildings	48,282,231	226,348	-	48,508,579
Improvements other than buildings	10,708,429	431,480	1,860	11,141,769
Machinery and equipment	17,493,730	865,910	(347,111)	18,012,529
Software	1,762,525	109,425	(260,421)	1,611,529
Total capital assets being depreciated or amortized	78,246,915	1,633,163	(605,672)	79,274,406
Less accumulated depreciation or amortization for:				
Buildings	(18,196,171)	(1,589,571)	-	(19,785,742)
Improvements other than buildings	(3,654,203)	(450,297)	58,480	(4,046,020)
Machinery and equipment	(7,421,551)	(1,087,846)	342,315	(8,167,082)
Software	(1,586,745)	(95,969)	282,407	(1,400,307)
Total accumulated depreciation or amortization	(30,858,670)	(3,223,683)	683,202	(33,399,151)
Total capital assets being depreciated or amortized, net	47,388,245	(1,590,520)	77,530	45,875,255
Governmental activities capital assets, net	\$ 51,691,438	\$ (1,136,198)	\$ (875,359)	\$ 49,679,881

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

Governmental activities:	
General government administration	\$ 522,404
Judicial administration	318,486
Public safety	1,338,032
Public works	67,372
Health and social services	57,475
Parks, recreation and cultural	82,705
Community development	837,209
Total depreciation and amortization expense - governmental activities	\$ 3,223,683

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets (Continued)

	Beginning Balance	Increases	(Deletions)/ Reclassifications/ Transfers	Ending Balance
Business-type activities:				
Capital assets, not being depreciated or amortized:				
Land	\$ 1,578,460	\$ -	\$ 870,563	\$ 2,449,023
Easements	197,842	-	-	197,842
Construction in progress	1,013,168	2,247,418	-	3,260,586
Total capital assets, not being depreciated or amortized	2,789,470	2,247,418	870,563	5,907,451
Capital assets, being depreciated or amortized:				
Buildings	420,506	-	-	420,506
Improvements other than buildings	62,666,672	1,132,572	-	63,799,244
Machinery and equipment	4,550,981	1,049,067	(403,277)	5,196,771
Software	-	44,004	-	44,004
Total capital assets being depreciated or amortized	67,638,159	2,225,643	(403,277)	69,460,525
Less accumulated depreciation or amortization for:				
Buildings	(148,201)	(25,006)	-	(173,207)
Improvements other than buildings	(24,051,130)	(1,761,204)	-	(25,812,334)
Machinery and equipment	(3,183,433)	(371,302)	374,857	(3,179,878)
Software	-	(7,334)	-	(7,334)
Total accumulated depreciation or amortization	(27,382,764)	(2,164,846)	374,857	(29,172,753)
Total capital assets being depreciated or amortized, net	40,255,395	60,797	(28,420)	40,287,772
Business-type activities capital assets, net	\$ 43,044,865	\$ 2,308,215	\$ 842,143	\$ 46,195,223

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

Business-type activities:	
Water and Sewer	\$ 779,090
Solid Waste	1,195,927
Smith Creek Water & Waste Authority	146,644
Lilly Subdivision Sanitary District	11,776
Countryside Sanitary District	6,120
Penn Laird Sewer Authority	25,289
Total depreciation and amortization expense - business-type activities	\$ 2,164,846

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets (Continued)

Component Unit - School Board:

	Beginning Balance	Increases	(Deletions)/ Reclassifications	Ending Balance
Capital assets, not being depreciated or amortized:				
Land	\$ 5,469,535	\$ -	\$ -	\$ 5,469,535
Easements	36,654	-	-	36,654
Construction in progress	-	11,913	-	11,913
Total capital assets, not being depreciated or amortized	5,506,189	11,913	-	5,518,102
Capital assets, being depreciated or amortized:				
Buildings	176,685,780	-	-	176,685,780
Improvements other than buildings	50,355,232	1,091,771	(5,639)	51,441,364
Machinery and equipment	35,711,609	1,854,068	(128,050)	37,437,627
Software	49,407	-	-	49,407
Total capital assets being depreciated or amortized	262,802,028	2,945,839	(133,689)	265,614,178
Less accumulated depreciation or amortization for:				
Buildings	(80,861,206)	(5,210,656)	-	(86,071,862)
Improvements other than buildings	(18,014,081)	(1,856,740)	5,640	(19,865,181)
Machinery and equipment	(28,027,673)	(1,944,993)	116,156	(29,856,510)
Software	(49,407)	-	-	(49,407)
Total accumulated depreciation or amortization	(126,952,367)	(9,012,389)	121,796	(135,842,960)
Total capital assets being depreciated or amortized, net	135,849,661	(6,066,550)	(11,893)	129,771,218
School Board capital assets, net	\$ 141,355,850	\$ (6,054,637)	\$ (11,893)	\$ 135,289,320

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

Instruction	\$ 7,264,502
Administration, attendance and health	5,689
Pupil transportation services	848,740
Operation and maintenance services	893,458
Total depreciation and amortization expense – Component Unit - School Board	\$ 9,012,389

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets (Continued)

Component Unit - Harrisonburg-Rockingham Social Services District:

	Beginning Balance	Increases	(Deletions)/ Reclassifications	Ending Balance
Capital assets, not being depreciated or amortized:				
Construction in progress	\$ 1,407,509	\$ 10,430	\$ (1,407,509)	\$ 10,430
Total capital assets, not being depreciated or amortized	1,407,509	10,430	(1,407,509)	10,430
Capital assets being depreciated or amortized:				
Buildings	703,015	-	-	703,015
Improvements other than buildings	3,156	497,665	1,407,509	1,908,330
Machinery and equipment	550,649	22,361	-	573,010
Total capital assets being depreciated or amortized	1,256,820	520,026	1,407,509	3,184,355
Less accumulated depreciation or amortization for:				
Buildings	(17,575)	(35,151)	-	(52,726)
Improvements other than buildings	(1,524)	(50,143)	-	(51,667)
Machinery and equipment	(501,139)	(14,533)	-	(515,672)
Total accumulated depreciation or amortization	(520,238)	(99,827)	-	(620,065)
Total capital assets being depreciated, net	736,582	420,199	1,407,509	2,564,290
Harrisonburg-Rockingham Social Services District capital assets, net	\$ 2,144,091	\$ 430,629	\$ -	\$ 2,574,720

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

Administration – Welfare	\$ 99,827
Total depreciation and amortization expense - Component Unit - Harrisonburg-Rockingham Social Services District	\$ 99,827

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 6. Commitments

The County has active projects and significant commitments as of June 30, 2015 and they are as follows:

Primary Government:

Governmental Activities

Project	Expended to June 30, 2015	Remaining Commitment
Reservoir Street expansion	\$ 187,859	\$ 15,091
Stone Spring Road (Southeast Connector roadway)	6,230,209	782,828
Middle River Regional Jail	1,077,179	9,694,615
Consultant Marketing Services	27,060	85,620
	<u>\$ 7,522,307</u>	<u>\$ 10,578,154</u>

Business-type Activities

Project	Expended to June 30, 2015	Remaining Commitment
Pleasant Valley Waterline	\$ 99,076	\$ 1,957,724
Route 33 East Waterline	75,087	1,622,813
Albert Long Park	436,313	122,957
	<u>\$ 610,476</u>	<u>\$ 3,703,494</u>

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Obligations

The following is a summary of long-term liability activity of the primary government for the year ended June 30, 2015:

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds and notes payable:					
General obligation bonds	\$ 79,065,072	\$ -	\$ (5,674,157)	\$ 73,390,915	\$ 5,805,656
Capital leases	17,597,852	13,125,000	(14,632,849)	16,090,003	1,957,120
Unamortized premiums	3,393,685	-	(253,132)	3,140,553	-
	100,056,609	13,125,000	(20,560,138)	92,621,471	7,762,776
Compensated absences	1,587,161	417,827	(1,250,028)	754,960	480,371
Governmental activities long-term liabilities	\$ 101,643,770	\$ 13,542,827	\$ (21,810,166)	\$ 93,376,431	\$ 8,243,147

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

Year(s) Ending June 30,	General Obligation Bonds		Capital Leases	
	Principal	Interest	Principal	Interest
2016	\$ 5,805,656	\$ 3,485,798	\$ 1,957,120	\$ 430,001
2017	5,958,636	3,183,329	1,850,430	370,371
2018	5,105,034	2,900,476	1,870,938	315,180
2019	5,266,477	2,636,694	1,897,218	259,119
2020	5,425,890	2,370,235	1,919,297	202,160
2021-2025	25,703,819	8,033,720	6,595,000	434,399
2026-2030	20,125,403	1,995,885	-	-
	\$ 73,390,915	\$ 24,606,137	\$ 16,090,003	\$ 2,011,230

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Obligations (Continued)

General Obligation Bonds:

\$11,200,000 1996A series, issued May 1996, due in annual maturities of \$560,000 through July 2016, plus interest at 5.8%	\$ 1,120,000
\$7,471,945 1996B series, issued November 1996, due in annual maturities of \$435,612 to \$445,122 through July 2016, plus interest at 5.23%	880,734
\$8,421,223 1999A series, issued November 1999, due in annual maturities of \$461,031 to \$517,103 through July 2019, plus interest at 6.1%	2,441,064
\$4,190,343 2000 series, issued November 2000, due in annual maturities of \$224,842 to \$247,440 through July 2020, plus interest at 5.1%	1,414,543
\$5,077,993 2003 series, issued November 2003, due in annual maturities of \$256,768 to \$297,277 through July 2023, plus interest at 4.6% to 5.35%	2,485,892
\$9,404,190 2005 series, issued November 2005, due in annual maturities of \$460,372 to \$545,699 through July 2025, plus interest at 4.6% to 5.1%	5,516,231
\$13,147,200 2006 series, issued November 2006, due in annual maturities of \$646,892 to \$744,134 through July 15, 2026, plus interest at 4.23% to 5.1%	8,317,908
\$10,610,000 2007 series, issued May 2007, due in annual maturities of \$450,000 to \$810,000 through July 15, 2027, plus interest at 4.1% to 5.1%	8,015,000
\$6,364,713 2007 series, issued November 2007, due in annual maturities of \$304,005 to \$371,160 through July 2028, plus interest at 4.35% to 5.1%	4,351,193
\$11,630,000 2008 series, issued May 2008, due in annual maturities of \$465,000 to \$900,000 through July 2028, plus interest at 4.6% to 5.1%	9,275,000
\$12,701,410 2008 series, issued December 2008, due in annual maturities of \$591,134 to \$742,320 through July 2028, plus interest at 4.1% to 5.35%	9,198,350
\$24,560,000 2009 series, issued May 2009, due in annual maturities of \$950,000 to \$1,855,000 through July 2029, plus interest at 4.05% to 5.05%	<u>20,375,000</u>
Total General Obligation Bonds	<u>\$ 73,390,915</u>

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Obligations (Continued)

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

Capital Leases:

Human Services Building:

Payment to the City of Harrisonburg Redevelopment and Housing Authority for the final installment of \$133,455 due February 2016, plus interest at 6.08% \$ 133,455

Emergency Communications Center:

\$7,150,000 lease purchase contract due in annual installments ranging from \$523,665 to \$609,297, through December 2019, plus interest payable semi-annually at 3.76% 2,831,548

SRI Project – tax exempt:

\$7,875,000 lease purchase contract due in annual installments beginning in fiscal year 2016 ranging from \$780,000 to \$795,000 through October 2024, plus interest payable semi-annually at 2.15% 7,875,000

SRI Project – taxable:

\$5,250,000 lease purchase contract due in annual installments beginning in fiscal year 2016 ranging from \$520,000 to \$530,000 through October 2024, plus interest payable semi-annually at 3.35% 5,250,000

Total Capital Leases

\$ 16,090,003

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Obligations (Continued)

The capital lease with the City of Harrisonburg Redevelopment and Housing Authority is a result of Public Facility Lease Revenue Bonds issued under a Trust Agreement among the County of Rockingham, Virginia, the City of Harrisonburg, Virginia, and SunTrust Bank and Wells Fargo, as Trustees. The capital lease was to finance the acquisition, construction and equipping of a human services building. The obligation associated with the Emergency Communications Center was to finance the acquisition and construction of emergency use equipment and radio towers throughout the County. The obligation associated with the SRI Project lease was to finance the costs to construct and equip a research facility for the benefit of and use by SRI International in the County's technology park.

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

	Governmental Activities			
	Joint Judicial Complex	Human Services Building	Emergency Communications Center	SRI
Capital assets:				
Land	\$ 1,254,155	\$ 162,300	\$ -	\$ -
Buildings	9,419,396	1,311,904	-	18,249,809
Improvements other than buildings	-	8,518	-	-
Machinery and equipment	156,767	84,132	9,449,729	-
Less: accumulated depreciation	(6,708,241)	(945,388)	(2,185,268)	(3,200,465)
	<u>\$ 4,122,077</u>	<u>\$ 621,466</u>	<u>\$ 7,264,461</u>	<u>\$ 15,049,344</u>

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Business-type activities:					
Revenue bonds	\$ 13,602,412	\$ -	\$ (1,243,024)	\$ 12,359,388	\$ 1,279,512
Landfill obligation	8,189,360	967,465	-	9,156,825	-
Compensated absences	158,880	82,526	(81,269)	160,137	85,183
Unamortized premiums	409,981	-	(56,715)	353,266	-
Business-type activities long-term liabilities	<u>\$ 22,360,633</u>	<u>\$ 1,049,991</u>	<u>\$ (1,381,008)</u>	<u>\$ 22,029,616</u>	<u>\$ 1,364,695</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Obligations (Continued)

Annual requirements to amortize the revenue bonds are as follows:

Year(s) Ending June 30,	Revenue Bonds	
	Principal	Interest
2016	\$ 1,279,512	\$ 514,128
2017	1,321,189	456,057
2018	968,062	405,799
2019	995,135	363,353
2020	1,032,415	318,763
2021-2025	4,124,244	1,024,380
2026-2029	2,638,831	215,534
	<u>\$ 12,359,388</u>	<u>\$ 3,298,014</u>

Water and Sewer Fund:

Infrastructure Revenue Bonds (Virginia Pooled Financing Program):

\$1,580,000 issued June 2004, due in annual installments of \$65,000 to \$95,000 through October 2023, plus interest payable semi-annually ranging from 4.2%-5.1%

\$ 700,000

Infrastructure Revenue Bonds (Virginia Pooled Financing Program):

\$3,065,000 issued June 2007, due in annual installments of \$140,000 to \$230,000 through October 2026, plus interest payable semi-annually ranging from 4.35%-4.87%

2,195,000

Infrastructure Revenue Bonds (Virginia Pooled Financing Program):

\$6,215,000 issued in June 2008, due in annual installments of \$250,000 to \$465,000 through October 2028, plus interest payable semi-annually ranging from 4.61%-4.91%

4,870,000

Solid Waste Fund

Infrastructure Revenue Bonds (Virginia Pooled Financing Program):

\$3,015,000 issued June 2007, due in annual installments of \$365,000 to \$385,000 through October 2016, plus interest payable semi-annually ranging from 4.79%-4.8%

750,000

Infrastructure Revenue Bonds (Virginia Pooled Financing Program):

\$2,280,000 issued June 2009, due in annual installments of \$225,000 to \$230,000 through October 2019, plus interest payable semi-annually at 5.13%

1,130,000

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Obligations (Continued)

Smith Creek Water & Waste Authority

Virginia Revolving Loan Fund:

\$2,078,500 issued November 2001, due in semi-annual installments of \$56,616 to \$69,737 through September 2022, including interest at 3.0% \$ 944,468

Wastewater System Revenue Refunding Bond, Series 2012:

\$1,250,936 issued in April 2012, due in annual installments of \$68,483 to \$94,236 through August 2027, including interest at 2.66% 1,049,519

Countryside Sanitary District

Virginia Revolving Loan Fund:

\$171,288 issued June 2006, due in semi-annual installments of \$4,108 to \$5,763 through April 2026, including interest at 3.25% 107,615

Lilly Subdivision Sanitary District

Infrastructure Revenue Bonds (Virginia Pooled Financing Program):

\$456,490 issued April 2008, due in semi-annual installments of \$9,129 to \$13,531 through August 2028, including interest at 3.05% 302,166

Penn Laird Sewer Authority

Wastewater System Revenue Refunding Bond Series 2012:

\$370,232 issued April 2012, due in annual installments of \$20,268 to \$27,890 through August 2027, including interest at 2.66% 310,620

\$ 12,359,388

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 2004 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 16.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Obligations (Continued)

The following is a summary of long-term liability activity transactions of the Component Unit - School Board, for the year ended June 30, 2015:

Component Unit - School Board:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated absences	\$ 3,521,744	\$ 958,021	\$ (1,173,312)	\$ 3,306,453	\$ 2,387,043

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, 2015:

Component Unit - Harrisonburg-Rockingham Social Services District:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated absences	\$ 425,347	\$ 232,656	\$ (618,765)	\$ 39,238	\$ 23,049

Note 8. Debt Refunding

In April 2015, the County issued \$13,125,000 in Lease Revenue Refunding Bonds to refund the 2007 Tax-Exempt R-1 and R-2 Bonds (current refunding). The refunding was undertaken to achieve debt service savings of \$1,660,000 over the life of the refunded bonds. The reacquisition price equaled the carrying amount of the old debt, therefore, no deferred gain or loss is reported for the refunding.

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 2007 Sewer Revenue Bonds and 2008 Sewer Revenue and Refunding Bonds. In December 2007, the Authority issued \$30,000,000 Sewer Revenue Bonds to upgrade and expand its treatment plant due in semi-annual installments of combined principal and interest of \$1,003,131, final maturity at September 1, 2030. The bonds currently outstanding total \$25,129,887. In June 2008, the Authority issued \$12,650,000 Sewer Revenue and Refunding Bonds, Series 2008 bearing interest from 2.95% to 4.80% with final maturity at October 1, 2021. The bonds currently outstanding are \$7,337,056. In November 2008, the Authority issued \$33,219,297 Sewer Revenue Bonds, series 2008 bearing interest at 2.72%, due in semi-annual installments of combined principal and interest of \$1,187,590, with final maturity at September 1, 2030. The bonds currently outstanding are \$28,078,632. In February 2015, the Authority issued \$4,021,387 Sewer Revenue Bonds due in semi-annual installments of combined principal and interest of \$115,954 thereafter, with a final maturity at April 1, 2036. The bonds currently outstanding total \$2,066,003.

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 \$871,000, \$123,000, and \$1,560,000, respectively. To obtain a copy of the audited financial statements, contact the Authority at 856 North River Road, P. O. Box 8, Mt. Crawford, Virginia, 22841.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan

Name of Plan: Virginia Retirement System (VRS)

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

Administering Entity: Virginia Retirement System (System)

A. Plan Description

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

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

Plan 1	Plan 2	Hybrid Retirement Plan
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.	About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.	About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (See "Eligible Members") • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.	Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.	About the Hybrid Retirement Plan (Continued) • 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.
Hybrid Opt-In Election 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. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. 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.	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. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. 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.	Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • 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. *Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees. 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.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.	Vesting Same as Plan 1.	Vesting <u>Defined Benefit Component</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component. <u>Defined Contribution Component</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. 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.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
		Vesting (Continued) <u>Defined Contribution Component</u> (Continued) • 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. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.
Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.	Calculating the Benefit See definition under Plan 1.	Distribution is not required by law until age 70 1/2.
Calculating the Benefit 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.		
<u>Defined Contribution Component</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.		
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
Service Retirement Multiplier The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.	Service Retirement Multiplier Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. The retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.	Service Retirement Multiplier <u>Defined Benefit Component</u> The retirement multiplier for the defined benefit component is 1.0%. 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%.	Sheriffs and regional jail superintendents: Same as Plan 1.	Sheriffs and regional jail superintendents: Not applicable.
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.	Political subdivision hazardous duty employees: Same as Plan 1.	Political subdivision hazardous duty employees: Not applicable.
Normal Retirement Age Age 65.	Normal Retirement Age Normal Social Security retirement age.	Normal Retirement Age <u>Defined Benefit Component</u> Same as Plan 2.
Political subdivisions hazardous duty employees: Age 60.	Political subdivisions hazardous duty employees: Same as Plan 1.	Political subdivisions hazardous duty employees: Not applicable.
Earliest Unreduced Retirement Eligibility Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.	Earliest Unreduced Retirement Eligibility Normal Social Security retirement age and have at least 5 years (60 months) of creditable service or when their age and service equal 90.	Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component</u> Normal Social Security retirement age and have at least 5 years (60 months) of creditable service or when their age and service equal 90.
Political subdivisions hazardous duty employees: Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.	Political subdivisions hazardous duty employees: Same as Plan 1.	Political subdivisions hazardous duty employees: Not applicable.
		<u>Defined Contribution Component</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
Earliest Reduced Retirement Eligibility Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service. Political subdivisions hazardous duty employees: Age 50 with at least five years of creditable service.	Earliest Reduced Retirement Eligibility Age 60 with at least five years (60 months) of creditable service. Political subdivisions hazardous duty employees: Same as Plan 1.	Earliest Reduced Retirement Eligibility <u>Defined Benefit Component</u> Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service. Political subdivisions hazardous duty employees: Not applicable. <u>Defined Contribution Component</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
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%. <u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.	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%. <u>Eligibility:</u> Same as Plan 1.	Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component</u> Same as Plan 2. <u>Defined Contribution Component</u> Not applicable. <u>Eligibility:</u> 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 (COLA) in (Continued)	Adjustment Retirement	Cost-of-Living (COLA) in (Continued)	Adjustment Retirement	Cost-of-Living (COLA) in (Continued)	Adjustment Retirement
<u>Exceptions to COLA 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:		<u>Exceptions to COLA Effective Dates:</u> School Division (Teachers) and Political Subdivision Employees: Same as Plan 1.		<u>Exceptions to COLA Effective Dates:</u> School Division (Teachers) and Political Subdivision Employees: Same as Plan 1 and Plan 2.	
- 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. - The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. Political Subdivision Employees: The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).					

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
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. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	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. Virginia Sickness and Disability Program (VSDP) members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	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.
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.	Purchase of Prior Service Same as Plan 1.	Purchase of Prior Service <u>Defined Benefit Component</u> Same as Plan 1, with the following exceptions: • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one year period, the rate for most categories of service will change to actuarial cost. <u>Defined Contribution Component</u> Not applicable.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

County and the District (Agent Plan)

Employees Covered by Benefit Terms

As of the June 30, 2013 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	232
Inactive members:	
Vested	91
Non-vested	131
Active elsewhere in VRS	234
Total inactive members	456
Active members	525
Total covered employees	1,213

Contributions

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

The County and the District's contractually required contribution rate for the year ended June 30, 2015 was 12.73% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by an employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County and the District were \$2,857,919 and \$2,759,564 for the years ended June 30, 2015 and 2014, respectively.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

School Board Non-Professional (Agent Plan)

Employees Covered by Benefit Terms

As of the June 30, 2013 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	206
Inactive members:	
Vested	35
Non-vested	81
Active elsewhere in VRS	36
Total inactive members	152
Active members	414
Total covered employees	772

Contributions

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

The School Board non-professional's contractually required contribution rate for the year ended June 30, 2015 was 8.15% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

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 \$645,928 and \$722,711 for the years ended June 30, 2015 and 2014, respectively.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

School Board Professional (Cost-Sharing Plan)

Contributions

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

The School Board Professional's contractually required contribution rate for the year ended June 30, 2015 was 14.50% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. The actuarial rate for the Teacher Retirement Plan was 18.20%. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of Section 51.1-145 of the *Code of Virginia*, as amended, the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2015. Contributions to the pension plan from the School Board for the professional plan were \$8,915,766 and \$6,915,149 for the years ended June 30, 2015 and 2014, respectively.

B. Net Pension Liability

The County, the District and the School Board's non-professional plan net pension liabilities were measured as of June 30, 2014. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

At June 30, 2015, the School Board reported a liability for the professional plan of \$97,996,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School Board's proportion of the net pension liability was based on the School Board's actuarially determined employer contributions to the pension plan for the year ended June 30, 2014 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2014, the School Board's proportion was 0.81091% as compared to 0.81372% at June 30, 2013.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

B. Net Pension Liability (Continued)

Actuarial Assumptions – General Employees

The total pension liability for General Employee's in the County and the District's retirement plan and the total pension liability for the General Employees in the School Board non-professional retirement plan were based on an actuarial valuation as of June 30, 2013, 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, 2014.

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

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

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

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

B. Net Pension Liability (Continued)

Actuarial Assumptions – Public Safety Employees

The total pension liability for Public Safety employees in the County and the District's retirement plan was based on an actuarial valuation as of June 30, 2013, 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, 2014.

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

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

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

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

B. Net Pension Liability (Continued)

Actuarial Assumptions – School Board Professional Plan

The total pension liability for the VRS Teacher retirement plan was based on an actuarial valuation as of June 30, 2013, 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, 2014.

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

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

Mortality Rates:

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

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

B. Net Pension Liability (Continued)

Long-Term Expected Rate of Return

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

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

B. Net Pension Liability (Continued)

Discount Rate

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

C. Changes in the Net Pension Liability

County and the District

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2013	\$ 84,932,224	\$ 66,593,183	\$ 18,339,041
Changes for the Year:			
Service cost	2,559,508	-	2,559,508
Interest	5,820,012	-	5,820,012
Contributions – employer	-	2,759,564	(2,759,564)
Contributions – employee	-	1,125,148	(1,125,148)
Net investment income	-	10,584,504	(10,584,504)
Benefit payments, including refunds of employee contributions	(3,578,397)	(3,578,397)	-
Administrative expense	-	(56,223)	56,223
Other changes	-	558	(558)
Net changes	4,801,123	10,835,154	(6,034,031)
Balances at June 30, 2014	\$ 89,733,347	\$ 77,428,337	\$ 12,305,010

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

C. Changes in the Net Pension Liability (Continued)

School Board Non-Professional

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2013	\$ 28,542,435	\$ 25,542,725	\$ 2,999,710
Changes for the Year:			
Service cost	832,108	-	832,108
Interest	1,948,144	-	1,948,144
Contributions – employer	-	722,711	(722,711)
Contributions – employee	-	390,659	(390,659)
Net investment income	-	4,013,113	(4,013,113)
Benefit payments, including refunds of employee contributions	(1,423,602)	(1,423,602)	-
Administrative expense	-	(21,667)	21,667
Other changes	-	212	(212)
Net changes	1,356,650	3,681,426	(2,324,776)
Balances at June 30, 2014	\$ 29,899,085	\$ 29,224,151	\$ 674,934

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County and District net pension liability	\$ 25,120,218	\$ 12,305,010	\$ 1,802,375
School Board non-professional net pension liability (asset)	4,224,887	674,934	(2,322,127)
School Board professional net pension liability	143,897,000	97,996,000	60,204,000

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

C. Changes in the Net Pension Liability (Continued)

Detailed information about the pension plans' fiduciary net position are available in the separately issued VRS financial report. Additional financial information supporting the preparation of the VRS Political Subdivision Plan Schedules and the VRS Teacher Retirement Plan Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is presented in the separately issued VRS 2014 Comprehensive Annual Financial Report (CAFR). A copy of the 2014 VRS CAFR is publicly available through the About VRS link on the VRS website at www.varetire.org, or a copy may be obtained by submitting a request to the VRS Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

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

County and the District

For the year ended June 30, 2015, the County and District recognized pension expense of \$1,456,899. The County and District also reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 4,731,366
Employer contributions subsequent to the measurement date	2,857,919	-
Total	<u>\$ 2,857,919</u>	<u>\$ 4,731,366</u>

\$2,857,919 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 ended June 30, 2016.

Amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2016	\$ 1,182,842
2017	1,182,842
2018	1,182,842
2019	1,182,840
	<u>\$ 4,731,366</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

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

School Board Non-Professional

For the year ended June 30, 2015, the School Board recognized pension expense related to its non-profit plan of \$187,320. The School Board also reported deferred outflows of resources and deferred inflows of resources related to its non-professional plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 1,789,385
Employer contributions subsequent to the measurement date	645,928	-
Total	<u>\$ 645,928</u>	<u>\$ 1,789,385</u>

\$645,928 reported as deferred outflows of resources related 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 ended June 30, 2016.

Amounts reported as deferred inflows of resources related to pensions for the School Board non-professional plan will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2016	\$ 447,346
2017	447,346
2018	447,346
2019	447,347
	<u>\$ 1,789,385</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

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

School Board Professional

For the year ended June 30, 2015, the School Board recognized pension expense related to the professional plan of \$7,682,000. Since there was a change in proportionate share between June 30, 2013 and June 30, 2014, 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, 2015, 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
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 14,544,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	317,000
Employer contributions subsequent to the measurement date	8,915,766	-
Total	<u>\$ 8,915,766</u>	<u>\$ 14,861,000</u>

\$8,915,766 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 ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2016	\$ 3,706,000
2017	3,706,000
2018	3,706,000
2019	3,706,000
2020	37,000
	<u>\$ 14,861,000</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits – County (Including the District) and School Board Sponsored

A. Plan Description

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

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

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

The plans do not issue stand-alone financial reports.

B. Funding Policy

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

C. Annual OPEB Cost and Net OPEB Obligation

The County and School Board had a roll-forward actuarial valuation of postemployment benefits performed as of July 1, 2013. The annual cost of OPEB under GASB Statement No. 45 is called the annual required contribution or ARC. The pay-as-you-go amount for OPEB benefits for the County's plan is \$283,679 and the annual benefit cost is \$616,689. The percentage of annual OPEB cost contributed is 46.00%. The pay-as-you-go amount for OPEB benefits for the School Board's plan is \$722,265 and the annual benefit cost is \$1,632,234. The percentage of OPEB cost contributed is 44.25%.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits – County (Including the District) and School Board Sponsored (Continued)

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

GASB Statement No. 45 does not require prefunding of OPEB liabilities and the County and School Board have elected not to prefund OPEB liabilities at this time. The difference between the OPEB annual expense and cash payments for OPEB benefits is treated as a liability in the financial statements when the liability is not prefunded. At June 30, 2015, the County has recorded a liability of \$2,087,020, the District has recorded a liability of \$464,476, and the School Board has recorded a liability of \$7,464,578 on the Statement of Net Position.

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

	County and District	School Board
Annual required contribution (ARC)	\$ 620,317	\$ 1,642,900
Interest on net OPEB obligation	88,739	260,950
Adjustment to annual required contribution	(92,367)	(271,616)
Annual OPEB cost	616,689	1,632,234
Contributions made	(283,679)	(722,265)
Increase in net OPEB obligation	333,010	909,969
Net OPEB obligation, beginning of year	2,218,486	6,554,609
Net OPEB obligation at year-end	\$ 2,551,496	\$ 7,464,578

Trend Information

Three-year trend information is as follows:

County and District:

Fiscal Year Ended	Annual OPEB Costs	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2015	\$ 616,689	46.00%	\$ 2,551,496
June 30, 2014	589,174	43.21%	2,218,486
June 30, 2013	546,882	37.27%	1,883,873

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits – County (Including the District) and School Board Sponsored (Continued)

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

Trend Information

School Board:

Fiscal Year Ended	Annual OPEB Costs	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2015	\$ 1,632,234	44.25%	\$ 7,464,578
June 30, 2014	1,558,743	36.43%	6,554,609
June 30, 2013	1,794,092	37.47%	5,563,782

D. Funding Status and Funding Progress

As of July 1, 2013, the most recent roll-forward actuarial valuation date, the plans were not funded. The actuarial value of assets was \$-0-, resulting in UAAL of \$5,637,215 for the County and District's plan and a UAAL of \$16,290,692 for the School Board's plan.

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits – County (Including the District) and School Board Sponsored (Continued)

D. Funding Status and Funding Progress (Continued)

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
A. Primary Government and Harrisonburg-Rockingham Social Services District, a component unit – employees:						
July 1, 2013	\$ -	\$ 5,637,215	\$ 5,637,215	0.00%	\$ 20,159,996	27.96%
July 1, 2012	-	5,123,700	5,123,700	0.00%	19,424,552	26.38%
July 1, 2011	-	4,776,809	4,776,809	0.00%	19,683,587	24.27%
B. Component Unit – School Board employees:						
July 1, 2013	\$ -	\$ 16,290,692	\$ 16,290,692	0.00%	\$ 66,695,682	24.43%
July 1, 2012	-	18,076,500	18,076,500	0.00%	65,858,167	27.45%
July 1, 2011	-	16,988,165	16,988,165	0.00%	63,276,512	26.85%

E. Actuarial Methods and Assumptions

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

In the July 1, 2013 roll-forward actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a four percent rate of return and an annual healthcare cost trend rate of eight percent, reduced by decrements to an ultimate rate of five percent after six years. The unfunded liability is amortized over a period of 30 years based on a level percent of payroll method on an open basis.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Postemployment Benefits – VRS Health Insurance Credit

A. Plan Description

To assist retirees with the cost of health insurance coverage, the VRS administers a health insurance credit program. Retirees that have a minimum of 15 years of service and are enrolled in a qualified health insurance plan may receive a monthly credit of \$1.50 per year of creditable service. The health insurance credit is funded by the School Board on behalf of its VRS eligible employees. For the years June 30, 2015, 2014, and 2013, the School Board paid \$653,356, \$654,885, and \$561,054, respectively, for professional employees and \$49,520, \$57,312, and \$51,740, respectively, for non-professional employees toward these benefits, which was equal to the required contributions.

B. Funding Policy

Plan members are required by Title 51.1 of the *Code of Virginia* (1950, as amended, to contribute an actuarially determined percentage of their annual reported compensation to the VRS for the retiree health insurance credit. The School Board assumed the member contribution for its employees. The contribution rate of annual covered payroll was 1.06% for the School Board's professional employees and 0.62% for the School Board's non-professional employees, for each of the fiscal years ended June 30, 2015 and 2014.

The required contributions for the School Board were determined as part of annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions included (a) a 7.0% investment rate of return (net of administrative expenses), and (b) projected salary increases of 3.0% per year. Both (a) and (b) included an inflation component of 2.5%. The actuarial value of the School Board's assets is equal to the market value of the assets. With the June 30, 2013 actuarial valuation, any UAAL is being amortized as a level percentage of the projected payroll on a closed basis, over a period of 30 years.

C. Funded Status and Funding Progress

As of the actuarial valuation performed at June 30, 2014, the Plan for the School Board's non-professional employees was 41.70% funded. The AAL was \$922,980, and the actuarial value of assets was \$384,839, with a resulting UAAL of \$538,141.

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Postemployment Benefits – VRS Health Insurance Credit (Continued)

D. Trend information

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

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

Fiscal Year Ended	Annual OPEB Costs	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2015	\$ 49,520	100%	\$ -
June 30, 2014	57,312	100%	-
June 30, 2013	51,740	100%	-

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
June 30, 2014	\$ 384,839	\$ 922,980	\$ 538,141	41.70%	\$ 7,741,274	6.95%
June 30, 2013	331,898	891,561	559,663	37.23%	7,686,804	7.28%
June 30, 2012	284,974	878,498	593,524	32.44%	7,416,122	8.00%

Note 13. Advances To/From Other Funds

Interfund balances as of June 30, 2015 are as follows:

Payable Fund	Receivable Fund
	General Fund:
Primary Government:	
Smith Creek	\$ 12,465
Lilly Subdivision Sanitary District	106,293
Total primary government	\$ 118,758

The advance from the General Fund to the Smith Creek Fund is a temporary advance to cover a deficit cash balance and will be repaid in fiscal year 2016.

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 14. Interfund Transfers

A summary of interfund transfer activity is presented as follows:

Transfer to Fund	Transfer From Fund		Total Transferred In
	Capital Projects	Solid Waste	
Primary Government:			
Governmental activities:			
General Fund	\$ 1,077,180	\$ -	\$ 1,077,180
General Capital Projects Fund	-	870,563	870,563
Total transferred out	\$ 1,077,180	\$ 870,563	\$ 1,947,743

The transfer from the General Capital Projects Fund to the General Fund was to fund the County's prepayment to become a member jurisdiction of the Middle River Regional Jail Authority.

The transfer from the Solid Waste Fund to the General Capital Projects Fund was for the purchase of land from the General Fund.

Note 15. Major Customers

The Water and Sewer Fund has one major customer. For the year ended June 30, 2015, water and sewer revenue from this customer was approximately \$2.78 million. Accounts receivable from this customer were approximately \$234,000 at June 30, 2015.

The Solid Waste Fund has three major customers. Revenues from these customers for the year ended June 30, 2015 were approximately \$3.34 million. Accounts receivable from these customers were approximately \$282,000 at June 30, 2015.

The Smith Creek Water & Waste Authority has one major customer. For the year ended June 30, 2015, revenue from this customer was approximately \$87,000. Accounts receivable from this customer were approximately \$8,500 at June 30, 2015.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 16. Landfill Closure and Postclosure Care Cost

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

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date 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 \$9,156,825 as landfill closure and postclosure liability at June 30, 2015. The landfill's total capacity used to date is 68.0% for active cells.

The Solid Waste Fund will report the County's estimated liability of closure and postclosure care of \$4,234,000 for the active cell as the remaining estimated capacity is filled. These amounts are based on the cost to perform all closure and postclosure care in 2015. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The estimated remaining life of the landfill is approximately nine years and does not account for future expansion.

Note 17. 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 17. Risk Management (Continued)

Health Insurance

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

Based on the requirements of GASB Statement No. 10, the County records an estimated liability for indemnity healthcare claims. The following represents the change in the fund's claims liability for 2015, 2014 and 2013:

Fiscal Year Ended	Beginning Liability	Claims and Changes in Estimates	Claim Payments	Ending Liability
June 30, 2015	\$ 1,838,000	\$ 22,113,826	\$ 22,200,826	\$ 1,751,000
June 30, 2014	2,085,000	18,829,717	19,076,717	1,838,000
June 30, 2013	1,826,136	17,008,375	16,749,511	2,085,000

Fiscal Year Ended	Governmental Activities	Component Unit-School Board	Total
June 30, 2015	\$ 437,750	\$ 1,313,250	\$ 1,751,000
June 30, 2014	459,500	1,378,500	1,838,000
June 30, 2013	500,400	1,584,600	2,085,000

Note 18. Pending GASB Statements

At June 30, 2015, 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. 72, *Fair Value Measurement and Application*, will improve measurement and application by state and local governments for fair value. Statement No. 72 will be effective for fiscal years beginning after June 15, 2015.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will improve accounting and financial reporting by state and local governments for pensions. It will also improve the comparability of pension-related information. Statement No. 73 will be effective for fiscal years beginning after June 15, 2015.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, will improve financial reporting by state and local governments for OPEB. It also provides information for changes of OPEB liabilities from year to year. Statement No. 74 will be effective for fiscal years beginning after June 15, 2016.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 18. Pending GASB Statements (Continued)

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

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, will improve financial reporting for state and local governments by providing greater reporting guidance to provide less variation in financial reporting. Statement No. 76 will be effective for fiscal years beginning after June 15, 2015.

GASB Statement No. 77, *Tax Abatement Disclosures*, requires a state or local government to disclose information about tax abatement. Statement No. 77 will be effective for fiscal years beginning after December 15, 2015.

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, VA, 22801.

In fiscal year 2015, the County's contributions to the HRECC totaled approximately \$1,767,000.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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 for \$10,771,794, with a 10% payment due prior to June 30, 2015, with the remaining balance payable in ten annual installments of principal commencing December 15, 2015. Beginning in fiscal year 2016, the County will report this commitment as a long-term liability. According to the agreement, the payment made in June 2015 will be applied to the outstanding debt balance on July 1, 2015.

The total paid by the County to become a member jurisdiction of MRRJA was \$1,077,179 in fiscal year 2015, which has been shown as an expenditure in the General Fund, and reclassified as a prepaid item on the Governmental Activities Statement of Net Position, as the debt to be incurred by the County for this agreement was effective July 1, 2015.

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.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 22. Subsequent Events

On July 1, 2015, the County entered into a long-term debt agreement with the County of Augusta City of Staunton and City of Waynesboro to become a member jurisdiction of the Middle River Regional Jail Authority. Per the agreement, the total debt incurred by the County was \$10,771,794. A payment was required to be made prior to June 30, 2015 in the amount of \$1,077,179, with the remaining balance of \$9,694,645 to be paid in ten annual installments of principal commencing December 15, 2015.

On September 9, 2015, the Board awarded a contract for the Albert Long Park site grading for two multi-purpose fields in the amount of \$997,326. The Board also authorized up to \$600,000 for soil, waterlines, erosion, sediment and other related work with an additional contingency of \$100,000.

On September 23, 2015, the Board approved the resolution which permits the County to apply for reimbursement of funds borrowed through the Virginia Resources Authority to acquire, construct, reconstruct, expand and equip capital projects for the Rockingham County Landfill. The Board was also aware the maximum aggregate principal amount of bond to be issued by the County in connection with the Project was reasonably anticipated to be approximately \$14,500,000.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 23. Restatement

The following adjustments were made to the beginning net position of the Governmental Activities, Water and Sewer Fund, Solid Waste Fund, Business-type Activities, Component Units – School Board and Harrisonburg-Rockingham Social Services District at July 1, 2014:

	Governmental Activities		
Net position, beginning of year, as previously reported	\$	4,782,240	
Change in accounting principle for the implementation of GASB Statement No. 68– to record the VRS net pension liability and related components		(9,816,985)	
Net position, beginning of year, as restated	\$	(5,034,745)	

	Water and Sewer Fund		Solid Waste Fund	
Net position, beginning of year, as previously reported	\$	25,702,289	\$	6,279,052
Change in accounting principle for the implementation of GASB Statement No. 68 – to record the VRS net pension liability and related components		(376,212)		(434,941)
Net position, beginning of year, as restated	\$	25,326,077	\$	5,844,111

	Business- Type Activities	Component Unit - School Board	Component Unit - Harrisonburg- Rockingham Social Services District
Net position, beginning of year, as previously reported	\$ 36,219,812	\$ 136,265,394	\$ 5,025,516
Change in accounting principle for the implementation of GASB Statement No. 68 – to record the VRS net pension liability and related components	(811,153)	(105,601,723)	(1,304,010)
Net position, beginning of year, as restated	\$ 35,408,659	\$ 30,663,671	\$ 3,721,506

**REQUIRED SUPPLEMENTARY
INFORMATION**

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

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

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
Component Unit - School Board non-professional employees:						
June 30, 2012	\$ 284,974	\$ 878,498	\$ 593,524	32.44%	\$ 7,416,122	8.00%
June 30, 2013	331,898	891,561	559,663	37.23%	7,686,804	7.28%
June 30, 2014	384,839	922,980	538,141	41.70%	7,741,274	6.95%

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

Fiscal Year Ended June 30,	Annual OPEB Costs	Percentage of Annual OPEB Cost Contributed	Net Benefit Obligation
Component Unit - School Board non-professional employees:			
2013	\$ 51,740	100.00%	\$ -
2014	57,312	100.00%	-
2015	49,520	100.00%	-

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
A. Primary Government and Harrisonburg-Rockingham Social Services District, a component unit, employees:						
July 1, 2011	\$ -	\$ 4,776,809	\$ 4,776,809	0.00%	\$ 19,683,587	24.27%
July 1, 2012	-	5,123,700	5,123,700	0.00%	19,424,552	26.38%
July 1, 2013	-	5,637,215	5,637,215	0.00%	20,159,996	27.96%
B. Component Unit - School Board employees:						
July 1, 2011	\$ -	\$ 16,988,165	\$ 16,988,165	0.00%	\$ 63,276,512	26.85%
July 1, 2012	-	18,076,500	18,076,500	0.00%	65,858,167	27.45%
July 1, 2013	-	16,290,692	16,290,692	0.00%	66,695,682	24.43%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - OTHER POSTEMPLOYMENT BENEFITS

Fiscal Year Ended June 30,	Annual Required Contribution	Percentage Contributed
A. Primary Government and Harrisonburg-Rockingham Social Services District, a component unit, employees:		
2013	\$ 549,401	37.09%
2014	592,254	42.98%
2015	620,317	45.73%
B. Component Unit - School Board employees:		
2013	\$ 1,801,354	37.32%
2014	1,567,839	36.22%
2015	1,642,900	43.96%

COUNTY OF ROCKINGHAM, VIRGINIA

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

	As of June 30, 2014
Total Pension Liability	
Service cost	\$ 2,559,508
Interest	5,820,012
Benefit payments, including refunds of employee contributions	(3,578,397)
Net change in total pension liability	4,801,123
Total pension liability - beginning	84,932,224
Total pension liability - ending (a)	\$ 89,733,347
Plan Fiduciary Net Position	
Contributions - employer	\$ 2,759,564
Contributions - employee	1,125,148
Net investment income	10,584,504
Benefit payments, including refunds of employee contributions	(3,578,397)
Administrative expense	(56,223)
Other	558
Net change in plan fiduciary net position	10,835,154
Plan fiduciary net position - beginning	66,593,183
Plan fiduciary net position - ending (b)	\$ 77,428,337
County and District's net pension liability - ending (a) - (b)	\$ 12,305,010
Plan fiduciary net position as a percentage of the total pension liability	86.29%
Covered-employee payroll	\$ 21,677,643
County and District's net pension liability as a percentage of covered-employee payroll	56.76%

Notes to Schedule:

- Changes of benefit terms:** There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013 and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.
- Changes of assumptions:** The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ended June 30, 2012:

LEOS:	NON-LEOS:
a. Update mortality table	a. Update mortality table
b. Adjustments to rates of service retirement for females	b. Decrease in rates of service retirement
c. Increase in rates of withdrawal	c. Decrease in rates of disability retirement
d. Decrease in male and female rates of disability	d. Reduce rates of salary increases by 0.25% per year
- 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

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

	As of June 30, 2014
Total Pension Liability	
Service cost	\$ 832,108
Interest	1,948,144
Benefit payments, including refunds of employee contributions	(1,423,602)
Net change in total pension liability	1,356,650
Total pension liability - beginning	28,542,435
Total pension liability - ending (a)	<u><u>\$ 29,899,085</u></u>
Plan Fiduciary Net Position	
Contributions - employer	\$ 722,711
Contributions - employee	390,659
Net investment income	4,013,113
Benefit payments, including refunds of employee contributions	(1,423,602)
Administrative expense	(21,667)
Other	212
Net change in plan fiduciary net position	3,681,426
Plan fiduciary net position - beginning	25,542,725
Plan fiduciary net position - ending (b)	<u><u>\$ 29,224,151</u></u>
School Board non-professional net pension liability - ending (a) - (b)	<u><u>\$ 674,934</u></u>
Plan fiduciary net position as a percentage of the total pension liability	97.74%
Employer's covered-employee payroll	\$ 8,867,620
School Board's non-professional net pension liability as a percentage of covered-employee payroll	7.61%

Notes to Schedule:

- (1) **Changes of benefit terms:** There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013 and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.
- (2) **Changes of assumptions:** The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ended June 30, 2012:
 - a. Update mortality table
 - b. Adjustments to rates of service retirement for females
 - c. Increase in rates of withdrawal
 - d. Decrease in male and female rates of disability
- (3) 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

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

	As of June 30, 2014
Employer's proportion of the net pension liability	0.81091%
Employer's proportionate share of the net pension liability	\$ 97,996,000
Employer's covered-employee payroll	47,690,683
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	205.48%
Plan fiduciary net position as a percentage of the total pension liability	70.88%

Notes to Schedule:

- (1) **Changes of benefit terms:** There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013 and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.
- (2) **Changes of assumptions:** The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ended June 30, 2012:
- a. Update mortality table
 - b. Adjustments to rates of service retirement for females
 - c. Decrease in rate of withdrawals for 3 through 9 years of service
 - d. Decrease in rates of disability
 - e. Reduce rates of salary increase by 0.25% per year
- (3) 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

SCHEDULE OF COUNTY AND DISTRICT CONTRIBUTIONS - VIRGINIA RETIREMENT SYSTEM

	Fiscal Year June 30, 2014
Contractually required contribution (CRC)	\$ 2,759,564
Contributions in relation to the CRC	<u>2,759,564</u>
Contribution deficiency (excess)	<u>\$ -</u>
Employer's covered-employee payroll	\$ 21,677,643
Contributions as a percentage of covered-employee payroll	12.73%

Notes to Schedule:

- (1) Valuation date: June 30, 2014
- (2) Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.
- (3) Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	20-29 years
Asset valuation method	5-year smoothed market
Cost-of-living adjustments	2.50%
Projected salary increases	3.50%-5.35%
Investment rate of return	7.0%, including inflation at 2.50%

- (4) 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

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

	Fiscal Year June 30, 2014
Contractually required contribution (CRC)	\$ 722,711
Contributions in relation to the CRC	<u>722,711</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>
Employer's covered-employee payroll	\$ 8,867,620
Contributions as a percentage of covered-employee payroll	8.15%

Notes to Schedule:

- (1) Valuation date: June 30, 2014
- (2) Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.
- (3) Methods and assumptions used to determine contribution rates:
- | | |
|-------------------------------|-------------------------------------|
| Actuarial cost method | Entry age |
| Amortization method | Level percentage of payroll, closed |
| Remaining amortization period | 20-29 years |
| Asset valuation method | 5-year smoothed market |
| Cost-of-living adjustments | 2.50% |
| Projected salary increases | 3.50%-5.35% |
| Investment rate of return | 7.0%, including inflation at 2.50% |
- (4) 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

**SCHEDULE OF SCHOOL BOARD PROFESSIONAL CONTRIBUTIONS -
VIRGINIA RETIREMENT SYSTEM**

	Fiscal Year June 30, 2014
Contractually required contribution (CRC)	\$ 6,915,149
Contributions in relation to the CRC	<u>6,915,149</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>
Employers covered-employee payroll	\$ 47,690,683
Contributions as a percentage of covered-employee payroll	14.50%

Notes to Schedule:

- (1) Valuation date: June 30, 2014
- (2) Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.
- (3) Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	20-29 years
Asset valuation method	5-year smoothed market
Cost-of-living adjustments	2.50%
Projected salary increases	3.50%-5.95%
Investment rate of return	7.0%, including inflation at 2.50%

- (4) 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.

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Fund

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

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

Permanent Fund

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2015**

	Special Revenue Asset Forfeiture Fund	Permanent Fund Albert K. Long Trust	Total Nonmajor Governmental Funds
ASSETS			
Investments	\$ 430,111	\$ -	\$ 430,111
Accrued interest	954	71	1,025
Restricted cash	-	33,058	33,058
Total assets	\$ 431,065	\$ 33,129	\$ 464,194
LIABILITIES			
Accounts payable	\$ 6,611	\$ -	\$ 6,611
Accrued payroll	253	-	253
Unearned revenue	221,621	-	221,621
Total liabilities	228,485	-	228,485
FUND BALANCES			
Nonspendable:			
Nonexpendable trust principal	-	11,143	11,143
Restricted for:			
Park maintenance	-	21,986	21,986
Judicial administration	120,066	-	120,066
Public safety	82,514	-	82,514
Total fund balances	202,580	33,129	235,709
Total liabilities and fund balances	\$ 431,065	\$ 33,129	\$ 464,194

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2015

	Special Revenue	Permanent Fund	Total Nonmajor Governmental Funds
	Asset Forfeiture Fund	Albert K. Long Trust	
Revenues:			
Fines and forfeitures	\$ 72,868	\$ -	\$ 72,868
Use of money	2,879	187	3,066
Miscellaneous	-	10,025	10,025
Intergovernmental	162,199	-	162,199
Total revenues	237,946	10,212	248,158
Expenditures:			
Current:			
Judicial administration	106,072	-	106,072
Public safety	111,205	-	111,205
Total expenditures	217,277	-	217,277
Net change in fund balances	20,669	10,212	30,881
Fund balance, beginning	181,911	22,917	204,828
Fund balance, ending	\$ 202,580	\$ 33,129	\$ 235,709

NONMAJOR PROPRIETARY FUNDS

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

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF NET POSITION NONMAJOR PROPRIETARY FUNDS June 30, 2015

	Lilly Subdivision Sanitary District	Countryside Sanitary District	Penn Laird Sewer Authority	Total Nonmajor Proprietary Funds
ASSETS				
Current assets:				
Investments	\$ -	\$ 45,362	\$ 82,219	\$ 127,581
Trade and other accounts receivable, net	5,419	747	12,020	18,186
Accrued interest	-	97	174	271
Total current assets	5,419	46,206	94,413	146,038
Noncurrent assets:				
Capital assets:				
Land	20,600	-	-	20,600
Easements	-	-	20,631	20,631
Buildings	8,900	-	-	8,900
Improvements other than buildings	596,932	306,022	1,119,967	2,022,921
Machinery and equipment	5,470	-	28,892	34,362
Less accumulated depreciation and amortization	(135,680)	(58,144)	(185,836)	(379,660)
Total capital assets, net of accumulated depreciation and amortization	496,222	247,878	983,654	1,727,754
Total noncurrent assets	496,222	247,878	983,654	1,727,754
Total assets	501,641	294,084	1,078,067	1,873,792
LIABILITIES				
Current liabilities:				
Accounts payable and deposits	1,605	703	680	2,988
Accrued interest	5,600	874	3,443	9,917
Advance from other funds	106,293	-	-	106,293
Revenue bonds	18,397	8,284	20,268	46,949
Total current liabilities	131,895	9,861	24,391	166,147
Noncurrent liabilities:				
Revenue bonds	283,769	99,330	290,352	673,451
Total noncurrent liabilities	283,769	99,330	290,352	673,451
Total liabilities	415,664	109,191	314,743	839,598
NET POSITION				
Net investment in capital assets	194,056	140,264	673,034	1,007,354
Unrestricted (deficit)	(108,079)	44,629	90,290	26,840
Total net position	\$ 85,977	\$ 184,893	\$ 763,324	\$ 1,034,194

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION NONMAJOR PROPRIETARY FUNDS Year Ended June 30, 2015

	Lilly Subdivision Sanitary District	Countryside Sanitary District	Penn Laird Sewer Authority	Total Nonmajor Proprietary Funds
Operating revenues:				
Charges for services	\$ 35,671	\$ 13,981	\$ 24,850	\$ 74,502
Total operating revenues	35,671	13,981	24,850	74,502
Operating expenses:				
Contractual services	4,661	2,032	300	6,993
Electrical services	13,411	-	-	13,411
Other charges	10,228	5,490	602	16,320
Depreciation and amortization	11,776	6,120	25,289	43,185
Total operating expenses	40,076	13,642	26,191	79,909
Operating income (loss)	(4,405)	339	(1,341)	(5,407)
Nonoperating revenues (expenses):				
Interest revenue	-	325	1,488	1,813
Interest expense	(11,546)	(3,628)	(8,306)	(23,480)
Total nonoperating expenses, net	(11,546)	(3,303)	(6,818)	(21,667)
Change in net position	(15,951)	(2,964)	(8,159)	(27,074)
Total net position, beginning	101,928	187,857	771,483	1,061,268
Total net position, ending	\$ 85,977	\$ 184,893	\$ 763,324	\$ 1,034,194

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF CASH FLOWS NONMAJOR PROPRIETARY FUNDS Year Ended June 30, 2015

	Lilly Subdivision Sanitary District	Countryside Sanitary District	Penn Laird Sewer Authority	Total Nonmajor Proprietary Funds
Cash Flows From Operating Activities:				
Receipts from customers	\$ 34,044	\$ 13,991	\$ 22,218	\$ 70,253
Payments to suppliers for goods and services	(27,791)	(6,995)	(874)	(35,660)
Net cash provided by operating activities	6,253	6,996	21,344	34,593
Cash Flows From Capital and Related Financing Activities:				
Advance from other funds	23,545	-	-	23,545
Principal paid on outstanding debt	(17,849)	(8,021)	(19,735)	(45,605)
Interest paid and fiscal charges on outstanding debt	(11,949)	(3,694)	(8,525)	(24,168)
Net cash used in capital and related financing activities	(6,253)	(11,715)	(28,260)	(46,228)
Cash Flows From Investing Activities:				
Sale of investments, net	-	4,416	5,470	9,886
Interest received on investment securities	-	303	1,446	1,749
Net cash provided by investing activities	-	4,719	6,916	11,635
Net change in cash and cash equivalents	-	-	-	-
Cash and Cash Equivalents:				
Beginning	-	-	-	-
Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating income (loss)	\$ (4,405)	\$ 339	\$ (1,341)	\$ (5,407)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	11,776	6,120	25,289	43,185
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(1,627)	10	(2,632)	(4,249)
Increase in accounts payable and deposits	509	527	28	1,064
Net cash provided by operating activities	<u>\$ 6,253</u>	<u>\$ 6,996</u>	<u>\$ 21,344</u>	<u>\$ 34,593</u>

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, 2015

	Central Stores	Self - Insurance	Total Internal Service Funds
ASSETS			
Current assets:			
Investments	\$ 11,109	\$ 9,496,097	\$ 9,507,206
Trade and other accounts receivable	2,568	75,861	78,429
Accrued interest	-	21,084	21,084
Prepaid items	-	825,854	825,854
Inventory	6,193	-	6,193
Total assets	19,870	10,418,896	10,438,766
LIABILITIES			
Current liabilities:			
Accounts payable	128	24,984	25,112
Unearned revenue	-	1,944,986	1,944,986
Insurance and benefit claims	-	1,751,000	1,751,000
Total liabilities	128	3,720,970	3,721,098
NET POSITION			
Unrestricted	19,742	6,697,926	6,717,668
Total net position	\$ 19,742	\$ 6,697,926	\$ 6,717,668

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
Year Ended June 30, 2015

	Central Stores	Self - Insurance	Total Internal Service Funds
Operating revenues:			
Charges for services	\$ 35,783	\$ 23,643,248	\$ 23,679,031
Total operating revenues	35,783	23,643,248	23,679,031
Operating expenses:			
Contractual services	-	2,561,469	2,561,469
Risk financing and benefit payments	-	21,287,972	21,287,972
Other charges	36,041	-	36,041
Total operating expenses	36,041	23,849,441	23,885,482
Operating loss	(258)	(206,193)	(206,451)
Nonoperating revenue:			
Interest	-	62,777	62,777
Total nonoperating revenue	-	62,777	62,777
Change in net position	(258)	(143,416)	(143,674)
Total net position, beginning	20,000	6,841,342	6,861,342
Total net position, ending	\$ 19,742	\$ 6,697,926	\$ 6,717,668

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

Year Ended June 30, 2015

	Central Stores	Self - Insurance	Total Internal Service Funds
Cash Flows From Operating Activities:			
Receipts from interfund services provided	\$ 35,959	\$ 23,754,944	\$ 23,790,903
Claims and benefits paid	-	(22,200,826)	(22,200,826)
Payments to suppliers for goods and services	(36,666)	(2,964,106)	(3,000,772)
Net cash used in operating activities	(707)	(1,409,988)	(1,410,695)
Cash Flows From Investing Activities:			
Sale of investments, net	707	1,351,937	1,352,644
Interest received on investment securities	-	58,051	58,051
Net cash provided by investing activities	707	1,409,988	1,410,695
Net change in cash and cash equivalents	-	-	-
Cash and Cash Equivalents:			
Beginning	-	-	-
Ending	\$ -	\$ -	\$ -
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:			
Operating loss	\$ (258)	\$ (206,193)	\$ (206,451)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Change in assets and liabilities:			
Decrease (increase) in:			
Accounts receivable	176	(75,861)	(75,685)
Inventory	110	-	110
Prepaid items	-	(825,854)	(825,854)
Increase (decrease) in:			
Accounts payable	(735)	(402,637)	(403,372)
Unearned revenue	-	187,557	187,557
Insurance and benefit claims	-	(87,000)	(87,000)
Net cash used in operating activities	\$ (707)	\$ (1,409,988)	\$ (1,410,695)

FIDUCIARY FUNDS

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

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

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

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

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

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

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF NET POSITION

FIDUCIARY FUNDS

June 30, 2015

	Agency Funds									
	Special Welfare	Employee Benefits	Economic Development Authority	Bond Escrow	Massanutten Technical Center	Emergency Medical Services	Soil and Water Conservation	Laird L Conrad Law Library	Totals	
ASSETS										
Cash, cash equivalents and temporary cash investments	\$ 77,020	\$ 232,327	\$ 6,318	\$ 612,542	\$ 380,259	\$ 339,809	\$ -	\$ 160,437	\$ 1,808,712	
Accounts receivable	-	10,751	14	1,152	101,446	7,212	55,412	340	176,327	
Total assets	\$ 77,020	\$ 243,078	\$ 6,332	\$ 613,694	\$ 481,705	\$ 347,021	\$ 55,412	\$ 160,777	\$ 1,985,039	
LIABILITIES										
Accounts payable	\$ 77,020	\$ 243,078	\$ 6,332	\$ 613,694	\$ 481,705	\$ 347,021	\$ 55,412	\$ 160,777	\$ 1,985,039	

COUNTY OF ROCKINGHAM, VIRGINIA

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COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
<u>SPECIAL WELFARE</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 65,101	\$ 163,619	\$ 151,700	\$ 77,020
LIABILITIES				
Accounts payable	\$ 65,101	\$ 163,619	\$ 151,700	\$ 77,020

EMPLOYEE BENEFITS

ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 159,056	\$ 491,526	\$ 418,255	\$ 232,327
Accounts receivable	10,751	-	-	10,751
Total assets	\$ 169,807	\$ 491,526	\$ 418,255	\$ 243,078
LIABILITIES				
Accounts payable	\$ 169,807	\$ 491,526	\$ 418,255	\$ 243,078

ECONOMIC DEVELOPMENT AUTHORITY

ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 16,231	\$ 3,062	\$ 12,975	\$ 6,318
Accounts receivable	20	14	20	14
Total assets	\$ 16,251	\$ 3,076	\$ 12,995	\$ 6,332
LIABILITIES				
Accounts payable	\$ 16,251	\$ 3,076	\$ 12,995	\$ 6,332

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
<u>BOND ESCROW</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 458,735	\$ 383,743	\$ 229,936	\$ 612,542
Accounts receivable	692	1,152	692	1,152
Total assets	\$ 459,427	\$ 384,895	\$ 230,628	\$ 613,694

LIABILITIES				
Accounts payable	\$ 459,427	\$ 384,895	\$ 230,628	\$ 613,694

MASSANUTTEN TECHNICAL CENTER

ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 790,219	\$ 5,020,354	\$ 5,430,314	\$ 380,259
Accounts receivable	131,422	101,446	131,422	101,446
Total assets	\$ 921,641	\$ 5,121,800	\$ 5,561,736	\$ 481,705

LIABILITIES				
Accounts payable	\$ 921,641	\$ 5,121,800	\$ 5,561,736	\$ 481,705

EMERGENCY MEDICAL SERVICES

ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 329,328	\$ 1,471,416	\$ 1,460,935	\$ 339,809
Accounts receivable	5,999	7,212	5,999	7,212
Total assets	\$ 335,327	\$ 1,478,628	\$ 1,466,934	\$ 347,021

LIABILITIES				
Accounts payable	\$ 335,327	\$ 1,478,628	\$ 1,466,934	\$ 347,021

COUNTY OF ROCKINGHAM, VIRGINIA

Page 3

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
<u>SOIL AND WATER CONSERVATION</u>				
ASSETS				
Accounts receivable	\$ 69,303	\$ 242,841	\$ 256,732	\$ 55,412
LIABILITIES				
Accounts payable	\$ 69,303	\$ 242,841	\$ 256,732	\$ 55,412

LAIRD L CONRAD LAW LIBRARY

ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 169,100	\$ 31,527	\$ 40,190	\$ 160,437
Accounts receivable	264	340	264	340
Total assets	\$ 169,364	\$ 31,867	\$ 40,454	\$ 160,777
LIABILITIES				
Accounts payable	\$ 169,364	\$ 31,867	\$ 40,454	\$ 160,777

TOTALS - ALL AGENCY FUNDS

ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 1,987,770	\$ 7,565,247	\$ 7,744,305	\$ 1,808,712
Accounts receivable	218,451	353,005	395,129	176,327
Total assets	\$ 2,206,221	\$ 7,918,252	\$ 8,139,434	\$ 1,985,039
LIABILITIES				
Accounts payable	\$ 2,206,221	\$ 7,918,252	\$ 8,139,434	\$ 1,985,039

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD

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

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

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

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
June 30, 2015

	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash, cash equivalents and temporary cash investments	\$ 500	\$ 10,000	\$ -	\$ -	\$ 10,500
Investments	11,075,868	1,673,633	240,318	557,045	13,546,864
Trade and other accounts receivable	115,848	38,462	-	16,218	170,528
Accrued interest	-	3,440	513	937	4,890
Due from other governments	2,800,717	57,300	-	84,330	2,942,347
Prepaid items	2,829,297	164,429	-	56,814	3,050,540
Inventory	64,692	45,050	-	72,556	182,298
Total assets	\$ 16,886,922	\$ 1,992,314	\$ 240,831	\$ 787,900	\$ 19,907,967
LIABILITIES					
Accounts payable	\$ 2,038,537	\$ 109,083	\$ -	\$ 213,031	\$ 2,360,651
Accrued payroll	14,848,385	427,261	-	264,115	15,539,761
Due to other governments	-	-	-	82,622	82,622
Total liabilities	16,886,922	536,344	-	559,768	17,983,034
FUND BALANCES					
Nonspendable:					
Prepaid items	2,829,297	164,429	-	56,814	3,050,540
Inventory	64,692	45,050	-	72,556	182,298
Assigned to:					
Capital outlay	-	-	240,831	-	240,831
Cafeteria	-	1,246,491	-	-	1,246,491
Textbooks	-	-	-	155,576	155,576
Unassigned	(2,893,989)	-	-	(56,814)	(2,950,803)
Total fund balances	-	1,455,970	240,831	228,132	1,924,933
Total liabilities and fund balances	\$ 16,886,922	\$ 1,992,314	\$ 240,831	\$ 787,900	\$ 19,907,967
Total Fund balances					\$ 1,924,933
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				\$ 271,132,280	
Less accumulated depreciation and amortization				(135,842,960)	
Net capital assets					135,289,320
Deferred outflows of resources represent a consumption of net position that applies to a future period and, therefore, are not recognized as expenditures in the governmental funds.					
					9,561,694
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.					
					3,261,124
Long-term due from other government - pension plan				1,850,276	
Long-term due from other government - other postemployment benefits				55,565	
					1,905,841
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.					
Compensated absences				(3,306,453)	
Other postemployment benefits				(7,464,578)	
Net pension liability				(98,670,934)	
					(109,441,965)
Deferred inflows of resources represent an acquisition of net position that applies to a future period and, therefore, are not recognized as revenue in the governmental funds.					
					(16,650,385)
Net position of governmental activities					\$ 25,850,562

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD Year Ended June 30, 2015

	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Use of money and property	\$ 31,820	\$ 8,499	\$ 2,274	\$ 3,325	\$ 45,918
Charges for services	2,811,544	1,968,786	-	655,728	5,436,058
Miscellaneous	549,961	-	-	94,873	644,834
Appropriation from Primary Government	51,532,738	-	1,596,000	662,000	53,790,738
Intergovernmental	64,811,754	3,125,599	-	4,254,881	72,192,234
Total revenues	119,737,817	5,102,884	1,598,274	5,670,807	132,109,782
Expenditures:					
Current:					
Education	119,737,817	5,159,760	-	5,545,316	130,442,893
Capital outlay	-	-	1,359,167	-	1,359,167
Total expenditures	119,737,817	5,159,760	1,359,167	5,545,316	131,802,060
Net change in fund balances	-	(56,876)	239,107	125,491	307,722
Fund balances, beginning	-	1,512,846	1,724	102,641	1,617,211
Fund balances, ending	\$ -	\$ 1,455,970	\$ 240,831	\$ 228,132	\$ 1,924,933

Net change in fund balances \$ 307,722

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

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

Expenditure for capital assets	\$ 2,891,187	
Less depreciation and amortization expense	(9,012,389)	
Excess of depreciation and amortization over capital outlays		(6,121,202)

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to increase net position. 54,672

Long-term due from other government - other postemployment benefits 55,565

Deferred outflows of resources - pension contributions 9,561,694

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	215,291	
Other postemployment benefits	(909,969)	
Pension expense	(7,869,320)	
		(8,563,998)

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	17,779,519	
Total expenses	(17,887,081)	
		(107,562)

Change in net position of governmental activities \$ (4,813,109)

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING BALANCE SHEET

NONMAJOR FUNDS OF THE DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD

June 30, 2015

	School Textbook Fund	Massanutten Technical Center - Operating Fund	Total Nonmajor Governmental Funds
ASSETS			
Investments	\$ 176,786	\$ 380,259	\$ 557,045
Trade and other accounts receivable	39	16,179	16,218
Accrued interest	-	937	937
Due from other governments	-	84,330	84,330
Prepaid items	-	56,814	56,814
Inventory	72,556	-	72,556
Total assets	\$ 249,381	\$ 538,519	\$ 787,900
LIABILITIES			
Accounts payable	\$ 21,249	\$ 191,782	\$ 213,031
Accrued payroll	-	264,115	264,115
Due to other governments	-	82,622	82,622
Total liabilities	21,249	538,519	559,768
FUND BALANCES			
Nonspendable:			
Prepaid items	-	56,814	56,814
Inventory	72,556	-	72,556
Assigned to:			
Textbooks	155,576	-	155,576
Unassigned	-	(56,814)	(56,814)
Total fund balances	228,132	-	228,132
Total liabilities and fund balances	\$ 249,381	\$ 538,519	\$ 787,900

COUNTY OF ROCKINGHAM, VIRGINIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES**

NONMAJOR FUNDS OF THE DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD

Year Ended June 30, 2015

	School Textbook Fund	Massanutten Technical Center - Operating Fund	Total Nonmajor Governmental Funds
Revenues:			
Use of money and property	\$ -	\$ 3,325	\$ 3,325
Charges for services	-	655,728	655,728
Miscellaneous	18,428	76,445	94,873
Appropriation from Primary Government	662,000	-	662,000
Intergovernmental	-	4,254,881	4,254,881
Total revenues	680,428	4,990,379	5,670,807
Expenditures:			
Current:			
Education	554,937	4,990,379	5,545,316
Total expenditures	554,937	4,990,379	5,545,316
Net change in fund balances	125,491	-	125,491
Fund balance, beginning	102,641	-	102,641
Fund balance, ending	<u>\$ 228,132</u>	<u>\$ -</u>	<u>\$ 228,132</u>

FIDUCIARY FUNDS OF THE SCHOOL BOARD

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF NET POSITION - SCHOOL BOARD

FIDUCIARY FUNDS

June 30, 2015

	Agency Funds		
	Massanutten		
	School	Technical	
	Activity	Center	
	Funds	Activity	
		Fund	Totals
ASSETS			
Cash, cash equivalents and temporary cash investments	\$ 1,466,142	\$ 111,725	\$ 1,577,867
Accounts receivable	58,919	15,448	74,367
Total assets	\$ 1,525,061	\$ 127,173	\$ 1,652,234
LIABILITIES			
Accounts payable	\$ 1,525,061	\$ 127,173	\$ 1,652,234
Total liabilities	\$ 1,525,061	\$ 127,173	\$ 1,652,234

COUNTY OF ROCKINGHAM, VIRGINIA

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - SCHOOL BOARD
ALL AGENCY FUNDS
Year Ended June 30, 2015**

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
<u>SCHOOL ACTIVITY FUNDS</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 1,386,810	\$ 4,094,548	\$ 4,015,216	\$ 1,466,142
Accounts receivable	22,591	58,919	22,591	58,919
Total assets	\$ 1,409,401	\$ 4,153,467	\$ 4,037,807	\$ 1,525,061
LIABILITIES				
Accounts payable	\$ 1,409,401	\$ 4,153,467	\$ 4,037,807	\$ 1,525,061

MASSANUTTEN TECHNICAL CENTER ACTIVITY FUND

ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 77,418	\$ 220,380	\$ 186,073	\$ 111,725
Accounts receivable	-	15,448	-	15,448
Total assets	\$ 77,418	\$ 235,828	\$ 186,073	\$ 127,173
LIABILITIES				
Accounts payable	\$ 77,418	\$ 235,828	\$ 186,073	\$ 127,173

TOTALS - ALL AGENCY FUNDS

ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 1,464,228	\$ 4,314,928	\$ 4,201,289	\$ 1,577,867
Accounts receivable	22,591	74,367	22,591	74,367
Total assets	\$ 1,486,819	\$ 4,389,295	\$ 4,223,880	\$ 1,652,234
LIABILITIES				
Accounts payable	\$ 1,486,819	\$ 4,389,295	\$ 4,223,880	\$ 1,652,234

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

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING BALANCE SHEET

DISCRETELY PRESENTED COMPONENT UNIT - HARRISONBURG-ROCKINGHAM

SOCIAL SERVICES DISTRICT

June 30, 2015

	Operating Fund	Special Revenue Comprehensive Services Act Fund	Total Governmental Funds
ASSETS			
Investments	\$ 2,533,010	\$ 273,066	\$ 2,806,076
Trade and other accounts receivable	4,900	22,213	27,113
Accrued interest	5,670	1,188	6,858
Due from other governments	951,773	766,464	1,718,237
Prepaid items	109,369	2,466	111,835
Total assets	\$ 3,604,722	\$ 1,065,397	\$ 4,670,119
LIABILITIES			
Accounts payable	\$ 263,910	\$ 784,257	\$ 1,048,167
Accrued payroll	159,075	3,926	163,001
Unearned revenue	-	7,014	7,014
Total liabilities	422,985	795,197	1,218,182
FUND BALANCES			
Nonspendable:			
Prepaid items	109,369	2,466	111,835
Restricted for minority interest	1,259,670	133,867	1,393,537
Assigned to:			
Social services	1,812,698	133,867	1,946,565
Total fund balances	3,181,737	270,200	3,451,937
Total liabilities and fund balances	\$ 3,604,722	\$ 1,065,397	\$ 4,670,119
Fund balances			\$ 3,451,937
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		\$ 3,194,785	
Less accumulated depreciation and amortization		(620,065)	
Net capital assets			2,574,720
Deferred outflows of resources represent a consumption of net position that applies to a future period and, therefore, are not recognized as expenditures in the governmental funds.			
			409,556
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.			
			7,014
Long-term due from other government - pension plan		851,061	
Long-term due from other government - other postemployment benefits		232,238	
			1,083,299
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		(39,238)	
Other postemployment benefits		(464,476)	
Net pension liability		(1,702,122)	
			(2,205,836)
Deferred inflows of resources represent an acquisition of net position that applies to a future period and, therefore, are not recognized as revenue in the governmental funds.			
			(654,478)
Net position of governmental activities			\$ 4,666,212

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE DISCRETELY PRESENTED COMPONENT UNIT - HARRISONBURG-ROCKINGHAM SOCIAL SERVICES DISTRICT Year Ended June 30, 2015

	Operating Fund	Special Revenue Comprehensive Services Act Fund	Total Governmental Funds
Revenues:			
Use of money and property	\$ 18,166	\$ 2,785	\$ 20,951
Miscellaneous	1,255,000	1,900,000	3,155,000
Appropriation from General Fund	1,722,011	1,920,000	3,642,011
Intergovernmental	10,967,212	5,377,628	16,344,840
Total revenues	13,962,389	9,200,413	23,162,802
Expenditures:			
Current:			
Health and social services	14,107,697	9,157,109	23,264,806
Total expenditures	14,107,697	9,157,109	23,264,806
Net change in fund balances	(145,308)	43,304	(102,004)
Fund balances, beginning	3,327,045	226,896	3,553,941
Fund balances, ending	<u>\$ 3,181,737</u>	<u>\$ 270,200</u>	<u>\$ 3,451,937</u>
Net change in fund balances			\$ (102,004)
Reconciliation of amounts reported for governmental activities in the Statement of Activities:			
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlays exceeded depreciation and amortization in the current period.			
Expenditure for capital assets		\$ 530,456	
Less depreciation and amortization expense		<u>(99,827)</u>	
Excess of capital outlays over depreciation and amortization			430,629
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.			(144,830)
Long-term due from other government - other postemployment benefits			232,238
Deferred outflows of resources - pension contributions			409,556
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		386,109	
Other postemployment benefits		(65,463)	
Pension expense		<u>(201,529)</u>	
			<u>119,117</u>
Change in net position of governmental activities			<u>\$ 944,706</u>

SUPPLEMENTAL SCHEDULES

GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2015

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	\$ 46,980,000	\$ 46,980,000	\$ 47,182,940	\$ 202,940
Real and personal public service corporation property taxes	1,520,000	1,520,000	1,786,912	266,912
Personal property taxes	11,732,000	11,732,000	12,681,963	949,963
Machinery and tools taxes	8,300,000	8,300,000	8,460,243	160,243
Merchants' capital taxes	1,100,000	1,100,000	1,158,019	58,019
Penalties and interest	525,000	525,000	662,044	137,044
Total general property taxes	70,157,000	70,157,000	71,932,121	1,775,121
Other local taxes:				
Local sales and use taxes	5,300,000	5,300,000	5,387,061	87,061
Consumer utility taxes	1,046,300	1,046,300	1,095,486	49,186
Utility gross receipts taxes	370,000	370,000	380,088	10,088
Bank stock taxes	35,000	35,000	83,554	48,554
Motor vehicle licenses	1,200,000	1,200,000	1,211,564	11,564
Taxes on recordation and wills	850,000	850,000	955,372	105,372
Hotel and motel room taxes	190,000	190,000	227,642	37,642
Food and beverage taxes	915,000	915,000	1,034,025	119,025
Total other local taxes	9,906,300	9,906,300	10,374,792	468,492
Permits, privilege fees and regulatory licenses:				
Animal licenses	23,000	23,000	20,397	(2,603)
Permits and other licenses	1,011,050	1,011,050	1,064,681	53,631
Total permits, privilege fees and regulatory licenses	1,034,050	1,034,050	1,085,078	51,028
Fines and forfeitures	101,500	101,500	111,715	10,215
Use of money and property:				
Revenue from use of money	50,000	50,000	75,930	25,930
Revenue from use of property	1,413,803	1,413,803	1,244,194	(169,609)
Total use of money and property	1,463,803	1,463,803	1,320,124	(143,679)

GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2015

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	\$ 220,000	\$ 229,000	\$ 195,065	\$ (33,935)
Commonwealth attorney	450,600	450,600	425,130	(25,470)
Law enforcement and traffic control	283,875	335,875	334,135	(1,740)
EMS transport	397,000	397,000	509,758	112,758
Correction and detention	788,000	948,000	1,017,393	69,393
Parks and recreation	745,000	745,000	805,244	60,244
Computer services	1,000	1,000	3,511	2,511
Health	-	-	1,204	1,204
Garage fees	820,000	820,000	662,151	(157,849)
Planning and community development	1,725	1,725	2,540	815
Total charges for services	3,707,200	3,928,200	3,956,131	27,931
Miscellaneous	205,000	231,175	344,089	112,914
Recovered costs:				
City of Harrisonburg:				
Judicial administration	361,337	409,360	432,951	23,591
Public safety	3,227,101	3,656,061	3,866,760	210,699
Public works	369,030	418,083	442,177	24,094
Other entities:				
Public safety	299,157	299,157	263,737	(35,420)
Total recovered costs	4,256,625	4,782,661	5,005,625	222,964
Total revenue from local sources	90,831,478	91,604,689	94,129,675	2,524,986
Intergovernmental:				
Revenue from the Commonwealth:				
Non-categorical aid:				
Communications sales and use taxes	1,600,000	1,600,000	1,588,561	(11,439)
Mobile home titling taxes	60,000	60,000	59,285	(715)
Rental vehicle taxes	5,000	5,000	7,579	2,579
Personal property tax relief	5,640,000	5,640,000	5,521,639	(118,361)
Recordation taxes	300,000	300,000	273,336	(26,664)
Total non-categorical aid	7,605,000	7,605,000	7,450,400	(154,600)

GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2015

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	\$ 859,000	\$ 859,000	\$ 823,043	\$ (35,957)
Sheriff	5,613,000	5,613,000	5,527,367	(85,633)
Commissioner of the revenue	193,000	193,000	191,541	(1,459)
Treasurer	178,000	178,000	173,740	(4,260)
Registrar/Electoral Board	47,000	47,000	44,594	(2,406)
Clerk of circuit court	569,000	838,200	648,799	(189,401)
Jail operations	450,000	476,677	379,196	(97,481)
Total shared costs	7,909,000	8,204,877	7,788,280	(416,597)
Other categorical aid:				
Emergency medical services	91,034	246,962	233,519	(13,443)
Community corrections	425,769	425,769	412,813	(12,956)
Fire program	153,000	153,000	182,273	29,273
Hazardous materials program	10,000	10,000	12,246	2,246
Victim witness	24,000	24,000	18,248	(5,752)
Domestic violence	40,000	40,000	36,000	(4,000)
OEMS training	1,500	1,500	-	(1,500)
Other	-	15,000	16,403	1,403
Total other categorical aid	745,303	916,231	911,502	(4,729)
Total categorical aid	8,654,303	9,121,108	8,699,782	(421,326)
Total revenue from the Commonwealth	16,259,303	16,726,108	16,150,182	(575,926)

GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2015

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Intergovernmental:				
Revenue from the federal government:				
Non-categorical aid:				
Payment for federal lands	\$ 396,000	\$ 396,000	\$ 388,318	\$ (7,682)
Categorical aid:				
Victim witness	49,000	49,000	54,745	5,745
FEMA	-	19,022	37,837	18,815
Highway safety	35,893	70,003	37,591	(32,412)
Welfare	150,000	150,000	176,963	26,963
Domestic violence coordinator	22,520	22,520	23,175	655
Edward Byrne crisis intervention	51,084	51,084	45,894	(5,190)
State criminal alien assistance	-	-	21,381	21,381
Homeland security program	-	39,660	39,660	-
Other	5,000	6,270	3,039	(3,231)
Total categorical aid	313,497	407,559	440,285	32,726
Total revenue from the federal government	709,497	803,559	828,603	25,044
Total intergovernmental	16,968,800	17,529,667	16,978,785	(550,882)
Total General Fund	\$ 107,800,278	\$ 109,134,356	\$ 111,108,460	\$ 1,974,104
Special Revenue Fund:				
Asset Forfeiture Fund:				
Revenue from local sources:				
Fines and forfeitures:				
Seized funds - judicial administration	\$ 60,000	\$ 60,000	\$ 44,267	\$ (15,733)
Seized funds - public safety	62,270	72,270	28,601	(43,669)
Total fines and forfeitures	122,270	132,270	72,868	(59,402)
Revenue from use of money	-	-	2,879	2,879
Total revenue from local sources	122,270	132,270	75,747	(56,523)
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
Seized funds - judicial administration	140,000	140,000	72,726	(67,274)
Seized funds - public safety	137,730	137,730	89,473	(48,257)
Total intergovernmental	277,730	277,730	162,199	(115,531)
Total Special Revenue Fund	\$ 400,000	\$ 410,000	\$ 237,946	\$ (172,054)

GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2015

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	\$ -	\$ -	\$ 121,332	\$ 121,332
Miscellaneous	-	-	10,494	10,494
Recovered Costs:				
City of Harrisonburg share	925,000	925,000	59,253	(865,747)
Total revenue from local sources	925,000	925,000	191,079	(733,921)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
VDOT Revenue Sharing	2,075,000	2,075,000	1,725,799	(349,201)
TPOF Grant	-	-	668,839	668,839
Total revenue from the Commonwealth	2,075,000	2,075,000	2,394,638	319,638
Total intergovernmental	2,075,000	2,075,000	2,394,638	319,638
Total General Capital Projects Fund	\$ 3,000,000	\$ 3,000,000	\$ 2,585,717	\$ (414,283)
Permanent Fund:				
Albert K. Long Trust Fund:				
Revenue from local sources:				
Revenue from use of money	\$ -	\$ -	\$ 187	\$ 187
Miscellaneous	-	-	10,025	10,025
Total Permanent Fund	\$ -	\$ -	\$ 10,212	\$ 10,212
Grand Total Revenues - Primary Government	\$ 111,200,278	\$ 112,544,356	\$ 113,942,335	\$ 1,397,979
Component Units:				
Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of property	\$ 24,000	\$ 24,000	\$ 31,820	\$ 7,820
Charges for services	2,348,000	2,348,000	2,811,544	463,544
Miscellaneous	160,000	160,000	549,961	389,961
Appropriation from General Fund	53,878,550	54,395,550	51,532,738	(2,862,812)
Total revenue from local sources	56,410,550	56,927,550	54,926,063	(2,001,487)

GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2015

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Component Units:				
Component Unit - School Board:				
School Operating Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Non-categorical aid:				
Rolling stock tax	\$ 70,000	\$ 70,000	\$ 72,671	\$ 2,671
Categorical aid:				
State sales tax receipts	12,497,895	12,497,895	12,645,581	147,686
Basic school aid	31,153,608	31,153,608	30,985,911	(167,697)
Other state school funds	16,427,150	16,427,150	16,535,296	108,146
Total categorical aid	60,078,653	60,078,653	60,166,788	88,135
Total revenue from the Commonwealth	60,148,653	60,148,653	60,239,459	90,806
Revenue from the federal government:				
Categorical aid:				
Title I	1,500,000	1,500,000	1,830,875	330,875
Title VIB	2,375,000	2,375,000	2,122,940	(252,060)
Other school funds	608,000	608,000	618,480	10,480
Total revenue from the federal government	4,483,000	4,483,000	4,572,295	89,295
Total intergovernmental	64,631,653	64,631,653	64,811,754	180,101
Total School Operating Fund	121,042,203	121,559,203	119,737,817	(1,821,386)
School Textbook Fund:				
Revenue from local sources:				
Miscellaneous	-	-	18,428	18,428
Local governments:				
Appropriation from the General Fund	662,000	662,000	662,000	-
Total School Textbook Fund	662,000	662,000	680,428	18,428
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money	6,000	6,000	8,499	2,499
Charges for services	2,229,957	2,229,957	1,968,786	(261,171)
Total revenue from local sources	2,235,957	2,235,957	1,977,285	(258,672)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	90,000	90,000	91,786	1,786
Revenue from the federal government:				
Categorical aid:				
School food program grant	3,079,404	3,079,404	3,033,813	(45,591)
Total intergovernmental	3,169,404	3,169,404	3,125,599	(43,805)
Total School Cafeteria Fund	5,405,361	5,405,361	5,102,884	(302,477)

GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2015

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Component Units:				
Component Unit - School Board: (Continued)				
School Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money	\$ -	\$ -	\$ 2,274	\$ 2,274
Appropriation from General Fund	-	840,000	1,596,000	756,000
Total revenue from local sources	-	840,000	1,598,274	758,274
Total School Capital Projects Fund	-	840,000	1,598,274	758,274
Massanutten Technical Center - Operating Fund:				
Revenue from local sources:				
Revenue from use of money	-	-	3,325	3,325
Charges for services	643,600	643,600	655,728	12,128
Miscellaneous	6,000	6,000	46,745	40,745
House project	40,000	40,000	29,700	(10,300)
Total revenue from local sources	689,600	689,600	735,498	45,898
Intergovernmental:				
Revenue from the Commonwealth	353,633	353,633	209,694	(143,939)
Revenue from the federal government	176,573	176,573	246,394	69,821
Local governments:				
Appropriation from Rockingham County School Board	3,044,680	3,022,558	2,958,218	(64,340)
Appropriation from the City of Harrisonburg	858,858	858,858	840,575	(18,283)
Total local governments	3,903,538	3,881,416	3,798,793	(82,623)
Total intergovernmental	4,433,744	4,411,622	4,254,881	(156,741)
Total Massanutten Technical Center - Operating Fund	5,123,344	5,101,222	4,990,379	(110,843)
Total Revenues - Component Unit - School Board	\$ 132,232,908	\$ 133,567,786	\$ 132,109,782	\$ (1,458,004)
Component Unit - Harrisonburg-Rockingham				
Social Services District:				
Operating Fund:				
Revenue from local sources:				
Revenue from use of money	\$ -	\$ -	\$ 18,166	\$ 18,166
Miscellaneous:				
City of Harrisonburg share	1,192,037	1,197,037	1,197,037	-
Other	71,349	71,349	57,963	(13,386)
Total miscellaneous	1,263,386	1,268,386	1,255,000	(13,386)
Appropriation from the General Fund	1,717,011	1,722,011	1,722,011	-
Total revenue from local sources	2,980,397	2,990,397	2,995,177	4,780

GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2015

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Component Units:				
Component Unit - Harrisonburg-Rockingham				
Social Services District:				
Operating Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Social services administration:				
Public assistance and administration	\$ 7,060,052	\$ 7,139,942	\$ 5,047,847	\$ (2,092,095)
Virginia department of juvenile justice:				
Virginia juvenile community crime control act grant	-	86,831	62,481	(24,350)
Total revenue from the Commonwealth	7,060,052	7,226,773	5,110,328	(2,116,445)
Revenue from the federal government:				
Categorical aid:				
Social services administration:				
Welfare	5,730,111	5,811,210	5,856,884	45,674
Total intergovernmental	12,790,163	13,037,983	10,967,212	(2,070,771)
Total Harrisonburg-Rockingham Social Services District - Operating Fund	15,770,560	16,028,380	13,962,389	(2,065,991)
Special Revenue Fund:				
Comprehensive Services Act Fund:				
Revenue from local sources:				
Revenue from use of money	-	-	2,785	2,785
Miscellaneous:				
City of Harrisonburg share	1,900,000	1,900,000	1,900,000	-
Appropriation from the General Fund	1,770,000	1,920,000	1,920,000	-
Total revenue from local sources	3,670,000	3,820,000	3,822,785	2,785
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Social services administration:				
Comprehensive Services Act	5,920,000	6,420,000	5,042,716	(1,377,284)
Revenue from the federal government:				
Categorical aid:				
Social services administration:				
Comprehensive Services Act	-	-	334,912	334,912
Total intergovernmental	5,920,000	6,420,000	5,377,628	(1,042,372)
Total Comprehensive Services Act Fund	9,590,000	10,240,000	9,200,413	(1,039,587)
Total Revenues - Component Unit - Harrisonburg-Rockingham Social Services District	\$ 25,360,560	\$ 26,268,380	\$ 23,162,802	\$ (3,105,578)
Grand Total Revenues - Component Units	\$ 157,593,468	\$ 159,836,166	\$ 155,272,584	\$ (4,563,582)

GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 2015

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	\$ 172,602	\$ 172,602	\$ 155,826	\$ (16,776)
General and financial:				
Executive administration	564,235	577,235	547,546	(29,689)
Legal services	456,948	478,948	477,450	(1,498)
Independent auditor and actuarial services	79,400	79,400	79,400	-
Commissioner of the revenue	553,453	553,453	529,917	(23,536)
Reassessment and equalization	203,161	203,161	179,771	(23,390)
Treasurer	516,898	516,898	498,298	(18,600)
Fiscal services	866,847	918,847	902,131	(16,716)
Human resources	212,889	228,889	217,315	(11,574)
Technology	916,645	916,645	876,033	(40,612)
Land use assessment	58,840	58,840	54,228	(4,612)
Central switchboard	68,798	68,798	67,091	(1,707)
Total general and financial	4,498,114	4,601,114	4,429,180	(171,934)
Board of elections:				
Electoral board and officials	84,843	84,843	85,911	1,068
Registrar	129,414	129,414	133,778	4,364
Total board of elections	214,257	214,257	219,689	5,432
Total general government administration	4,884,973	4,987,973	4,804,695	(183,278)
Judicial administration:				
Courts:				
Circuit court	200,783	215,783	223,386	7,603
General district court	20,950	20,950	23,292	2,342
Magistrate	7,850	7,850	6,516	(1,334)
Juvenile and domestic relations court	33,320	33,320	24,984	(8,336)
Clerk of the circuit court	858,059	1,171,691	1,034,349	(137,342)
Department of court services	637,697	643,697	638,796	(4,901)
Total courts	1,758,659	2,093,291	1,951,323	(141,968)
Commonwealth attorney	1,628,463	1,643,463	1,682,820	39,357
Total judicial administration	3,387,122	3,736,754	3,634,143	(102,611)

GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 2015

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 5,626,311	\$ 5,792,061	\$ 5,714,536	\$ (77,525)
Fire and rescue services:				
Fire department	5,295,477	5,791,258	5,764,664	(26,594)
Volunteer fire companies	895,000	1,027,034	1,010,470	(16,564)
Ambulance and rescue squads	278,403	513,715	422,280	(91,435)
Fire extinction service	20,856	20,856	19,283	(1,573)
Total fire and rescue services	6,489,736	7,352,863	7,216,697	(136,166)
Correction and detention:				
County operated institutions	8,078,342	10,296,862	10,306,429	9,567
Building inspections	606,257	606,257	597,805	(8,452)
Other protection:				
Animal control	398,910	398,910	408,233	9,323
Emergency services	1,654,269	1,767,269	1,766,551	(718)
Total other protection	2,053,179	2,166,179	2,174,784	8,605
Total public safety	22,853,825	26,214,222	26,010,251	(203,971)
Public works:				
General administration	68,141	68,141	63,264	(4,877)
Garage operations	851,071	851,071	740,826	(110,245)
Maintenance:				
General properties	382,836	417,836	397,742	(20,094)
Courthouse	276,136	289,136	301,817	12,681
School office building	116,519	123,519	141,419	17,900
Extension/central garage building	50,245	59,245	61,242	1,997
Human Services/Health department building	183,384	183,384	196,998	13,614
TV translator system	10,100	10,100	10,022	(78)
County administration complex	468,634	468,634	375,204	(93,430)
District courts	338,938	338,938	323,057	(15,881)
Sheriff department	156,029	156,029	184,064	28,035
Recreational facilities	258,406	258,406	125,716	(132,690)
Research and technology center	-	-	414	414
Total public works	3,160,439	3,224,439	2,921,785	(302,654)

GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 2015

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	\$ 638,184	\$ 638,184	\$ 636,691	\$ (1,493)
Mental health and mental retardation:				
Community Services Board	539,653	539,653	539,653	-
Social services:				
Property tax relief for elderly/handicapped	330,000	330,000	355,247	25,247
Appropriation to the Harrisonburg-Rockingham Social Services District	3,487,011	3,642,011	3,642,011	-
Change in investment in the Harrisonburg-Rockingham Social Services District	-	-	47,208	47,208
Institutional care	228,038	228,038	179,556	(48,482)
Total health and social services	5,222,886	5,377,886	5,400,366	22,480
Education:				
Appropriation to the Rockingham County School Board	54,540,550	55,057,550	52,194,738	(2,862,812)
Total education	54,540,550	55,057,550	52,194,738	(2,862,812)
Parks, recreation and cultural:				
Parks and recreation:				
Administration	181,253	181,253	176,555	(4,698)
Athletic events/programs	1,293,027	1,345,808	1,253,372	(92,436)
Total parks and recreation	1,474,280	1,527,061	1,429,927	(97,134)
Cultural:				
Regional library	767,902	767,902	767,902	-
Total parks, recreation and cultural	2,242,182	2,294,963	2,197,829	(97,134)
Community development:				
Planning and community development	605,978	609,743	616,952	7,209
Geographic information systems	121,464	121,464	113,947	(7,517)
Economic development	1,319,538	1,319,538	1,141,962	(177,576)
Soil and water conservation district	34,000	34,000	34,000	-
Cooperative extension program	121,761	121,761	107,951	(13,810)
Environmental management	245,550	245,550	176,337	(69,213)
Contributions, grants and other	1,317,409	697,409	562,511	(134,898)
Total community development	3,765,700	3,149,465	2,753,660	(395,805)

GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 2015

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Debt service:				
Principal - County	\$ 1,507,706	\$ 1,507,706	\$ 1,507,848	\$ 142
Principal - School Board	5,674,158	5,674,158	5,674,158	-
Total principal	7,181,864	7,181,864	7,182,006	142
Interest and fiscal charges - County	626,684	811,684	798,716	(12,968)
Interest and fiscal charges - School Board	3,783,395	3,783,395	3,782,350	(1,045)
Total interest and fiscal charges	4,410,079	4,595,079	4,581,066	(14,013)
Total debt service	11,591,943	11,776,943	11,763,072	(13,871)
Total General Fund	\$ 111,649,620	\$ 115,820,195	\$ 111,680,539	\$ (4,139,656)
Special Revenue Fund:				
Asset Forfeiture Fund:				
Judicial administration:				
Commonwealth attorney	\$ 200,000	\$ 200,000	\$ 106,072	\$ (93,928)
Public safety:				
Law enforcement	200,000	210,000	111,205	(98,795)
Total Asset Forfeiture Fund	400,000	410,000	217,277	(192,723)
Total Special Revenue Fund	\$ 400,000	\$ 410,000	\$ 217,277	\$ (192,723)
General Capital Projects Fund:				
Capital projects	\$ 11,670,000	\$ 12,137,657	\$ 5,048,279	\$ (7,089,378)
Education:				
Appropriation to the Rockingham				
County School Board	-	1,596,000	1,596,000	-
Total General Capital Projects Fund	\$ 11,670,000	\$ 13,733,657	\$ 6,644,279	\$ (7,089,378)
Grand Total Expenditures - Primary Government	\$ 123,719,620	\$ 129,963,852	\$ 118,542,095	\$ (11,421,757)

GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 2015

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Component Units:				
Component Unit - School Board:				
School Operating Fund:				
Education:				
Instruction	\$ 94,231,207	\$ 94,674,339	\$ 92,889,592	\$ (1,784,747)
Administration, attendance and health	5,827,396	5,901,196	5,941,112	39,916
Pupil transportation services	8,900,240	8,900,272	9,037,052	136,780
Operation and maintenance services	12,083,396	12,083,396	11,870,061	(213,335)
Total School Operating Fund	121,042,239	121,559,203	119,737,817	(1,821,386)
School Textbook Fund:				
Education:				
Purchase of textbooks	662,000	662,000	554,937	(107,063)
Total School Textbook Fund	662,000	662,000	554,937	(107,063)
School Cafeteria Fund:				
Education:				
School food services	5,405,361	5,405,361	5,159,760	(245,601)
Total School Cafeteria Fund	5,405,361	5,405,361	5,159,760	(245,601)
School Capital Projects Fund:				
Capital projects	756,000	1,596,000	1,359,167	(236,833)
Total School Capital Projects Fund	756,000	1,596,000	1,359,167	(236,833)
Massanutten Technical Center - Operating Fund:				
Education:				
Secondary	3,994,087	3,971,965	3,945,012	(26,953)
Continuing education	1,129,257	1,129,257	1,045,367	(83,890)
Total Massanutten Technical Center - Operating Fund	5,123,344	5,101,222	4,990,379	(110,843)
Total Expenditures - Component Unit - School Board	\$ 132,988,944	\$ 134,323,786	\$ 131,802,060	\$ (2,521,726)

GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 2015

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Component Units:				
Component Unit - Harrisonburg-Rockingham				
Social Services District:				
Operating Fund:				
Social services:				
Public assistance	\$ 9,082,822	\$ 9,253,811	\$ 6,847,545	\$ (2,406,266)
Administration:				
Welfare	6,667,738	6,667,738	6,633,320	(34,418)
Virginia juvenile community crime control act grant	-	86,831	82,081	(4,750)
Capital projects	395,000	395,000	544,751	149,751
Total Operating Fund	16,145,560	16,403,380	14,107,697	(2,295,683)
Special Revenue Fund:				
Comprehensive Services Act Fund:				
Comprehensive Services Act	9,590,000	10,240,000	9,157,109	(1,082,891)
Total Comprehensive Services Act Fund	9,590,000	10,240,000	9,157,109	(1,082,891)
Total Expenditures - Component Unit - Harrisonburg-Rockingham Social Services District	\$ 25,735,560	\$ 26,643,380	\$ 23,264,806	\$ (3,378,574)
Grand Total Expenditures - Component Units	\$ 158,724,504	\$ 160,967,166	\$ 155,066,866	\$ (5,900,300)

STATISTICAL SECTION

COUNTY OF ROCKINGHAM, VIRGINIA

STATISTICAL SECTION TABLE OF CONTENTS

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

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

STATISTICAL SECTION

Comments Relative to Statistical Section

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

Table 2

NET POSITION/ASSETS BY COMPONENT

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

	Fiscal Year June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Primary government:										
Governmental activities:										
Net investment in capital assets	\$ 21,591,028	\$ 28,293,610	\$ 34,024,527	\$ 33,331,094	\$ 31,494,506	\$ 31,571,104	\$ 34,323,744	\$ 34,110,413	\$ 34,093,586	\$ 33,589,878
Restricted	5,060,638	4,007,776	2,141,716	351,245	422,337	1,383,005	420,988	2,897,307	3,782,011	235,709
Unrestricted (deficit)	(13,707,781)	(33,175,692)	(44,397,535)	(71,164,591)	(68,208,673)	(58,123,750)	(49,401,105)	(40,378,653)	(33,093,357)	(34,021,125)
Total governmental activities net assets (deficit)	\$ 12,943,885	\$ (874,306)	\$ (8,231,292)	\$ (37,482,252)	\$ (36,291,830)	\$ (25,169,641)	\$ (14,656,373)			
Total governmental activities net position (deficit)								\$ (3,370,933)	\$ 4,782,240	\$ (195,538)
Business-type activities:										
Net investment in capital assets	\$ 24,988,500	\$ 27,157,689	\$ 30,339,570	\$ 32,111,181	\$ 30,738,179	\$ 29,369,801	\$ 29,166,125	\$ 28,953,581	\$ 29,032,472	\$ 33,482,569
Unrestricted	1,257,682	1,296,143	1,170,036	145,128	1,153,253	2,261,627	3,028,033	5,479,288	7,187,340	4,974,695
Total business-type activities net assets	\$ 26,246,182	\$ 28,453,832	\$ 31,509,606	\$ 32,256,309	\$ 31,891,432	\$ 31,631,428	\$ 32,194,158			
Total business-type activities net position								\$ 34,432,869	\$ 36,219,812	\$ 38,457,264
Primary government:										
Net investment in capital assets	\$ 46,579,528	\$ 55,451,299	\$ 64,364,097	\$ 65,442,275	\$ 62,232,685	\$ 60,940,905	\$ 63,489,869	\$ 63,063,994	\$ 63,126,058	\$ 67,072,447
Restricted	5,060,638	4,007,776	2,141,716	351,245	422,337	1,383,005	420,988	2,897,307	3,782,011	235,709
Unrestricted (deficit)	(12,450,099)	(31,879,549)	(43,227,499)	(71,019,463)	(67,055,420)	(55,862,123)	(46,373,072)	(34,899,365)	(25,906,017)	(29,046,430)
Total primary government net assets	\$ 39,190,067	\$ 27,579,526	\$ 23,278,314	\$ (5,225,943)	\$ (4,400,398)	\$ 6,461,787	\$ 17,537,785			
Total primary government net position								\$ 31,061,936	\$ 41,002,052	\$ 38,261,726
Component units: (1)										
Component unit - school board:										
Net investment in capital assets	\$ 86,187,275	\$ 97,992,458	\$ 106,448,102	\$ 150,698,882	\$ 166,440,045	\$ 161,143,761	\$ 155,669,779	\$ 148,854,227	\$ 141,355,850	\$ 135,289,320
Unrestricted (deficit)	(5,126,115)	7,669,973	17,399,200	11,635,128	2,949,404	407,514	(2,863,316)	(4,499,513)	(5,090,456)	(109,438,758)
Total component unit - school board net assets	\$ 81,061,160	\$ 105,662,431	\$ 123,847,302	\$ 162,334,010	\$ 169,389,449	\$ 161,551,275	\$ 152,806,463			
Total component unit - school board net position								\$ 144,354,714	\$ 136,265,394	\$ 25,850,562

Component unit - Harrisonburg-Rockingham Social Services District																						
Net investment in capital assets	\$	170,053	\$	194,573	\$	162,869	\$	119,199	\$	78,918	\$	40,063	\$	18,903	\$	8,480	\$	2,144,091	\$	2,574,720		
Restricted (4)		-		-		-		-		-		-		-		2,161,138		1,448,333		1,393,537		
Unrestricted		1,283,243		1,405,048		1,774,814		2,345,485		3,629,702		4,118,759		4,021,587		2,392,680		1,433,092		697,955		
Total component unit - HRSSD net assets	\$	1,453,296	\$	1,599,621	\$	1,937,683	\$	2,464,684	\$	3,708,620	\$	4,158,822	\$	4,040,490								
Total component unit - HRSSD net position															\$	4,562,298	\$	5,025,516	\$	4,666,212		
Component units:																						
Net investment in capital assets	\$	86,357,328	\$	98,187,031	\$	106,610,971	\$	150,818,081	\$	166,518,963	\$	161,183,824	\$	155,688,682	\$	148,862,707	\$	143,499,941	\$	137,864,040		
Restricted		-		-		-		-		-		-		-		2,161,138		1,448,333		1,393,537		
Unrestricted (deficit)		(3,842,872)		9,075,021		19,174,014		13,980,613		6,579,106		4,526,273		1,158,271		(2,106,833)		(3,657,364)		(108,740,803)		
Total component units net assets	\$	82,514,456	\$	107,262,052	\$	125,784,985	\$	164,798,694	\$	173,098,069	\$	165,710,097	\$	156,846,953								
Total component units net position															\$	148,917,012	\$	141,290,910	\$	30,516,774		
Total reporting entity: (2)																						
Net investment in capital assets	\$	92,025,796	\$	91,525,876	\$	93,738,763	\$	103,933,620	\$	121,884,712	\$	121,414,263	\$	124,593,294	\$	123,453,125	\$	124,167,242	\$	128,405,019		
Restricted		5,060,638		4,007,776		2,141,716		351,245		422,337		1,383,005		420,988		5,058,445		5,230,344		1,629,246		
Unrestricted		24,618,089		39,307,926		53,182,820		55,287,886		46,390,622		49,374,616		49,370,456		51,467,378		52,895,376		(61,255,765)		
Total reporting entity net assets	\$	121,704,523	\$	134,841,578	\$	149,063,299	\$	159,572,751	\$	168,697,671	\$	172,171,884	\$	174,384,738								
Total reporting entity net position															\$	179,978,948	\$	182,292,962	\$	68,778,500		
												(5)										

Notes:

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

COUNTY OF ROCKINGHAM, VIRGINIA

Table 3
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CHANGES IN NET POSITION/ASSETS
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Primary government:										
Expenses:										
Governmental activities:										
General government administration	\$ 4,564,294	\$ 4,911,660	\$ 4,932,635	\$ 5,172,496	\$ 4,927,727	\$ 4,694,851	\$ 4,941,835	\$ 5,194,117	\$ 5,462,554	\$ 6,039,859
Judicial administration	3,109,327	3,537,795	3,496,761	4,231,590	3,678,728	3,462,425	3,528,685	3,638,701	3,859,974	3,815,111
Public safety	16,728,591	18,690,616	19,040,217	20,558,230	19,529,025	20,392,396	20,970,030	21,372,315	23,580,101	23,826,370
Public works	2,187,373	2,510,342	2,567,406	2,515,660	2,384,927	2,453,101	2,587,532	5,144,874	6,898,649	6,868,624
Health and social services	4,402,543	4,811,248	4,792,353	5,087,755	5,212,611	5,005,635	4,834,979	4,702,838	3,769,309	5,715,170
Education	39,932,203	60,500,234	57,109,186	78,046,276	48,129,186	40,665,573	44,255,322	50,100,041	49,859,613	53,790,738
Parks, recreation and cultural	2,083,985	2,201,115	2,642,462	2,166,951	2,090,895	2,170,122	2,235,340	2,199,897	2,186,224	2,209,125
Community development	3,830,069	2,491,258	3,415,397	6,142,118	6,182,334	5,038,071	4,161,755	4,009,340	3,356,974	3,583,964
Interest	2,572,000	3,077,757	3,811,072	5,773,990	6,335,856	5,860,063	5,557,308	4,756,975	4,354,774	4,170,608
Total governmental activities	79,410,385	102,732,025	101,807,489	129,695,066	98,471,289	89,742,237	93,072,786	101,119,098	103,328,172	110,019,569
Business-type activities:										
Water and sewer	3,330,466	3,833,638	4,233,280	4,675,849	5,616,481	5,942,628	6,272,040	6,160,039	6,363,516	6,621,701
Solid waste	3,541,130	3,680,963	4,244,472	3,864,456	3,792,474	3,693,575	3,766,051	4,362,003	5,123,106	4,811,787
Total business-type activities	6,871,596	7,514,601	8,477,752	8,540,305	9,408,955	9,636,203	10,038,091	10,522,042	11,486,622	11,433,488
Total primary government expenses	86,281,981	110,246,626	110,285,241	138,235,371	107,880,244	99,378,440	103,110,877	111,641,140	114,814,794	121,453,057
Program revenue:										
Governmental activities:										
Charges for services:										
General government administration	4,764	2,877	5,729	1,511	4,058	4,815	2,200	1,359	2,059	3,511
Judicial administration	1,213,214	1,157,469	1,149,624	1,286,689	1,073,326	914,178	924,169	1,005,202	990,660	1,097,413
Public safety	3,974,894	4,124,597	4,604,090	4,073,797	4,090,326	5,171,000	5,053,378	5,495,186	6,312,309	7,276,430
Public works	757,503	826,007	1,014,447	1,021,587	956,152	1,098,549	1,078,306	1,183,823	1,141,301	1,104,328
Health and social services	52,834	26,086	-	5,665	7,953	83,232	34,717	-	17,745	1,204
Parks, recreation and cultural	300,701	326,290	324,628	405,709	467,229	696,685	660,369	690,110	756,422	805,431
Community development	7,615	3,011	2,727	1,786	4,017	1,467	3,085	2,975	3,727	2,540
Operating grants and contributions:										
General government administration	446,138	472,051	512,537	478,451	429,322	393,503	410,967	395,203	417,952	411,690
Judicial administration	1,819,324	2,032,672	2,031,766	2,177,711	2,124,717	2,088,186	2,003,636	2,034,608	2,178,098	2,135,443
Public safety	6,556,093	7,382,949	7,200,334	6,942,243	6,444,716	6,307,124	6,275,040	6,129,746	6,665,123	6,578,170
Public works	-	117,009	-	-	1,667	-	-	-	-	-
Health and social services	116,012	121,558	139,069	163,829	143,987	147,726	155,737	186,696	172,263	176,963
Education	-	-	-	-	-	-	-	562,808	-	-
Community development	1,638,937	206,836	236,640	252,985	258,319	259,647	-	-	-	-
Capital grants and contributions:										
General government administration	99,075	-	-	-	-	-	-	-	-	-
Judicial administration	67,119	57,501	-	-	-	-	-	-	-	-
Public safety	372,230	163,721	-	83,950	118,588	269,312	22,000	38,354	-	-
Public works	-	-	-	-	-	-	36,410	2,537,447	2,802,447	2,394,638
Total governmental activities	17,426,453	17,020,634	17,221,591	16,895,913	16,124,377	17,435,424	16,660,014	20,263,517	21,460,106	21,987,761

COUNTY OF ROCKINGHAM, VIRGINIA

CHANGES IN NET POSITION/ASSETS

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

Table 3

Page 2

	Fiscal Year June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Primary government:										
Program revenue:										
Business-type activities:										
Charges for services:										
Water and sewer	\$ 4,772,135	\$ 4,285,196	\$ 5,618,815	\$ 5,128,660	\$ 6,075,853	\$ 5,696,405	\$ 6,044,184	\$ 6,561,144	\$ 7,436,597	\$ 6,450,673
Solid waste	2,329,945	2,377,044	3,180,166	2,699,300	2,353,901	2,572,712	3,538,098	5,027,936	5,057,086	5,461,705
Operating grants and contributions:										
Water and sewer	10,000	-	-	-	-	-	-	-	-	1,638,030
Solid waste	24,025	19,906	-	-	-	-	-	-	-	-
Capital grants and contributions:										
Water and sewer	1,861,994	244,227	1,302,827	930,509	-	-	-	-	-	-
Solid waste	261,494	2,270,953	706,052	85,181	-	-	-	-	-	870,563
Total business-type activities	9,259,593	9,197,326	10,807,860	8,843,650	8,429,754	8,269,117	9,582,282	11,589,080	12,493,683	14,420,971
Total primary government revenues	26,686,046	26,217,960	28,029,451	25,739,563	24,554,131	25,704,541	26,242,296	31,852,597	33,953,789	36,408,732
Net (expense) revenue:										
Governmental activities	(61,983,932)	(85,711,391)	(84,585,898)	(112,799,153)	(82,346,912)	(72,306,813)	(76,412,772)	(80,855,581)	(81,868,066)	(88,031,808)
Business-type activities	2,387,997	1,682,725	2,330,108	303,345	(979,201)	(1,367,086)	(455,809)	1,067,038	1,007,061	2,987,483
Total primary government, net expense	(59,595,935)	(84,028,666)	(82,255,790)	(112,495,808)	(83,326,113)	(73,673,899)	(76,868,581)	(79,788,543)	(80,861,005)	(85,044,325)
Governmental activities:										
Taxes:										
General property taxes	48,387,991	53,409,714	58,574,698	65,895,837	66,376,392	64,490,691	67,972,029	70,601,427	70,208,531	71,962,305
Local sales and use	4,358,695	4,528,481	4,764,451	4,567,854	4,168,753	4,732,665	4,991,019	4,881,368	5,309,256	5,387,061
Consumer utility and communications sales and use	1,554,418	2,070,502	2,809,135	2,667,992	2,676,009	2,680,007	1,028,014	1,035,484	1,078,402	1,095,486
Motor vehicles licenses	1,182,848	1,194,912	1,193,657	1,176,765	1,169,718	1,179,162	1,227,744	1,236,520	1,209,701	1,211,564
Other	2,868,462	2,252,937	1,575,825	1,584,576	1,705,225	536,127	2,265,454	2,477,774	2,327,886	2,680,681
Intergovernmental, non-categorical aid	6,605,919	6,502,475	6,226,104	6,589,500	6,389,141	8,065,994	8,037,774	8,003,995	8,079,422	7,838,718
Use of money and property	1,490,446	1,875,536	1,665,526	786,523	839,375	964,574	1,067,549	1,472,098	1,505,611	1,460,029
Miscellaneous	184,897	119,643	463,242	279,146	232,721	779,782	336,457	345,024	302,430	364,608
Transfers	(395,620)	(61,000)	(43,726)	-	(20,000)	-	-	(63,336)	-	870,563
Total governmental activities	66,238,056	71,893,200	77,228,912	83,548,193	83,537,334	83,429,002	86,926,040	89,990,354	90,021,239	92,871,015
Business-type activities:										
Use of money and property	213,845	265,494	381,280	199,683	34,080	40,269	39,839	67,961	65,660	93,935
Miscellaneous	153,136	198,431	300,660	243,675	560,244	1,066,813	978,700	1,040,376	898,936	837,750
Transfers	395,620	61,000	43,726	-	20,000	-	-	63,336	-	(870,563)
Total business-type activities	762,601	524,925	725,666	443,358	614,324	1,107,082	1,018,539	1,171,673	964,596	61,122
Total primary government	67,000,657	72,418,125	77,954,578	83,991,551	84,151,658	84,536,084	87,944,579	91,162,027	90,985,835	92,932,137
Changes in net assets:										
Governmental activities	4,254,124	(13,818,191)	(7,356,986)	(29,250,960)	1,190,422	11,122,189	10,513,268			
Business-type activities	3,150,598	2,207,650	3,055,774	746,703	(364,877)	(260,004)	562,730			
Total primary government	\$ 7,404,722	\$ (11,610,541)	\$ (4,301,212)	\$ (28,504,257)	\$ 825,545	\$ 10,862,185	\$ 11,075,998			
Changes in net position:										
Governmental activities								9,134,773	8,153,173	4,839,207
Business-type activities								2,238,711	1,971,657	3,048,605
Total primary government								\$ 11,373,484	\$ 10,124,830	\$ 7,887,812

COUNTY OF ROCKINGHAM, VIRGINIA

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

Table 3
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	Fiscal Year June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Component units: (2)										
Component unit - school board:										
Expenses:										
Instruction	\$ 82,718,284	\$ 90,637,877	\$ 92,264,138	\$ 98,007,696	\$ 96,112,008	\$ 94,760,403	\$ 97,309,064	\$ 99,897,237	\$ 100,536,652	\$ 105,050,310
Administration, attendance and health	3,577,646	3,830,297	4,168,083	5,385,017	4,891,885	4,618,967	5,216,029	5,346,780	5,552,174	5,895,218
Pupil transportation	6,327,098	6,959,384	7,426,354	8,086,880	7,184,619	8,281,464	8,758,765	9,084,535	9,338,770	9,196,500
Operation and maintenance services	8,131,472	9,285,011	9,598,863	10,227,516	9,919,463	10,893,761	11,211,522	11,810,101	11,573,942	11,746,547
School food services	4,226,604	4,466,752	4,597,701	4,766,860	4,768,548	4,906,946	5,207,956	5,242,451	5,053,123	5,105,966
Total expenses	104,981,104	115,179,321	118,055,139	126,473,969	122,876,523	123,461,541	127,703,336	131,381,104	132,054,661	136,994,541
Program revenues:										
Charges for services	4,574,290	4,990,446	5,130,225	5,638,328	5,321,960	4,954,423	5,056,717	4,899,326	5,084,433	5,436,058
Operating grants and contributions	62,089,635	70,737,460	72,165,686	77,327,118	72,018,553	69,346,071	69,054,491	67,343,777	68,365,556	72,137,991
Capital grants and contributions	2,200,194	2,623,344	1,103,648	3,559,527	3,854,048	345,977	93,627	81,465	32,720	71,650
Total program revenues	68,864,119	78,351,250	78,399,559	86,524,973	81,194,561	74,646,471	74,204,835	72,324,568	73,482,709	77,645,699
Net expense	(36,116,985)	(36,828,071)	(39,655,580)	(39,948,996)	(41,681,962)	(48,815,070)	(53,498,501)	(59,056,536)	(58,571,952)	(59,348,842)
General revenues and other changes in net assets:										
Grants and contributions not restricted to specific programs	39,932,203	60,500,234	57,109,186	78,046,276	48,129,186	40,665,573	44,255,322	50,100,041	49,859,613	53,790,738
Intergovernmental, non-categorical aid	132,008	129,462	130,477	91,946	93,380	91,783	99,154	107,026	79,643	72,671
Use of money and property	94,518	268,268	408,396	144,563	55,765	54,306	38,899	37,184	31,489	45,918
Miscellaneous	403,245	531,478	192,392	152,919	459,070	165,234	360,314	360,536	511,887	626,406
Total general revenues and other changes in net assets	40,561,974	61,429,442	57,840,451	78,435,704	48,737,401	40,976,896	44,753,689			
Total general revenues and other changes in net position								50,604,787	50,482,632	54,535,733
Total component unit - school board change in net assets	\$ 4,444,989	\$ 24,601,371	\$ 18,184,871	\$ 38,486,708	\$ 7,055,439	\$ (7,838,174)	\$ (8,744,812)			
Total component unit - school board change in net position								\$ (8,451,749)	\$ (8,089,320)	\$ (4,813,109)
Component unit - HRSSD:										
Expenses:										
Public assistance	\$ 4,928,848	\$ 5,024,090	\$ 4,769,948	\$ 5,107,848	\$ 5,730,436	\$ 5,998,480	\$ 6,200,265	\$ 5,838,876	\$ 6,452,300	\$ 6,847,545
Comprehensive services	7,500,224	8,599,794	10,237,263	10,533,322	10,236,725	10,114,771	9,196,586	9,028,213	8,874,411	9,146,513
Welfare	4,765,237	5,141,691	5,611,589	6,138,996	5,820,207	5,676,427	5,714,686	5,889,242	6,233,209	5,997,127
VJCCA	-	-	-	-	-	-	-	-	-	82,081
Food stamp	251,499	206,329	-	-	-	-	-	-	-	-
Fuel assistance	20,892	14,855	-	-	-	-	-	-	-	-
Total expenses	17,466,700	18,986,759	20,618,800	21,780,166	21,787,368	21,789,678	21,111,537	20,756,331	21,559,920	22,073,266
Program revenues:										
Operating grants and contributions	12,409,206	13,149,808	14,121,228	14,843,978	15,969,252	15,401,915	14,695,587	14,869,626	15,586,617	16,200,010
Total program revenues	12,409,206	13,149,808	14,121,228	14,843,978	15,969,252	15,401,915	14,695,587	14,869,626	15,586,617	16,200,010
Net expense	(5,057,494)	(5,836,951)	(6,497,572)	(6,936,188)	(5,818,116)	(6,387,763)	(6,415,950)	(5,886,705)	(5,973,303)	(5,873,256)

COUNTY OF ROCKINGHAM, VIRGINIA

CHANGES IN NET POSITION/ASSETS

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

Table 3

Page 4

	Fiscal Year June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General revenues and other changes in net assets:										
Grants and contributions not restricted to specific programs	\$ 4,802,418	\$ 5,642,819	\$ 6,472,194	\$ 7,147,789	\$ 6,971,699	\$ 6,790,737	\$ 6,242,334	\$ 6,337,742	\$ 6,348,530	\$ 6,739,048
Use of money and property	61,494	82,948	109,362	42,704	15,357	22,423	21,059	32,633	16,177	20,951
Miscellaneous	242,351	257,509	254,078	272,696	74,996	24,805	34,225	38,138	71,814	57,963
Total general revenues and other changes in net assets	5,106,263	5,983,276	6,835,634	7,463,189	7,062,052	6,837,965	6,297,618			
Total general revenues and other changes in net position								6,408,513	6,436,521	6,817,962
Total component unit - HRSSD change in net assets	\$ 48,769	\$ 146,325	\$ 338,062	\$ 527,001	\$ 1,243,936	\$ 450,202	\$ (118,332)			
Total component unit - HRSSD change in net position								\$ 521,808	\$ 463,218	\$ 944,706
Total component units change in net assets	\$ 4,493,758	\$ 24,747,696	\$ 18,522,933	\$ 39,013,709	\$ 8,299,375	\$ (7,387,972)	\$ (8,863,144)			
Total component units change in net position								\$ (7,929,941)	\$ (7,626,102)	\$ (3,868,403)
Total reporting entity change in net assets	\$ 11,898,480	\$ 13,137,155	\$ 14,221,721	\$ 10,509,452	\$ 9,124,920	\$ 3,474,213	\$ 2,212,854			
Total reporting entity change in net position								\$ 3,443,543	\$ 2,498,728	\$ 4,019,409

Notes:

- (1) Net (expense) revenue is the difference between the expenses and program revenues. This difference indicates the degree to which a function or program is supported with its own fees and program-specific grants versus its reliance upon funding from taxes and other general revenues. Numbers in a parentheses are net expenses indicating that expenses were greater than program revenues and, therefore, general revenues were needed to finance that function or program. Numbers without parentheses are net revenues, demonstrating that program revenues were more than sufficient to cover expenses.
- (2) Component units were included in this table due to their significance to the County.
- (3) This table reports financial information based on the accrual basis of accounting. The County implemented GASB Statement No. 63 in fiscal year 2013. This standard eliminated the term "net assets" and now refers to this measurement as "net position."

COUNTY OF ROCKINGHAM, VIRGINIA

Table 4

PROGRAM REVENUES BY FUNCTION/PROGRAM

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

Function/Program	Fiscal Year June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Primary government:										
Governmental activities:										
General government administration	\$ 549,977	\$ 474,928	\$ 518,266	\$ 479,962	\$ 433,380	\$ 398,318	\$ 413,167	\$ 396,562	\$ 420,011	\$ 415,201
Judicial administration	3,099,657	3,247,642	3,181,390	3,464,400	3,198,043	3,002,364	2,927,805	3,039,810	3,168,758	3,232,856
Public safety	10,903,217	11,671,267	11,804,424	11,099,990	10,653,630	11,747,436	11,350,418	11,663,286	12,977,432	13,854,600
Public works	757,503	943,016	1,014,447	1,021,587	957,819	1,098,549	1,114,716	3,721,270	3,943,748	3,498,966
Health and social services	168,846	147,644	139,069	169,494	151,940	230,958	190,454	186,696	190,008	178,167
Education	-	-	-	-	-	-	-	562,808	-	-
Parks, recreation and cultural	300,701	326,290	324,628	405,709	467,229	696,685	660,369	690,110	756,422	805,431
Community development	1,646,552	209,847	239,367	254,771	262,336	261,114	3,085	2,975	3,727	2,540
Total governmental activities	17,426,453	17,020,634	17,221,591	16,895,913	16,124,377	17,435,424	16,660,014	20,263,517	21,460,106	21,987,761
Business-type activities:										
Water and sewer	6,644,129	4,529,423	6,921,642	6,059,169	6,075,853	5,696,405	6,044,184	6,561,144	7,436,597	8,088,703
Solid waste	2,615,464	4,667,903	3,886,218	2,784,481	2,353,901	2,572,712	3,538,098	5,027,936	5,057,086	6,332,268
Total business-type activities	9,259,593	9,197,326	10,807,860	8,843,650	8,429,754	8,269,117	9,582,282	11,589,080	12,493,683	14,420,971
Total primary government	\$ 26,686,046	\$ 26,217,960	\$ 28,029,451	\$ 25,739,563	\$ 24,554,131	\$ 25,704,541	\$ 26,242,296	\$ 31,852,597	\$ 33,953,789	\$ 36,408,732
Component units:										
Component unit - school board:										
Instruction	\$ 64,604,063	\$ 73,831,357	\$ 73,762,964	\$ 81,522,836	\$ 75,488,678	\$ 69,684,411	\$ 69,099,190	\$ 67,373,976	\$ 68,376,769	\$ 72,551,314
Pupil transportation services	-	-	-	-	760,680	-	-	-	-	-
Operation and maintenance services	-	-	-	-	13,723	-	-	-	-	-
School food services	4,260,056	4,519,893	4,636,595	5,002,137	4,931,480	4,962,060	5,105,645	4,950,592	5,105,940	5,094,385
Total component unit - school board	68,864,119	78,351,250	78,399,559	86,524,973	81,194,561	74,646,471	74,204,835	72,324,568	73,482,709	77,645,699
Component unit - HRSSD:										
Public assistance	2,803,610	2,886,219	3,394,896	3,851,693	4,329,056	4,351,937	4,557,975	4,803,986	5,029,280	5,047,847
Comprehensive services	4,558,941	5,096,538	5,985,528	6,500,946	6,633,186	5,960,163	5,234,401	5,193,142	5,237,254	5,377,628
Welfare	5,046,655	5,167,051	4,740,804	4,491,339	5,007,010	5,089,815	4,903,211	4,872,498	5,320,083	5,712,054
VJCCA	-	-	-	-	-	-	-	-	-	62,481
Total component unit - HRSSD	12,409,206	13,149,808	14,121,228	14,843,978	15,969,252	15,401,915	14,695,587	14,869,626	15,586,617	16,200,010
Total component units	\$ 81,273,325	\$ 91,501,058	\$ 92,520,787	\$ 101,368,951	\$ 97,163,813	\$ 90,048,386	\$ 88,900,422	\$ 87,194,194	\$ 89,069,326	\$ 93,845,709
Total reporting entity	\$ 107,959,371	\$ 117,719,018	\$ 120,550,238	\$ 127,108,514	\$ 121,717,944	\$ 115,752,927	\$ 115,142,718	\$ 119,046,791	\$ 123,023,115	\$ 130,254,441

COUNTY OF ROCKINGHAM, VIRGINIA

Table 5

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund:										
Reserved	\$ 839,896	\$ 772,073	\$ 1,003,102	\$ 928,288	\$ 1,097,948	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	19,866,713	18,757,693	26,580,573	22,588,259	27,255,072	-	-	-	-	-
Nonspendable	-	-	-	-	-	808,957	667,271	536,388	483,343	584,337
Restricted (2)	-	-	-	-	-	-	-	3,116,396	2,105,608	2,058,400
Assigned	-	-	-	-	-	2,851	7,551	-	-	-
Unassigned	-	-	-	-	-	28,661,725	28,308,023	25,803,047	25,193,314	25,644,629
Total General Fund	\$ 20,706,609	\$ 19,529,766	\$ 27,583,675	\$ 23,516,547	\$ 28,353,020	\$ 29,473,533	\$ 28,982,845	\$ 29,455,831	\$ 27,782,265	\$ 28,287,366
All Other Governmental Funds:										
Reserved	\$ 5,060,638	\$ 4,007,776	\$ 2,141,716	\$ 351,245	\$ 422,337	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	5,600,527	11,856,272	20,326,913	18,761,704	10,102,262	-	-	-	-	-
Nonspendable	-	-	-	-	-	11,143	11,143	11,143	11,143	11,143
Restricted	-	-	-	-	-	1,371,862	409,284	484,439	193,685	224,566
Assigned	-	-	-	-	-	12,822,866	14,439,666	19,801,602	22,093,893	17,828,714
Total all other governmental funds	\$ 10,661,165	\$ 15,864,048	\$ 22,468,629	\$ 19,112,949	\$ 10,524,599	\$ 14,205,871	\$ 14,860,093	\$ 20,297,184	\$ 22,298,721	\$ 18,064,423

Notes:

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

COUNTY OF ROCKINGHAM, VIRGINIA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year			
	2006	2007	2008	2009
Revenues:				
General property taxes	\$ 48,094,569	\$ 53,700,795	\$ 58,855,180	\$ 65,570,241
Other local taxes	9,964,423	10,046,832	10,343,068	9,997,187
Permits, privilege fees and licenses	985,817	957,006	1,176,374	749,140
Fines and forfeitures	345,805	207,283	155,677	148,535
Use of money and property	1,491,226	1,876,615	1,646,317	771,924
Charges for services	2,846,255	2,662,046	3,288,037	2,850,575
Miscellaneous	180,897	241,223	463,242	279,146
Recovered costs	2,194,187	2,715,669	2,480,181	3,048,135
Reimbursement from component unit	-	-	-	-
Intergovernmental	17,659,528	16,980,026	16,346,450	16,688,669
Total revenues	83,762,707	89,387,495	94,754,526	100,103,552
Expenditures:				
General government administration	4,250,012	4,429,174	4,563,051	4,659,357
Judicial administration	2,927,878	3,249,146	3,173,240	3,827,879
Public safety	17,683,188	20,304,161	21,242,649	19,874,198
Public works	2,181,679	2,480,757	2,628,117	2,482,615
Health and social services	4,108,260	4,517,523	4,748,614	5,044,027
Education	39,932,203	60,500,234	57,109,186	78,046,276
Parks, recreation and cultural	1,754,520	2,061,923	2,115,026	2,064,277
Community development	3,771,777	2,355,778	3,122,860	5,783,273
Capital outlay	6,994,594	3,026,051	9,740,578	12,088,043
Debt service:				
Principal	12,260,303	14,179,314	4,760,106	5,173,395
Interest and fiscal charges	2,387,346	2,822,878	3,459,559	5,473,153
Total expenditures	98,251,760	119,926,939	116,662,986	144,516,493
Revenues over (under) expenditures	(14,489,053)	(30,539,444)	(21,908,460)	(44,412,941)
Other financing sources (uses):				
Transfers in	10,283,452	10,517,916	19,658,172	13,556,253
Transfers out	(10,679,072)	(10,578,916)	(19,701,898)	(16,071,679)
Issuance of debt	9,404,190	33,757,200	35,494,713	37,261,410
Payment to refunded bond escrow agent	-	-	-	-
Premium on issuance debt	518,642	869,284	1,115,963	2,244,149
Total other financing sources (uses), net	9,527,212	34,565,484	36,566,950	36,990,133
Net change in fund balance	\$ (4,961,841)	\$ 4,026,040	\$ 14,658,490	\$ (7,422,808)

Table 6
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June 30,					
2010	2011	2012	2013	2014	2015
\$ 66,216,435	\$ 64,487,098	\$ 67,611,207	\$ 70,546,928	\$ 70,426,736	\$ 71,932,121
9,719,705	9,127,961	9,512,231	9,631,146	9,925,245	10,374,792
803,462	904,624	692,745	888,111	1,003,449	1,085,078
238,435	274,412	274,611	167,342	159,842	184,583
833,742	957,222	1,059,359	1,457,668	1,494,063	1,444,522
2,801,305	3,573,280	3,406,935	3,657,806	3,925,885	3,956,131
232,721	779,782	336,457	345,024	302,430	364,608
2,759,777	3,217,501	3,381,843	3,665,254	4,134,950	5,064,878
-	-	-	562,808	-	-
15,910,457	17,531,492	16,941,563	19,326,049	20,315,305	19,535,622
99,516,039	100,853,372	103,216,951	110,248,136	111,687,905	113,942,335
4,398,991	4,149,027	4,196,686	4,463,079	4,787,939	4,804,695
3,343,653	3,123,597	3,188,815	3,371,268	3,540,441	3,740,215
18,910,325	19,817,574	20,309,292	20,575,858	22,919,965	26,121,456
2,352,738	2,522,534	2,580,230	2,705,553	2,852,182	2,921,785
5,168,646	4,955,083	4,777,502	4,557,024	5,898,577	5,400,366
48,129,186	40,665,573	44,255,322	50,100,041	49,859,613	53,790,738
2,023,049	2,212,498	2,154,894	2,126,961	2,130,299	2,197,829
4,467,357	4,211,445	3,399,091	3,154,781	2,497,658	2,753,660
1,969,136	354,404	4,325,301	2,796,798	4,593,950	5,048,279
6,166,108	7,781,938	7,797,795	8,086,516	7,528,018	7,182,006
6,318,727	6,257,914	6,068,489	5,148,228	4,751,292	4,581,066
103,247,916	96,051,587	103,053,417	107,086,107	111,359,934	118,542,095
(3,731,877)	4,801,785	163,534	3,162,029	327,971	(4,599,760)
-	4,000,000	4,890,000	4,930,448	4,284,869	1,947,743
(20,000)	(4,000,000)	(4,890,000)	(4,960,000)	(4,284,869)	(1,077,180)
-	-	-	-	-	13,125,000
-	-	-	-	-	(13,125,000)
-	-	-	-	-	-
(20,000)	-	-	(29,552)	-	870,563
\$ (3,751,877)	\$ 4,801,785	\$ 163,534	\$ 3,132,477	\$ 327,971	\$ (3,729,197)

COUNTY OF ROCKINGHAM, VIRGINIA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year			
	2006	2007	2008	2009
Debt Service as a percentage of noncapital expenditures:				
Primary government:				
Total debt service	\$ 6,147,649	\$ 7,002,192	\$ 8,219,665	\$ 10,646,548
Total expenditures	\$ 98,251,760	\$ 119,926,939	\$ 116,662,986	\$ 144,516,493
Less: Capital outlay - primary government	(8,292,345)	(5,178,774)	(12,251,238)	(12,330,838)
Noncapital expenditures	\$ 89,959,415	\$ 114,748,165	\$ 104,411,748	\$ 132,185,655
Debt service as a percentage of noncapital expenditures	6.83%	6.10%	7.87%	8.05%
Component units - School Board and HRSSD:				
Expenditures:				
School board	\$ 112,940,930	\$ 126,615,863	\$ 140,207,962	\$ 156,426,408
HRSSD	17,507,539	19,003,775	20,551,545	21,623,271
Less: Capital outlay - school board	(12,132,999)	(15,933,797)	(26,060,681)	(36,916,024)
Less: Capital outlay - HRSSD	(108,097)	(81,992)	(30,132)	(17,503)
Noncapital expenditures	\$ 118,207,373	\$ 129,603,849	\$ 134,668,694	\$ 141,116,152
Total reporting entity:				
Total noncapital expenditures	\$ 163,224,530	\$ 178,316,728	\$ 176,379,713	\$ 188,815,003
Debt service as a percentage of noncapital expenditures	3.77%	3.93%	4.66%	5.64%

Table 6
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June 30,					
2010	2011	2012	2013	2014	2015
\$ 12,484,835	\$ 14,039,852	\$ 13,866,284	\$ 13,234,744	\$ 12,279,310	\$ 11,763,072
\$ 103,247,916	\$ 96,051,587	\$ 103,053,417	\$ 107,086,107	\$ 111,359,934	\$ 118,542,095
(1,012,486)	(967,936)	(4,807,614)	(668,787)	(1,258,644)	(2,087,485)
\$ 102,235,430	\$ 95,083,651	\$ 98,245,803	\$ 106,417,320	\$ 110,101,290	\$ 116,454,610
12.21%	14.77%	14.11%	12.44%	11.15%	10.10%
\$ 138,094,883	\$ 117,956,384	\$ 120,957,761	\$ 124,197,953	\$ 123,811,920	\$ 131,802,060
21,729,506	21,608,529	21,028,646	20,668,028	23,594,887	23,264,806
(21,949,313)	(2,405,403)	(3,307,213)	(2,037,300)	(1,421,014)	(2,891,187)
(16,646)	-	-	-	(2,163,687)	(530,456)
\$ 137,858,430	\$ 137,159,510	\$ 138,679,194	\$ 142,828,681	\$ 143,822,106	\$ 151,645,223
\$ 185,875,702	\$ 185,478,384	\$ 186,794,179	\$ 193,713,080	\$ 197,938,726	\$ 207,908,866
6.72%	7.57%	7.42%	6.83%	6.20%	5.66%

COUNTY OF ROCKINGHAM, VIRGINIA

Table 6

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Page 3

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

Notes:

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

COUNTY OF ROCKINGHAM, VIRGINIA

Table 7

TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

Fiscal Year June 30,	Property (1)	Local Sales and Use	Motor Vehicle	Consumer Utility and Communications Sales and Use (2)	Recordation and Wills	Food and Beverage	Other	Total
2006	\$ 47,371,332	\$ 4,358,695	\$ 1,182,848	\$ 1,554,418	\$ 1,339,981	\$ -	\$ 1,528,481	\$ 57,335,755
2007	53,030,324	4,528,481	1,194,912	2,070,502	1,229,289	-	1,023,648	63,077,156
2008	58,135,150	4,764,451	1,193,657	2,809,135	1,096,756	-	479,069	68,478,218
2009	64,951,212	4,567,854	1,176,765	2,667,992	1,091,116	-	493,460	74,948,399
2010	65,511,983	4,168,753	1,169,718	2,676,009	882,174	297,906	525,145	75,231,688
2011	63,822,003	4,732,665	1,179,162	1,020,285	792,313	788,452	615,084	72,949,964
2012	66,900,268	4,991,019	1,227,744	1,028,014	827,202	824,844	613,408	76,412,499
2013	69,783,176	4,881,368	1,236,520	1,035,484	969,920	889,702	618,152	79,414,322
2014	69,694,829	5,309,526	1,209,701	1,078,402	730,498	925,336	671,782	79,620,074
2015	71,270,077	5,387,061	1,211,564	1,095,486	955,372	1,034,025	691,284	81,644,869
Change 2006-2015	50.45%	23.59%	2.43%	-29.52%	-28.70%	N/A	-54.77%	42.40%

Notes:

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

Table 8

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

Calendar Year	Residential Property (1)	Commercial Property (1)	Industrial Property (1)	Farm Property (1)	Exempt & Nontaxable Property (1) (2)	Total Assessed Value	Percent Growth	Assessed Value of Tax Deferred Land Use (3)	Total Taxable Value	Total Direct Tax Rate	Tax Value as a Percentage of Assessed Value
2006	\$ 4,175,920,000	\$ 561,138,500	\$ 199,329,900	\$ 1,563,332,100	\$ 808,595,000	\$ 7,308,315,500	32.27%	\$ 750,057,133	\$ 5,749,663,367	\$ 0.58	78.67%
2007	4,423,051,100	604,443,100	199,611,300	1,628,213,900	835,705,200	7,691,024,600	4.98%	750,071,941	6,105,247,359	0.58	79.38%
2008	4,590,978,700	610,682,700	261,590,000	1,656,580,500	847,847,400	7,967,679,300	3.47%	756,364,258	6,363,467,642	0.60	79.87%
2009	4,716,212,700	611,433,100	260,782,100	1,677,385,800	872,697,500	8,138,511,200	2.10%	753,312,347	6,512,501,353	0.60	80.02%
2010	4,879,919,700	718,626,400	277,930,600	1,915,838,000	987,038,600	8,779,353,300	7.30%	931,781,985	6,860,189,315	0.60	78.14%
2011	4,945,640,600	717,918,900	244,690,500	1,924,739,900	1,003,185,100	8,836,175,000	0.65%	922,202,345	6,910,787,555	0.60	78.21%
2012	4,999,192,200	728,316,900	254,690,200	1,944,432,200	1,139,922,400	9,066,553,900	2.54%	938,573,459	6,988,058,041	0.64	77.08%
2013	5,035,839,700	734,537,700	258,387,400	1,956,029,000	1,148,229,700	9,133,023,500	0.73%	950,926,733	7,033,867,067	0.64	77.02%
2014	5,131,903,600	744,413,500	260,799,200	2,069,514,600	1,155,622,900	9,362,253,800	2.45%	1,060,320,506	7,146,310,394	0.64	76.33%
2015	5,198,957,000	765,627,500	258,445,700	2,073,139,200	1,155,559,900	9,451,729,300	0.96%	1,014,434,080	7,281,735,320	0.66/0.68	77.04%

Source:

Rockingham County real estate records.

Notes:

- (1) Real estate assessed values are assessed for comparison to fair market value every four years. (2006, 2010 and 2014)
- (2) Nontaxable and exempt property includes principally real estate owned by governmental, religious, charitable or educational entities.
- (3) Rockingham County has adopted land use valuation for agricultural and open space land. Rather than fair market value, the value of this property is based upon its "use" value.

COUNTY OF ROCKINGHAM, VIRGINIA

Table 9

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

Rockingham County

Fiscal Year June 30,	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital	Farm Machinery	Total Direct Rate
2006	\$ 0.71/0.58	\$ 2.80	\$ 0.71	\$ 2.55	\$ 0.87	\$ 0.44	\$ 8.02
2007	0.58	2.80	0.58	2.55	0.87	0.44	7.82
2008	0.58/0.60	2.80	0.60	2.55	0.87	0.44	7.85
2009	0.60	2.80	0.60	2.55	0.87	0.44	7.86
2010	0.60	2.80	0.60	2.55	0.87	0.44	7.86
2011	0.60	2.80	0.60	2.55	0.87	0.44	7.86
2012	0.64	2.85	0.64	2.55	0.87	0.44	7.99
2013	0.64	2.85	0.64	2.55	0.87	0.44	7.99
2014	0.64	2.85	0.64	2.55	0.87	0.44	7.99
2015	0.66/0.68	2.90	0.68	2.55	0.87	0.44	8.11

Note:

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

Overlapping Governments

Fiscal Year June 30,	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital	Farm Machinery
2006	\$ 0.05-0.16	\$ 0.20-0.75	\$ 0.07-0.16	\$ 0.30-0.75	\$ 0.30	\$ 0.30
2007	0.07-0.12	0.30-0.75	0.07-0.12	0.30-0.75	0.30-0.46	0.30-0.46
2008	0.05-0.12	0.20-0.75	0.07-0.12	0.30-0.75	0.46	0.46
2009	0.07-0.12	0.30-0.75	0.07-0.46	0.30-0.75	0.30-0.38	0.38-0.46
2010	0.07-0.12	0.30-0.75	0.07-0.46	0.30-0.75	0.30-0.38	0.38-0.46
2011	0.07-0.12	0.30-0.75	0.07-0.46	0.30-0.75	0.30-0.38	0.38-0.46
2012	0.07-0.12	0.30-0.75	0.07-0.46	0.30-0.75	0.30-0.38	0.38-0.46
2013	0.07-0.12	0.30-0.75	0.07-0.46	0.30-0.75	0.30-0.38	0.38-0.46
2014	0.05-0.12	0.20-0.75	0.07-0.46	0.30-0.46	0.30-0.38	0.38-0.46
2015	0.07-0.12	0.20-0.75	0.07-0.46	0.30-0.46	0.30-0.38	0.38-0.46

Notes:

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

COUNTY OF ROCKINGHAM, VIRGINIA

Table 10

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

Taxpayer	2015					
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Property Taxes Paid	Rank	Percentage of Total Property Taxes Paid Value
Great Eastern Resort Management	\$ 424,518,475	1	5.10%	\$ 3,004,669	1	3.80%
MillerCoors	185,205,115	2	2.40%	2,986,932	2	3.80%
White Wave	112,383,815	3	1.20%	1,953,826	3	2.50%
Wal-Mart Retail and Distribution Centers	99,995,690	4	1.10%	1,143,226	6	1.50%
Merck & Company, Inc.	99,754,175	5	1.10%	1,314,817	5	1.70%
R.R. Donnelley & Sons Co.	88,232,885	6	1.00%	1,443,563	4	1.80%
Marshall's	63,079,805	7	0.70%	724,962	7	0.90%
Sunnyside Retirement Community	52,829,400	8	0.60%	353,957	10	0.50%
Cargill	48,111,470	9	0.60%	704,815	8	0.90%
Sysco	38,044,575	10	0.40%	507,916	9	0.60%
Total	\$ 1,212,155,405		14.20%	\$ 14,138,683		18.00%

Taxpayer	2006					
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Property Tax Paid	Rank	Percentage of Total Property Taxes Paid Value
Great Eastern Resort Management	\$ 259,675,800	1	3.90%	\$ 1,521,923	2	2.70%
Adolph Coors Company	101,715,000	2	1.50%	1,757,867	1	3.20%
Merck & Company, Inc.	84,246,000	3	1.30%	1,135,380	4	2.00%
Morningstar Foods	62,342,200	4	0.90%	1,151,907	3	2.10%
Marshall's	56,178,000	5	0.80%	498,722	7	0.90%
Wal-Mart Retail and Distribution Centers	45,284,640	6	0.70%	285,618	10	0.50%
R.R. Donnelley & Sons Co.	38,408,000	7	0.60%	567,460	6	1.00%
Cargil	35,111,000	8	0.50%	607,470	5	1.10%
Sysco	30,083,000	9	0.40%	380,811	8	0.70%
Pilgrims Pride (WLR Foods)	25,221,100	10	0.40%	322,402	9	0.60%
Total	\$ 738,264,740		11.00%	\$ 8,229,560		14.80%

Source:

Rockingham County Commissioner of the Revenue.

(1) Not in Top 10 Taxable Assessed Value

(2) Not in Top 10 Property Taxes Paid

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
2005	\$ 29,636,444	\$ 28,599,152	96.50%	\$ 1,037,292	\$ 29,636,444	100.00%
2006	35,699,555	34,155,546	95.67%	1,544,009	35,699,555	100.00%
2007	36,959,743	35,490,137	96.02%	1,469,606	36,959,743	100.00%
2008	39,591,283	38,147,864	96.35%	1,443,419	39,591,283	100.00%
2009	40,502,223	38,979,011	96.24%	1,481,676	40,460,687	99.90%
2010	42,621,495	40,949,099	96.08%	1,620,927	42,570,026	99.88%
2011	42,997,402	41,455,415	96.41%	1,374,293	42,829,708	99.61%
2012	46,418,364	44,793,454	96.50%	1,047,266	45,840,720	98.76%
2013	46,847,898	45,330,910	96.76%	980,262	46,311,172	98.85%
2014	47,634,558	46,160,931	96.91%	N/A	N/A	N/A

Source:

Rockingham County Treasurer.

Note:

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

COUNTY OF ROCKINGHAM, VIRGINIA

Table 12

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

Fiscal Year	Governmental Activities			Business-Type Activities		Percentage of		Debt Per Capita
	General Obligation Bonds	Literary Loans	Capital Leases	Revenue Bonds	Total Primary Government	Per Capita Personal Income		
2006	\$ 39,993,674	\$ 917,386	\$ 11,487,565	\$ 4,599,162	\$ 56,997,787	2.66%	\$ 783	
2007	61,425,569	686,886	10,648,215	10,853,322	83,613,992	3.66%	1,131	
2008	76,742,419	493,886	27,271,926	17,808,546	122,316,777	5.23%	1,636	
2009	112,010,877	315,859	26,355,902	19,696,028	158,378,666	6.87%	2,093	
2010	106,724,577	142,359	25,396,463	18,816,715	151,080,114	6.45%	1,974	
2011	100,641,607	68,859	23,517,864	17,687,978	141,916,308	5.71%	1,836	
2012	94,585,257	-	21,592,147	16,526,645	132,704,049	5.10%	1,711	
2013	88,473,576	-	19,364,182	15,275,826	123,113,584	4.65%	1,576	
2014	82,458,757	-	17,597,852	13,602,412	113,659,021	4.30%	1,440	
2015	76,531,468	-	16,090,003	12,359,388	104,980,859	N/A	N/A	

General bonded debt outstanding:

Fiscal Year				Percentage of Actual Taxable Value of Property	Debt Per Capita
	General Obligation Bonds	Literary Loans	Total		
2006	\$ 39,993,674	\$ 917,386	\$ 40,911,060	1.03%	\$ 562
2007	61,425,569	686,886	62,112,455	1.08%	840
2008	76,742,419	493,886	77,236,305	1.27%	1,033
2009	112,010,877	315,859	112,326,736	1.77%	1,485
2010	106,724,577	142,359	106,866,936	1.64%	1,397
2011	100,641,607	68,859	100,710,466	1.47%	1,303
2012	94,585,257	-	94,585,257	1.37%	1,220
2013	88,473,576	-	88,473,576	1.27%	1,133
2014	82,458,757	-	82,458,757	1.17%	1,044
2015	76,531,468	-	76,531,468	N/A	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.

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, 2015
(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Town of Bridgewater, Virginia	\$ 1,956,563	6.18%	\$ 120,826
Town of Broadway, Virginia	415,606	4.09%	17,008
Town of Mt. Crawford, Virginia	169,240	0.54%	911
Town of Dayton, Virginia	211,346	1.85%	3,910
Town of Elkton, Virginia	-	0.72%	-
Town of Grottoes, Virginia	512,530	2.52%	12,924
Town of Timberville, Virginia	-	2.10%	-
Subtotal, overlapping debt			<u>155,579</u>
County Direct Debt			<u>92,621,471</u>
Total direct and overlapping debt			<u><u>\$ 92,777,050</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, if applicable

(Unaudited)

Fiscal Year	Water and Sewer Fund						Coverage
	Utility	Operating Expenses	Net	Debt Service			
	Service Charges		Available Revenue	Principal	Interest	Total	
2006	\$ 4,781,488	\$ 2,379,487	\$ 2,402,001	\$ 75,000	\$ 101,597	\$ 176,597	13.60
2007	4,272,477	2,781,574	1,490,903	80,000	104,124	184,124	8.10
2008	5,630,238	3,062,217	2,568,021	136,896	130,042	266,938	9.62
2009	5,125,257	3,283,073	1,842,184	190,000	194,728	384,728	4.79
2010	5,953,542	4,012,722	1,940,820	418,154	462,610	880,764	2.20
2011	5,564,105	4,198,941	1,365,164	410,000	469,502	879,502	1.55
2012	5,776,771	4,497,157	1,279,614	435,000	429,278	864,278	1.48
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

	Smith Creek Water & Waste Authority Fund						
	Utility		Net	Debt Service			
Fiscal Year	Service	Operating	Available				
	Charges	Expenses	Revenue	Principal	Interest	Total	Coverage
2006	\$ 2,060,090	\$ 27,700	\$ 2,032,390	\$ 3,184,701	\$ 100,676	\$ 3,285,377	0.62
2007	504,602	37,089	467,513	97,996	107,731	205,727	2.27
2008	227,067	32,316	194,751	104,581	105,936	210,517	0.93
2009	218,959	93,376	125,583	107,915	102,602	210,517	0.60
2010	215,848	68,805	147,043	111,357	99,160	210,517	0.70
2011	200,492	164,332	36,160	114,912	95,605	210,517	0.17
2012	332,243	133,565	198,678	110,064	125,961	236,025	0.84
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

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

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

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

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

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

Notes:

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

COUNTY OF ROCKINGHAM, VIRGINIA

Table 15

DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Years
(Unaudited)

Calendar Year	(1) Population	(2) Personal Income	(2) Per Capita Personal Income	(3) School Enrollment	(4) Unemployment Rate
2006	72,790	\$ 2,143,279,682	\$ 29,445	11,147	2.7%
2007	73,925	2,284,373,198	30,901	11,410	2.8%
2008	74,770	2,338,537,221	31,276	11,372	3.5%
2009	75,656	2,305,690,941	30,476	11,422	6.5%
2010	76,523	2,342,859,939	30,616	11,414	6.3%
2011	77,297	2,487,452,867	32,180	11,376	5.5%
2012	77,551	2,602,698,926	33,561	11,245	5.6%
2013	78,102	2,646,027,951	33,879	11,331	5.1%
2014	78,953	2,642,433,157	33,468	11,310	4.8%
2015	N/A	N/A	N/A	11,327	4.4%

Sources:

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

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

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

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

N/A - Information unavailable at fiscal year end

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

	Fiscal Year June 30,	
	2015	2006
Employer	Rank	Rank
Rockingham County School Board	1	1
Sentara/Rockingham Memorial Hospital	2	-
Cargill Meat Solutions	3	2
Wal-Mart	4	-
Great Eastern Resort Management	5	7
R.R. Donnelley & Sons Co.	6	-
Marshall's	7	6
Pilgrims Pride Corp.	8	5
County of Rockingham	9	9
Merck Sharp & Dohme Corp.	10	3

Source:

Virginia Employment Commission.

COUNTY OF ROCKINGHAM, VIRGINIA

FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years

(Unaudited)

Function/Program	Fiscal Year				
	2006	2007	2008	2009	2010
General government administration:					
Legislative	5	5	5	5	5
General and financial:					
Commissioner of the revenue	16	18.3	18.3	18.3	14
Treasurer	8	8.3	8.3	8.3	8
Executive administration and legal	6	7.5	7.5	8	8
Finance	10	9.7	10.5	10.5	9.4
Human resources	2	2	3	2.5	2.4
Information systems	11	11	11	11	11
Central switchboard	1.5	1.5	1.5	1.5	1.4
Board of elections	2	2	2	2	2
Judicial administration:					
Courts:					
Clerk of the circuit court	13	15	15	15	15
Court services	13.5	11	11	8.5	6.5
Commonwealth attorney	21	24	25	26.5	24.0
Public safety:					
Sheriff	165	174	175	173	167
Fire and rescue	57	58.5	62.5	65.5	66
Building inspections	11	14	13	13	9.3
Other protection	2	2	2	2	2
Public works:					
General administration	4	0.8	0.8	1	0.8
Garage operations	2	2	2	2	2
Maintenance	19	18.4	18.4	19.4	16.4
Parks, recreation and cultural	9.5	9.6	10.6	10.6	12.6
Community development:					
Planning and community development	17	14.5	13.8	13.8	13.2
Extension	1	1	1	1	-
Economic development	-	-	-	0.5	0.5
Water and sewer:					
Utilities/water treatment	21	24.5	25.5	27.8	24.5
Solid waste:					
Landfill	22	20.3	23.0	21.3	20.6
Container site	8	12.9	12.9	12.7	13.1
Component unit school board:					
Education:					
Instruction	1,377	1,361	1,483	1,481	1,446
Administration, attendance and health	46	47	48	63	63
Pupil transportation services	210	215	219	223	228
Operation and maintenance services	100	104	106	110	110
School food services	112	115	116	114	113
Component unit HRSSD:					
Social services:					
Services	43	50	53	52	52
Public assistance	38	44	44	44	39
Comprehensive Services Act	1	2	3	3	2.8
Administration	8	9	9	9	9
Totals	2,382.5	2,414.8	2,558.6	2,579.7	2,517.5

Source:

Rockingham County Department of Human Resources.

Table 17

June 30,				
2011	2012	2013	2014	2015
5	5	5	5	5
13	13	13	13	13.5
6	6	6	6	6.5
8	8	8	9	9
9.4	9.4	9.4	9.4	9.2
2.4	2.4	2.4	2.4	3
11	11	11	11	11
1.4	1.4	1.4	1.4	1.5
2	2	2	2	2
13	14	14	14	15
8.5	9.5	9.5	10	11
27.5	25.9	25.9	26.3	26.3
161.5	161.5	166.5	167	169
70	71	70	74	81
8.3	8	8	8	8.5
2	2	2	2	2
0.7	0.6	0.6	0.7	0.7
2	2	2	2	2
15.4	16.6	16.6	17	17
9.6	8.6	9.6	9	11
12.7	12	12.5	12	12.5
-	-	-	-	-
0.5	1.3	1.3	1	1
22.4	19.1	19.5	19.6	20.1
19.7	19.2	17.8	17.9	17.9
13.1	13.1	12.4	12	12
1,410	1,414	1,413	1,402	1,414
61	62	62	62	63
229	239	236	239	238
114	115	115	115	115
116	119	113	110	108
53	53	52	57	58.5
40	42	41	45	48.5
2.8	3.5	3.5	3.5	3.5
9	10	10	5	5
2,479.9	2,500.1	2,491.9	2,490.2	2,521.2

COUNTY OF ROCKINGHAM, VIRGINIA

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

(Unaudited)

Function/Program	Fiscal Year			
	2006	2007	2008	2009
Police: (1)				
Calls for service	13,670	19,686	19,329	18,903
Adult arrest	3,024	5,639	5,050	4,748
Juvenile arrest	130	267	296	189
Traffic citations	1,491	1,851	1,704	2,068
Fire: (2)				
Total fire runs	10,164	10,116	10,608	10,861
Total rescue runs	11,775	12,226	12,590	12,847
Public service: (3)				
Garbage collected (ton)	86,505	87,088	89,649	78,445
Recycle collected (ton)	13,158	10,658	15,114	12,299
Parks and recreation: (4)				
Recreation program attendance	15,720	16,350	18,231	19,800
Water and sewer: (3)				
New water connections	309	85	197	151
New wastewater connections	335	96	238	156
Average daily water consumption (gallons)	48,994,375	51,917,933	58,222,109	55,403,500
Average daily sewage treatment (gallons)	56,185,433	45,444,975	39,950,162	49,059,001
Transportation: (5)				
Total route miles	1,114	1,126	1,127	1,129
Education: (6)				
Average daily membership	11,151	11,388	11,340	11,400
Kindergarteners	872	916	882	816
Grades 1-12	10,279	10,472	10,458	10,584

Sources:

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

Table 18

June 30,					
2010	2011	2012	2013	2014	2015
18,861	19,739	20,913	21,124	23,546	22,714
3,776	4,100	3,899	4,162	3,749	4,119
259	241	175	202	373	257
3,304	4,329	4,236	1,879	1,363	1,479
9,510	6,348	7,001	7,475	7,119	6,959
13,648	15,565	17,158	17,283	17,289	18,313
76,445	76,466	79,062	108,882	107,977	127,842
17,392	28,761	24,861	24,323	16,343	12,714
20,455	42,709	42,849	42,304	42,500	42,900
87	46	54	97	115	118
92	38	2	97	115	129
62,389,333	62,629,583	61,788,500	58,389,558	69,591,675	74,113,083
55,244,955	57,871,485	60,180,000	50,065,833	63,479,583	62,545,110
1,132	1,135	1,135	1,138	1,139	1,145
11,376	11,343	11,236	11,223	11,304	11,290
875	880	832	852	820	854
10,501	10,463	10,404	10,371	10,484	10,436

COUNTY OF ROCKINGHAM, VIRGINIA

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

(Unaudited)

Function/Program	Fiscal Year			
	2006	2007	2008	2009
Police Stations: (1)	1	1	1	1
Fire Companies (not County owned): (2)	10	10	10	10
Rescue Squads (not County owned): (2)	8	8	8	8
Streets: (4)				
Centerline Mileage:				
Interstate (6)	58	54	54	54
Primary (6)	170	184	184	184
Secondary (6)	886	888	889	891
Number of street lights (6)	10	16	16	16
Traffic signals (6)	32	33	35	35
Parks and Recreation: (5)				
Parks - number of acres	28	28	28	28
Neighborhood parks - number of acres	28	28	28	28
Baseball/softball diamonds	32	32	32	32
Soccer/football fields	13	13	13	13
Basketball courts	13	13	13	13
Parks with playground equipment	1	1	1	1
Picnic shelters	4	4	4	4
Community centers	3	3	3	3
Water: (3)				
Wells (County owned)	3	3	3	3
Water lines (feet)	444,139	455,503	488,664	503,321
Fire hydrants	576	592	643	678
Storage capacity (MGPD)	10,088,000	10,088,000	10,088,000	10,088,000
Average daily consumption (MGPD)	1,610,774	1,925,997	1,940,737	1,995,682
Peak consumption (MGPD)	2,818,854	3,068,500	3,035,000	2,549,500
Wastewater: (3)				
Sanitary sewers (feet)	409,498	429,585	466,242	495,002

Sources:

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

Table 19

June 30,					
2010	2011	2012	2013	2014	2015
1	1	1	1	1	1
10	10	10	10	10	10
8	8	8	8	8	7
54	54	54	54	54	54
184	186	186	186	187	192
894	895	897	898	898	899
16	16	16	16	16	16
37	39	40	41	41	42
22	22	22	22	81	81
22	22	22	22	22	19
31	31	31	31	31	31
13	13	13	13	13	13
13	13	13	13	13	13
1	1	1	1	1	1
4	4	4	3	3	3
3	3	3	3	3	3
3	2	2	2	2	2
505,685	516,154	526,623	534,150	538,958	553,039
684	703	778	803	815	854
10,088,000	10,088,000	10,088,000	10,088,000	10,088,000	10,088,000
2,079,644	2,059,054	2,031,403	2,076,660	2,287,945	2,436,595
2,988,500	3,120,000	3,519,000	2,979,000	3,267,000	3,252,000
552,812	560,023	567,234	571,944	572,727	586,191

COMPLIANCE SECTION

COUNTY OF ROCKINGHAM, VIRGINIA

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2015

Federal Grantor/State Pass-Through Grantor/ Program Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Expenditures
DEPARTMENT OF AGRICULTURE:			
<u>Direct payments:</u>			
<u>Department of Agriculture:</u>			
Cooperative Law Enforcement		10.000	\$ 5,476
<u>Pass-through payments:</u>			
<u>Department of Social Services:</u>			
State Administrative Matching Grants for Food Stamp Program	Not provided	10.561	892,397
<u>Department of Agriculture and Consumer Services</u>			
<u>Child Nutrition Cluster:</u>			
Commodity Distributions	40623	10.555	336,993
<u>Department of Education:</u>			
<u>Child Nutrition Cluster:</u>			
School Breakfast Program	40591/40623	10.553	586,045
National School Lunch Program	40623	10.555	2,110,775
Total Child Nutrition Cluster			3,033,813
Schools and Roads - Grants to States	43841	10.665	27,334
Total Department of Agriculture			3,959,020
DEPARTMENT OF TRANSPORTATION:			
<u>Pass-through payments:</u>			
<u>Department of Motor Vehicles:</u>			
State and Community Highway Safety	154AL145418 / 154AL1555208	20.607	32,115
Total Department of Transportation			32,115

COUNTY OF ROCKINGHAM, VIRGINIA

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2015

Federal Grantor/State Pass-Through Grantor/ Program Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
<u>Pass-through payments:</u>			
<u>Department of Social Services:</u>			
Promoting Safe and Stable Families	Not provided	93.556	\$ 26,881
Temporary Assistance to Needy Families	Not provided	93.558	730,776
Refugee and Entrant Assistance - State Administered Programs	Not provided	93.566	13,313
Low-Income Home Energy Assistance	Not provided	93.568	62,645
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Not provided	93.596	98,573
Chafee Education and Training Vouchers Program (ETV)	Not provided	93.599	13,946
Child Welfare Services - State Grants	Not provided	93.645	4,443
Foster Care - Title IV-E	Not provided	93.658	1,131,246
Adoption Assistance	Not provided	93.659	1,301,122
Social Services Block Grant	Not provided	93.667	1,036,581
Chafee Foster Care Independent Living	Not provided	93.674	17,779
State Children's Insurance Program	Not provided	93.767	28,829
Medical Assistance Program (Medicaid; Title XIX)	Not provided	93.778	1,010,228
<u>Administration for Community Living</u>			
Voting Access for Individuals with Disabilities - Grants to States	Not provided	93.617	1,773
Total Department of Health and Human Services			5,478,135
DEPARTMENT OF JUSTICE, OFFICE OF JUSTICE PROGRAMS, BUREAU OF JUSTICE ASSISTANCE:			
<u>Direct payments:</u>			
<u>Department of Criminal Justice:</u>			
State Criminal Alien Assistance Program		16.606	21,381
Federal Forfeiture - Equitable Sharing Program		16.922	162,199
			183,580
<u>Pass-through payments:</u>			
<u>Department of Criminal Justice Services:</u>			
Violence Against Women Formula Grants	14-R9349VA13 / 15-S9349VA14	16.588	23,175
Crime Victim Assistance - Discretionary Grants	15-R9573VW14	16.575	54,745
Edward Byrne Memorial Justice Assistance Grant Program	15-Q1172LO14 / 15-B2870AD11	16.738	47,159
			125,079
Total Department of Justice, Office of Justice Programs, Bureau of Justice Assistance			308,659

COUNTY OF ROCKINGHAM, VIRGINIA

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2015

Federal Grantor/State Pass-Through Grantor/ Program Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Expenditures
DEPARTMENT OF DEFENSE:			
<u>Direct payments:</u>			
<u>Bureau of Land Management:</u>			
Payments to States in Lieu of Real Estate Taxes		12.112	\$ 387,634
Total Department of Defense			387,634
DEPARTMENT OF EDUCATION:			
<u>Pass-through payments:</u>			
<u>Department of Education:</u>			
Title I Grants to Local Educational Agencies	42901	84.010	1,830,875
Special Education Cluster:			
Special Education - Grants to States	43071 / 61135	84.027	2,122,940
Special Education - Preschool Grants	62521	84.173	59,440
Total Special Education Cluster			2,182,380
Adult Education - State Grant Program	Not provided	84.002	246,394
Vocational Education - Basic Grants to States	61095	84.048	153,270
English Language Acquisition Grants	60512	84.365	72,960
Improving Teacher Quality State Grants	61480	84.367	305,476
Total Department of Education			4,791,355
DEPARTMENT OF HOMELAND SECURITY:			
<u>Pass-through payments:</u>			
<u>Department of Emergency Management:</u>			
Emergency Management Performance Grants	Not provided	97.042	37,837
Homeland Security Grant Program	2014 SHSP	97.067	39,660
Total Department of Homeland Security			77,497

COUNTY OF ROCKINGHAM, VIRGINIA

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2015

Federal Grantor/State Pass-Through Grantor/ Program Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Expenditures
DEPARTMENT OF THE INTERIOR:			
<u>Pass-through payments:</u>			
<u>Department of Environmental Quality:</u>			
Rents and Royalties Paid on Federal Land	Not provided	15.000	\$ 684
Total Department of the Interior			<u>684</u>
Total Federal Awards Expended			<u>\$ 15,035,099</u>

See Notes to Schedule of Expenditures of Federal Awards.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Significant Accounting Policies

Basis of Presentation and Accounting

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

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

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

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

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

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

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

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 2. Non-Cash Assistance

In addition to amounts reported on the Schedule of Expenditures of Federal Awards, the County of Rockingham, Virginia consumed non-cash assistance in the form of food commodities. Commodities with a fair value of \$336,993 at the time received were consumed during the year ended June 30, 2015. These commodities were included in the determination of federal awards expended during the year ended June 30, 2015.



**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 discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Rockingham, Virginia (County) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 25, 2015.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

PBMares, LLP

Harrisonburg, Virginia
November 25, 2015



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

We have audited the County of Rockingham, Virginia's (County) compliance with the types of compliance requirements described in the OMB Circular A-133 *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, 2015. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

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

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

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

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

PBMares, LLP

Harrisonburg, Virginia
November 25, 2015

COUNTY OF ROCKINGHAM, VIRGINIA

Page 1

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Federal awards

Internal control over major programs:

Material 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 programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	<u> </u> Yes	<u> √ </u> No
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Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
93.667	Social Services Block Grant
Child Nutrition Cluster:	
10.553	School Breakfast Program
10.555	National School Lunch Program
10.555	Commodity Distributions

Dollar threshold used to distinguish between type A and type B programs \$451,053

Auditee qualified as low-risk auditee? √ Yes No

COUNTY OF ROCKINGHAM, VIRGINIA

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015**

II. FINANCIAL STATEMENT FINDINGS

None

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

COUNTY OF ROCKINGHAM, VIRGINIA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2015

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.