COUNTY OF FLUVANNA, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2013

COUNTY OF FLUVANNA, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2013

Prepared By:

Department of Finance
County of Fluvanna, Virginia
Barbara Horlacher, CPA
Director of Finance

COUNTY OF FLUVANNA, VIRGINIA

Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2013

TABLE OF CONTENTS

		Page
INTRODUCTORY SECTION		
Letter of Transmittal		i-viii
Directory of Principal Officials		ix
Certificate of Achievement		xi
Organizational Chart		xiii
FINANCIAL SECTION		
Independent Auditors' Report		1-3
Management's Discussion and Analysis		5-14
Basic Financial Statements		
Government-wide Financial Statements:		
Exhibit 1	Statement of Net Position	19
Exhibit 2	Statement of Activities	20-21
Fund Financial Statements:		
Exhibit 3	Balance Sheet–Governmental Funds	25
Exhibit 4	Statement of Revenues, Expenditures and Changes in Fund Balances–Governmental Funds	26
Exhibit 5	Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities–Governmental Funds	27
Exhibit 6	Statement of Net Position—Proprietary Funds	28
Exhibit 7	Statement of Revenues, Expenses and Changes in Net Position–Proprietary Funds	28
Exhibit 8	Statement of Cash Flows–Proprietary Funds	30
Exhibit 9	Statement of Fiduciary Net Position–Fiduciary Funds	31
Exhibit 10	Statement of Changes in Fiduciary Net Position–Fiduciary Funds	32
Notes to Financial Statements		33-74
Required Supplementary Information		
Exhibit 11	Schedule of Revenues, Expenditures, and Changes in Fund Balances–Budget and Actual–General Fund	77
Exhibit 12	Schedule of Pension and OPEB Funding Progress for the Virginia Retirement System and Other Post Employment Benefits	78

COUNTY OF FLUVANNA, VIRGINIA

Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2013

TABLE OF CONTENTS
(Continued)

		Page
FINANCIAL SECTION (continued)		
Other Supplementary Information		
Combining and Individual Fund Statements and Schedules:		
Exhibit 13	Schedule of Revenues, Expenditures and Changes in Fund Balances–Budget and Actual–Capital Projects Fund	83
Exhibit 14	Statement of Fiduciary Net Position–Agency Fund	84
Exhibit 15	Statement of Changes in Net Position and Liabilities–Agency Fund	85
Discretely Presented Component Unit–School Board:		
Exhibit 16	Combining Balance Sheet–Governmental Funds	89
Exhibit 17	Combining Statement of Revenues, Expenditures and Changes in Fund Balances–Governmental Funds	90
Exhibit 18	Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	91
Exhibit 19	Schedule of Revenues, Expenditures and Changes in Fund Balances–Budget and Actual–Governmental Funds	92-93
Exhibit 20	Statement of Net Position–Internal Service Funds	94
Exhibit 21	Statement of Revenues, Expenses, and Changes in Net Position–Internal Service Funds	95
Exhibit 22	Statement of Cash Flows–Internal Service Funds	96
Discretely Presented Component Unit–Fluvanna County EDA		
Exhibit 23	Statement of Net Position	99
Exhibit 24	Statement of Revenues, Expenses and Changes in Net Position	100
Exhibit 25	Statement of Cash Flows	101
Supporting Schedules:		
Schedule 1	Schedule of Revenues–Budget and Actual–Governmental Funds	104-106
Schedule 2	Schedule of Expenditures–Budget and Actual-General Fund	107-110

COUNTY OF FLUVANNA, VIRGINIA

Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2013

TABLE OF CONTENTS
(Continued)

		Page
STATISTICAL SECTION		
Table 1	Net Position by Component–Last Ten Fiscal Years	112-113
Table 2	Changes in Net Position–Last Ten Fiscal Years	114-115
Table 3	Fund Balances of Governmental Funds–Last Ten Fiscal Years	116-117
Table 4	Changes in Fund Balances of Governmental Funds–Last Ten Fiscal Years	118-119
Table 5	Assessed Value and Estimated Actual Value of Taxable Property–Last Ten Fiscal Years	120
Table 6	Property Tax Rates–Direct and Overlapping Governments–Last Ten Fiscal Years	121
Table 7	Principal Property Taxpayers–Current and the Period Nine Years Prior	122
Table 8	Property Tax Levies and Collections–Last Ten Fiscal Years	123
Table 9	Ratios of Outstanding Debt by Type–Last Ten Fiscal Years	124
Table 10	Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Per Capita–Last Ten Fiscal Years	125
Table 11	Debt Policy Information–Last Ten Fiscal Years	126-127
Table 12	Demographic and Economic Statistics–Last Ten Fiscal Years	128
Table 13	Principal Employers–Current Year and Nine Years Ago	129
Table 14	Full-time Equivalent County Government Employees by Function–Last Ten Fiscal Years	130
Table 15	Operating Indicators by Function–Last Six Fiscal Years	131
Table 16	Capital Asset Statistics by Function—Last Seven Fiscal Years	132
COMPLIANCE SECTION:		
Independent Auditors' 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*		133-134
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133		135-136
Schedule of Expenditures of Federal Awards		137-138
Notes to Schedule of Expenditures of Federal Awards		139
Schedule of Findings and Questioned Costs		140

COUNTY OF FLUVANNA

"Responsive & Responsible Government"

P.O. Box 540
Palmyra, VA 22963
(434) 591-1910
FAX (434) 591-1911
www.fluvannacounty.org

BOARD OF SUPERVISORS

Shaun V. Kenney, Chairman
Columbia District

Robert Ullenbruch, Vice Chair
Palmyra District

Donald W. Weaver
Cunningham District

Mozell H. Booker
Fork Union District

Joseph C. Chesser
Rivanna District

STAFF

Steven M. Nichols
County Administrator
snichols@fluvannacounty.org

Mary L. Weaver
Clerk to the Board
mweaver@fluvannacounty.org

December 9, 2013

To the Honorable Members of the Board of Supervisors
To the Citizens of Fluvanna County
County of Fluvanna, Virginia

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) for the County of Fluvanna (the "County") for the fiscal year ended June 30, 2013. The *Code of Virginia* requires that local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. This report has been prepared by the Department of Finance in accordance with the standards of financial reporting as prescribed by the Governmental Accounting Standards Board (GASB), the Financial Accounting Standards Board (FASB) where applicable, and the Auditor of Public Accounts (APA).

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and fairness of presentation of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed to ensure compliance with applicable laws, regulations and County policies, to safeguard the County's assets, and to compile sufficient reliable information for the preparation of the County financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and accurate in all material respects, and presents fairly the financial position and results of operations of the various funds and component units of the County.

This report is intended to provide informative and relevant financial information for the citizens of the County, the Board of Supervisors (the Board), investors, creditors and other concerned readers. All are encouraged to contact the Department of Finance with any comments or questions concerning this report.

The County's financial statements have been audited by Robinson, Farmer, Cox, Associates, L.L.P., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2013, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended June 30, 2013 are fairly presented in all material respects, in conformity with GAAP. The auditors' report is presented as the first component of the financial section of this report.

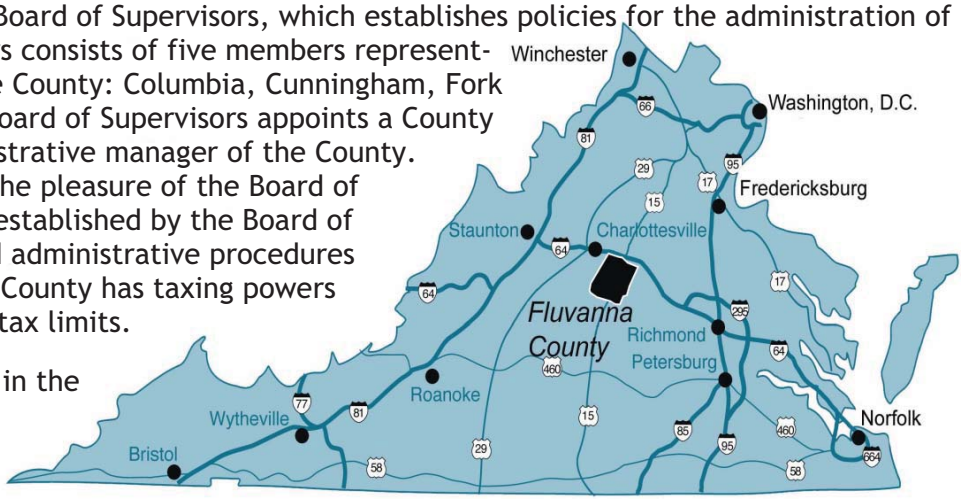
The independent audit of the financial statements of the County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the County's compliance with the financial and administrative requirements applicable to each of the County's major federal programs. These reports are available in the Compliance Section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE COUNTY

The County was established in 1777 after several divisions from other counties with the final division from Albemarle County. Fluvanna County was once part of Henrico County, one of the original shires of the Virginia Colony. In 1727, Henrico County was divided and Fluvanna County became a part of Goochland County. Goochland County was divided in 1744 and Fluvanna became a part of Albemarle County. In 1777, Albemarle County was divided to create Fluvanna County. The County was named for the Fluvanna River, the name given to the James River west of Columbia. Fluvanna is Latin for "Anne's River" – in honor of Queen Anne of England. Palmyra was made the county seat in 1828 and remains the county seat today. It quickly became a thriving town after the courthouse was completed in 1830. While Palmyra has changed and modernized over the years, it still possesses an aura of tranquility.

The County operates under the traditional board form of government as defined under Virginia law. The governing body of the County is the Board of Supervisors, which establishes policies for the administration of the County. The Board of Supervisors consists of five members representing the five electoral districts in the County: Columbia, Cunningham, Fork Union, Palmyra, and Rivanna. The Board of Supervisors appoints a County Administrator to serve as the administrative manager of the County. The County Administrator serves at the pleasure of the Board of Supervisors, carries out the policies established by the Board of Supervisors, and directs business and administrative procedures within the County government. The County has taxing powers subject to statewide restriction and tax limits.



Fluvanna County is centrally located in the heart of Virginia, 120 miles south of Washington, D.C., 60 miles west of Richmond, Virginia, and 25 miles southeast of Charlottesville, Virginia. The location of the County can be described as the Piedmont Plateau Physiographic Province and is characterized by gently rolling hills. The County encompasses a land area of

PROFILE OF THE COUNTY: (CONTINUED)

282 square miles. Two U.S. primary and two State primary routes traverse the County. Fluvanna has a strong economy with manufacturing, trade services, and agricultural sectors. Manufacturing activity includes: electrical power and iron castings. Major service industries include: health care, education, and government. The County is bounded, in effect, by Interstate 64 to the north and by the James River to the south. The Rivanna River, the Commonwealth's first designated "Scenic River", bisects the county and joins the James at the historic town of Columbia. Agriculture remains important in Fluvanna's economy, two-thirds of the county's land is forested with most open land devoted to farming and grazing.

In addition to the elected Board of Supervisors, five constitutional officers are elected. These officers include the Clerk of the Circuit Court, the Sheriff, the Commonwealth's Attorney, the Treasurer, and Commissioner of the Revenue. Two officials are elected to serve as County representatives on the Thomas Jefferson Soil and Water Conservation District Board.

The departments of the Board of Supervisors, County Administrator, County Attorney, Commissioner of the Revenue, Treasurer, Information Technology, Finance, and Registrar constitute the general government administration of the County. The County Administrator, Constitutional officers, along with the Directors of the various departments, implement the laws and policies of the County by developing and executing the procedures that are necessary in order to provide general support services to residents of the County.

The Court system is made up of the Circuit Court, General District Court, Juvenile and Domestic Relations Court, Clerk of the Circuit Court, Court Services, and Commonwealth's Attorney. The public safety operations of the County include the Sheriff, Emergency Communications, Emergency Management, Fire and Rescue Squads, Animal Control, Building Inspections, Blue Ridge Juvenile Detention, and Central Virginia Regional Jail.

Public Works category is comprised of the departments of facilities, utilities, and public works which administers capital projects of the County and oversees solid waste management, sewer, and the Fork Union Sanitary District.

The Department of Social Services determines eligibility for public assistance programs, which are mandated by federal and state law. The Community Services Board provides mental health, mental retardation, and substance abuse services. In addition, it provides adult services, group home services, and supervised living services. Fluvanna is served by the Thomas Jefferson Health District along with Charlottesville, and Albemarle, Greene, Louisa, and Nelson counties.

Parks and Recreation provides and promotes leisure services including park activities, educational and hobby programs, senior citizen activities, youth programs, adult athletic leagues, special events, and other activities for County residents. The Fluvanna County Library provides public library service to the County through one site and one satellite book return.

The Planning and Zoning Department provides numerous services that relate to the well-being and orderly development of the community. Primary areas of responsibility include the Comprehensive Plan, current and long range planning, and code enforcement. This Department also maintains the geographic information system (GIS) for developing, maintaining, and distributing geographic related data sets and applications. The Economic Development Department has responsibility for attracting and retaining high quality business and industry.

PROFILE OF THE COUNTY: (CONTINUED)

The County provides education through its own school system administered by the Fluvanna County School Board (the School Board) and promotes commerce through the Economic Development Authority of Fluvanna County, Virginia (the EDA). These agencies have been classified as discretely presented component units in the financial reporting entity because they are legally separate entities for which the County is financially accountable. The EDA has the power to issue tax-exempt industrial development revenue bonds on behalf of qualifying enterprises wishing to utilize that form of financing, as well as to finance County facilities. Those bonds do not constitute a debt or pledge of the faith and credit of the County, but represent limited obligations of the EDA payable solely from the revenue and receipts derived from the projects funded with the proceeds.

The School Board administers its own appropriations within the categories defined by the Commonwealth of Virginia. The Board of Supervisors' financial accountability over the School Board is also limited to approving transfers to the education funds and authorizing school debt issuances. The Fluvanna County Public Schools is the single largest service provided by the County. The elected School Board is composed of five members who represent the five electoral districts. The School Board appoints a Superintendent to administer the policies of the School Board. The school system is comprised of one high school, one middle school, and two elementary schools. The combined enrollment as of June 2013 totaled 3,669 students. The Fluvanna High School Completion Rate is 94.87% (VA On Time Graduation Rate) with 86% of graduates seeking higher education.

Virginia law requires the County to maintain a balanced budget in each fiscal year. The annual budget serves as the foundation of the County's financial planning and control. These budgetary controls ensure compliance with provisions embodied in the annual appropriated budget approved by the Board of Supervisors. Activities of the general fund and capital projects fund are included in the annual appropriated budget. All agencies and departments of the County are required to submit requests for appropriation to the County Administrator by the date established in the budget calendar. The County Administrator uses these requests as the starting point for developing a proposed budget. Then, the County Administrator presents the proposed budget to the Board who begins a series of work sessions. The Board is required to hold a public hearing on the proposed budget and to adopt a final budget by no later than June 30th, the close of the County's fiscal year, as required by 15.2-2503, *Code of Virginia* of 1950, as amended. A budget is not required for fiduciary funds. The appropriated budget is prepared by fund and function (e.g., public safety) with the appropriations resolution adopted by the Board of Supervisors placing legal restrictions on expenditures at the fund and function level.

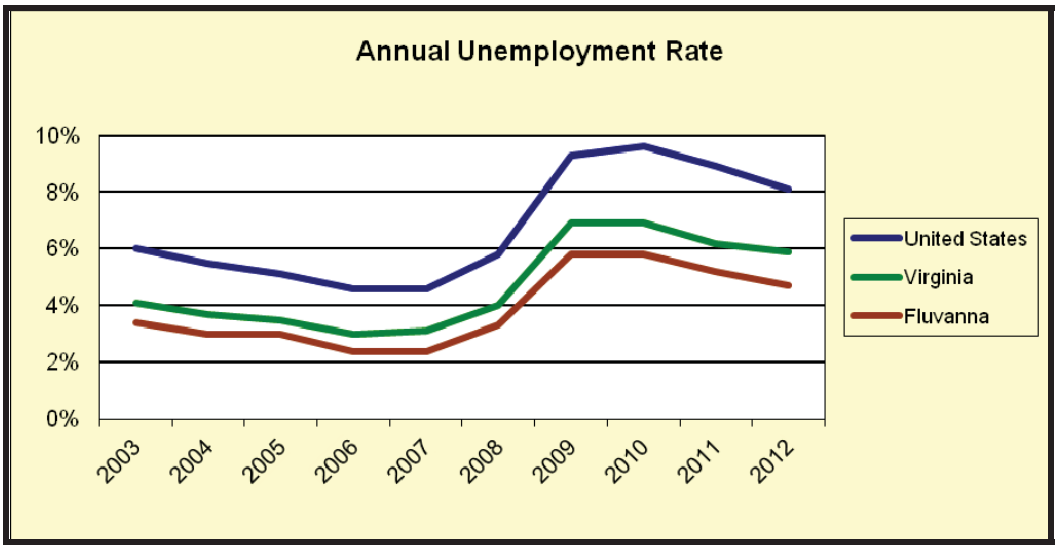
When necessary, the Board of Supervisors approves amendments to the adopted budget in accordance with 15.2-2507, Code of Virginia of 1950, as amended. Budgetary compliance is monitored and reported at the department level. The budget is implemented through appropriations that the Board makes annually, with supplemental appropriations made as required. These appropriations, except those to incur mandated expenditures, may be greater or less than contemplated in the budget.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Fluvanna County operates.

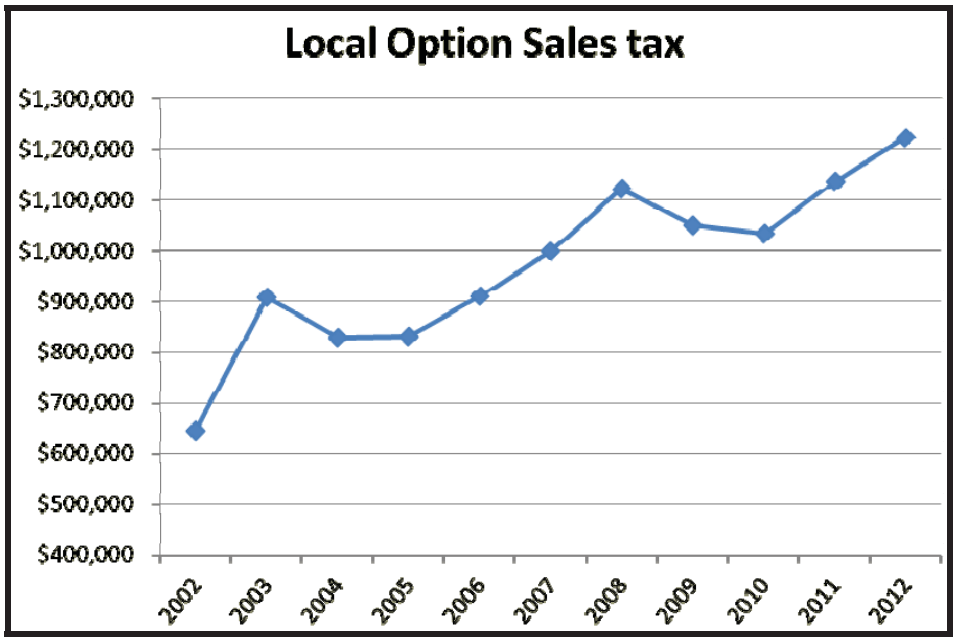
Local Economy

Based on available economic data, the local unemployment rate was 4.9% at June 30, 2013, 0.2% lower than the 5.1% at June 30, 2012. The local unemployment rate compares favorably to the state and national rate of 5.9% and 7.6%, respectively. The predominant industries are government, education, construction, health care, waste management, and retail trade. As seen in the chart below, while unemployment in Fluvanna County continues to compare favorably to the state and national numbers, unemployment remains higher than at pre-recession levels.



Source: Virginia Employment Commission, Local Area Unemployment Statistics

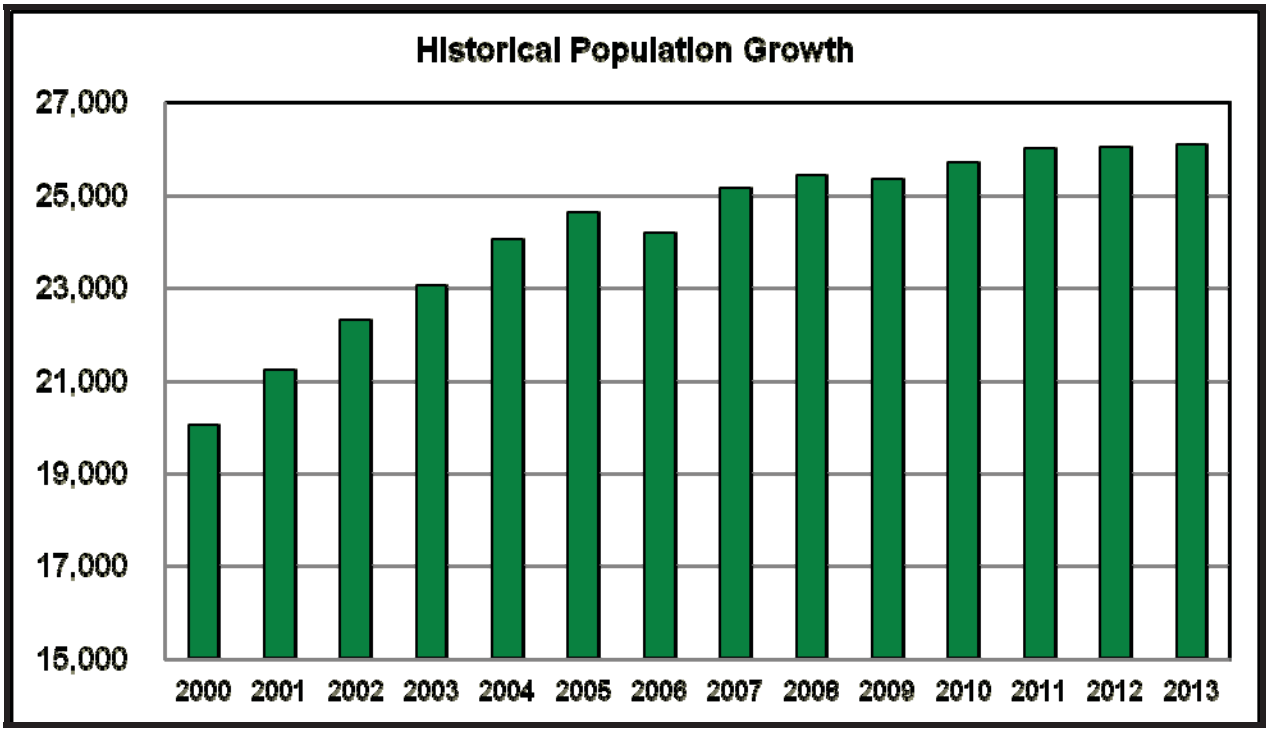
Sales tax revenue can also be an indicator of the overall condition of the County's economy. As seen in the chart below, there has been strong growth in sales tax revenue in Fluvanna County over the past ten years. The effects of the recession are seen in 2009 and 2010; however, 2012 sales tax revenue increased 7.5% over 2011 and has reached a historical high.



Source: Virginia Department of Taxation

FACTORS AFFECTING FINANCIAL CONDITION: (CONTINUED)

The population growth in the County has increased over the years due to competitively priced housing, a rural setting, and approximation to major urban centers including Charlottesville, Richmond, and Washington, D.C. Fluvanna County saw an increase of 28% between the 2000 and the 2010 census. Per estimates, population growth has moderated in recent years.



Source: Weldon Cooper Center for Public Service

The County received their first formal public credit ratings in July 2008. Standard & Poor's provided a rating of AA- with remarks of "strong wealth and income levels, developing local economy has access to the Charlottesville core based statistical area, and solid financial performance with positive operating results and strong reserves." Moody's provided a rating of Aa2 (recalibration of ratings under the Global Scale) with remarks of "favorable location along Interstate 64 between the major employment centers of Charlottesville (G.O. rated Aaa) and Richmond (G.O. rated Aa3/stable outlook) is expected to support ongoing growth, albeit at more moderate levels." In March 2012, Standard & Poor's affirmed its AA- rating with a stable outlook.

Financial Policies

Fluvanna continues to adhere to a conservative fund balance policy that maintains unassigned fund balance at a minimum of 12% of General Fund revenues plus component unit School Fund revenues less the operating transfer from the General Fund.

MAJOR INITIATIVES

For fiscal year 2013, following the priorities established by the County of Fluvanna Board of Supervisors, and with the assistance and guidance of the County Administrator, County staff and agencies implemented and continued a number of specific projects designed to provide County residents with cost efficient government while enhancing their home and employment environment. Major initiatives begun, continued, or completed during this fiscal year are:

New High School
In April 2009, the School Board broke ground on the construction of a $71 million new high school on Pleasant Grove. The new high school was designed with an initial capacity of 1,500 students with the flexibility to expand the capacity to 1,750 and eventually to 2,500 students in the future. Doors to the new high school opened in August 2012 with a student enrollment of 1,454.

Pleasant Grove Manor House Rehabilitation Project
Pleasant Grove consists of just less than 1,000 acres located on Route 53 just west of the intersection of U.S. 15 and Route 53. The manor house in 2004 was officially entered into the Virginia Landmarks Register and National Register of Historic Places. The adaptive reuse project includes 1) rehabilitation of the exterior of the house, 2) renovation of portions of the interior for a Visitors Center to showcase the history of the historic Rivanna River Canal Navigation system which served as the primary mode of transportation in the late 18th and early 19th centuries, and 3) construction of a new architecturally compatible two-story addition. In collaboration with the Fluvanna Historical Society, funds totaling $851,250 were raised through Federal, State, and Private grants including a County appropriation of $150,000. Rehabilitation began in July 2013.

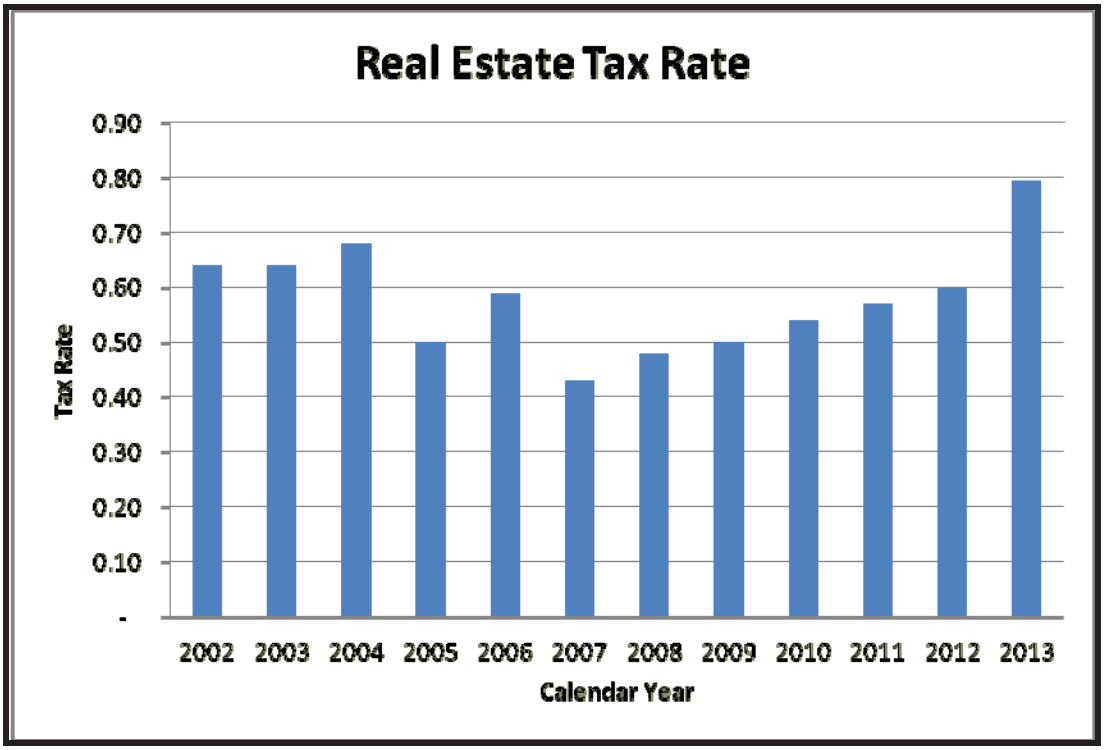
Municipal Software
In the FY 2010 the Board of Supervisors appropriated $427,000 for the purchase of a financial management software and hardware. In May 2010, the Board of Supervisors awarded a contract to Tyler Technologies. The new system is a comprehensive financial solution including general ledger, budgeting, GASB 34 reporter, HR/payroll, revenues including VA Tax, and utility billing. Project implementation began in August 2010. The financial module including general ledger, budgeting, purchasing, and accounts payable went live April 2011. Completion of implementation is targeted for spring of 2014.

Fork Union Firehouse
The Board of Supervisors authorized in 2009 the construction of the Fork Union Firehouse. The Firehouse is built next to the Fluvanna Community Center on Route 15. The County received an award from the American Recovery and Reinvestment Act (ARRA) Federal Emergency Management Agency for $1.4 million with a cash match of $360,000 for a total project cost of $1.8 million. This project was awarded September 2009 and completed in June 2013.

Bond Refinancing
In December 2012 the County completed the refinancing of $55.4 million of its 2008 School General Obligation Bonds. The result of refunding these bonds is a reduction in debt service of $10.5 million over the next 17 years or an economic gain (the net present value of savings) of $7.7 million.

PROSPECTS FOR THE FUTURE

For the fiscal year 2014, the Board of Supervisors approved an operating budget of $65.2 million inclusive of a General Fund budget of $40.5 million and a school fund budget of $34.5 million. The Board of Supervisors elected to increase the real estate tax rate to $0.795 per $100 of assessed value for calendar year 2013. Below is a historical real estate tax rate graph for the County.



Awards and Acknowledgments

The Governmental Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting (CAFR) to the County of Fluvanna for its comprehensive annual financial report for the fiscal year ended June 30, 2012. This is the sixth year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles 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 preparation of this report could not have been accomplished without the cooperation and dedication of the staff of the Fluvanna County Finance Department, Robinson Farmer Cox Associates, and all County agencies and departments that assisted and contributed to the preparation of this Report. Credit also must be given to the Board of Supervisors for their unwavering support for maintaining the highest standards of professionalism in the management of Fluvanna County's finances.

Respectfully submitted,

Steven M. Nichols
County Administrator

Barbara J. Horlacher
Director of Finance

COUNTY OF FLUVANNA, VIRGINIA

DIRECTORY OF PRINCIPAL OFFICIALS
June 30, 2013

Board of Supervisors

Shaun V. Kenney, Chair ..... Columbia District
Robert Ullenbruch, Vice Chair ..... Palmyra District
Mozell H. Booker ..... Fork Union District
Joseph C. Chesser ..... Rivanna District
Donald W. Weaver ..... Cunningham District
Mary L. Weaver ..... Clerk

Constitutional Officers

Andrew M. Sheridan ..... Commissioner of Revenue
Linda H. Lenherr ..... Treasurer
Jeffrey W. Haislip ..... Commonwealth's Attorney
Ryant L. Washington ..... Sheriff
Bouson E. Peterson, Jr. ..... Clerk of the Circuit Court

County Administrative Officials

Steven M. Nichols ..... County Administrator

School Board

Camilla Washington, Chair ..... Columbia District
Carol Tracy Carr, Vice Chair ..... Rivanna District
Bertha Armstrong ..... Fork Union District
Brenda Pace ..... Palmyra District
Charles Rittenhouse ..... Cunningham District
Brandi Critzer ..... Clerk

School Administrative Officials

Gena Keller. ..... Superintendent of Schools
Chuck Winkler ..... Assistant Superintendent of Administration

Social Services Board

Kathy Brent, Chair ..... Columbia District
Mary Kalchbrenner, Vice Chair ..... Cunningham District
Tom Payne ..... Palmyra District
Laura Giles ..... Fork Union District
Leonard Gardner ..... Rivanna District
Mozell H. Booker ..... Board of Supervisor's Representative

Social Services Administrative Official

Susan Muir ..... Director of Social Services

Other Officials

Hon. Susan L. Whitlock ..... Judge of the Circuit Court
Hon. Dale B. Durrer ..... Judge of the General District Court
Hon. Claude V. Worrell ..... Judge of the Juvenile and Domestic Relations District Court

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Fluvanna

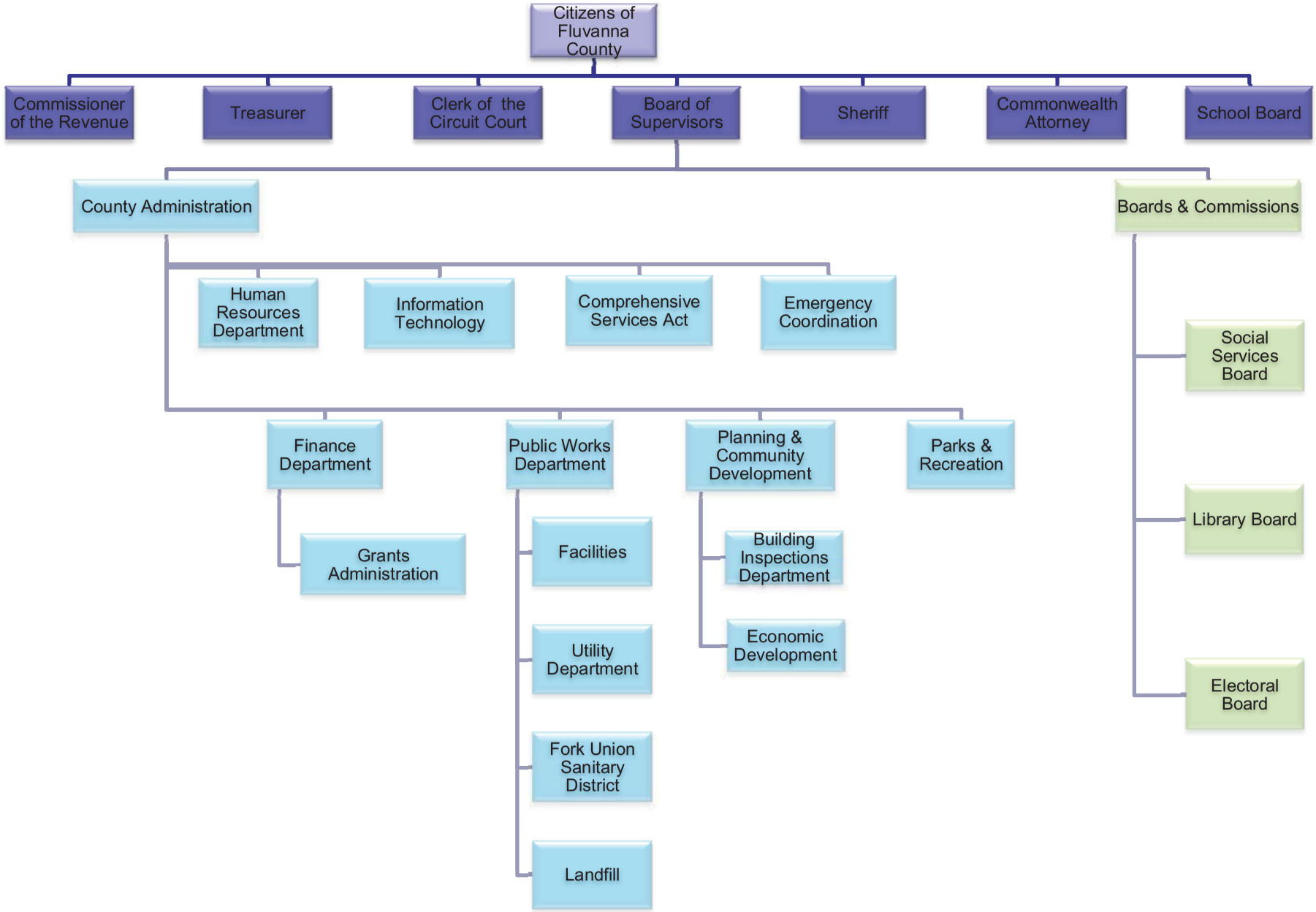
Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

Fluvanna County Organizational Chart



Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying 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 County of Fluvanna, Virginia, as of and for the year ended Financial June 30, 2013, 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.

Auditors' 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 require that 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 auditors' 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 entity'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 entity'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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

*Opinion***s**

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 discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Fluvanna, Virginia, as of June 30, 2013, 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 described in Note 1.R to the financial statements, in 2013, the County adopted new accounting guidance, GASB Statement Nos. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-14, budgetary comparison information, and schedule of pension and OPEB funding progress 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. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Fluvanna, Virginia's basic financial statements. The introductory section, other supplementary information, 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 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The other supplementary information and the schedule of expenditures of federal awards 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 other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections 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 December 9, 2013, on our consideration of the County of Fluvanna, Virginia'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 County of Fluvanna, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
December 9, 2013

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MANAGEMENT'S DISCUSSION AND ANALYSIS

To the Honorable Members of the Board of Supervisors
To the Citizens of Fluvanna County
County of Fluvanna, Virginia

The management of the County of Fluvanna, Virginia presents the following discussion and analysis as an overview of the County's financial activities for the fiscal year ended June 30, 2013. We encourage readers to read this discussion and analysis in conjunction with the transmittal letter in the Introductory Section of this report, and the County's financial statements which follow this discussion and analysis.

Financial Highlights

- The assets and deferred outflows of the County exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by $43.8 million (net position). Of this amount, $21.6 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

- The County's total net position increased by $1.9 million, of which the governmental activities increased by $2.1 million and business-type activities decreased by $200,000.

- As of the close of fiscal year 2013, the County's governmental funds reported combined ending fund balances of $22.4 million (Exhibit 3). Approximately 46% of this amount ($10.3 million) is available for spending at the government's discretion (unassigned fund balance).

- At the end of the current fiscal year, unrestricted fund balance (the total of committed, assigned, and unassigned components of fund balance) for the general fund was $21.6 million, or approximately 60% of total general fund expenditures.

- The County's total outstanding debt increased by $8.4 million during the current fiscal year primarily as a result of the refinancing of general obligation bonds.

Overview of the Financial Statements

This discussion and analysis are 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.

Overview of the Financial Statements: (Continued)

Government-Wide Financial Statements

The *government-wide financial statements* (Exhibits 1 and 2) are designed to report information about the County as a whole using accounting methods similar to those found in the private sector. They also report the County's net position and how it has changed during the fiscal year. These statements provide both short-term and long-term information about the County's overall financial status.

The *statement of net position* (Exhibit 1) presents information on all of the County's assets, liabilities, and deferred inflows/outflows of resources including governmental activities, business-type activities, and component unit activities. Net position is the difference between assets and deferred outflows and liabilities and deferred inflows, which provides a measure of the County's financial health, or financial condition. Over time increases or decreases in the net position may serve as an indicator of whether the County's financial condition is improving or deteriorating. Other non-financial factors will also need to be considered, such as changes in the County's property tax base and the condition of the County's facilities.

The *statement of activities* (Exhibit 2) presents information using the accrual basis of accounting, and shows how the County's net position changed during the fiscal year. All of the current year's revenues and expenses are shown in this statement, regardless of when cash is received or paid. The Statement of Activities presents expenses before revenues to emphasize that the government's revenue is generated for the express purpose of providing services.

In the government-wide financial statements, the County's activities are divided into three categories:

Governmental activities: Most of the County's basic services are reported here, including general governmental; judicial administration; public safety; public works; health and welfare; education; parks, recreation and cultural; and community development. These activities are financed primarily by property taxes, other local taxes, and Federal and State grants.

Business-type activities: The County charges fees to users to cover all, or a significant portion, of the costs associated with the provision of certain services. These business-type activities of Fluvanna County are intended to be self-supporting and include the Fork Union Sanitary District and the sewer program.

Component units: The County has two component units, the Fluvanna County Public Schools (School Board) and the Economic Development Authority of Fluvanna County, which are included in this annual financial report. Although legally separate, the discretely presented component units are important because the County is financially accountable for them. A primary government is accountable for an organization if the primary government is able to impose its will on the organization or the organization is capable of imposing specific financial burdens on the primary government. The County approves debt issuances to finance School Board assets and provides significant funding for its operation. Additional information on the component units can be found in Note 1 of the Notes to Financial Statements section of this report.

Fund Financial Statements

These statements focus on individual parts of the County's government, reporting the County's operations in more detail than the government-wide statements. Funds are used to ensure compliance with finance-related legal requirements and are to keep track of specific sources of revenue and expenses for particular purposes. The County has three kinds of funds:

Overview of the Financial Statements: (Continued)

Fund Financial Statements: (Continued)

Governmental funds – Most of the County's basic services are included in governmental funds, which focus on (1) the inflows and out flows of cash and other financial assets that can be readily converted to cash, and (2) the balances remaining at year-end that are available for spending. The governmental funds financial statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided with the fund financial statements to explain the relationship (or differences). The County has two major funds, the General Fund and the Capital Projects Fund. The General fund is the main operating account of the County and therefore, the largest of the governmental funds. The Capital Projects Fund is used to account for major capital projects, primarily construction related. It provides control over resources that have been segregated for specific capital projects. All other governmental funds, which include special revenue funds, are collectively referred to as non-major governmental funds.

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

Proprietary funds – The County maintains two types of Proprietary Funds: enterprise and internal service. 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 programs. 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 activities, which are considered to be major funds of the County. Internal service funds are an accounting device used to accumulate and allocate for the County's healthcare activities.

Fiduciary funds – The County is the trustee, or fiduciary, for the County's *agency funds*. It is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations. Agency funds are County custodial funds used to provide accountability of client monies for which the County is custodian.

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.

Other information - In addition to the basic financial statement and accompanying notes, this report also presents certain *required supplementary information* for budgetary comparison schedules and presentation of combining financial statements for the discretely presented component unit School Board. The School Board does not issue separate financial statements.

Government-wide Overall Financial Analysis

Statement of Net Position

Table 1 summarizes the Statement of Net Position (Exhibit 1 in the Financial Section of the CAFR) for the primary government as of June 30, 2013 and 2012.

Table 1

County of Fluvanna, Virginia
Summary of Net Position
($ in millions)

	Primary Government					
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	$ 40.0	30.4	$ 0.2	0.3	$ 40.2	$ 30.7
Capital assets	105.9	104.3	5.6	5.8	111.5	110.1
Total assets	$ 145.9	$ 134.7	$ 5.8	$ 6.1	$ 151.7	$ 140.8
Total deferred outflows of resources	$ 17.5	$ -	$ -	$ -	$ 17.5	$ -
Long-term liablilities outstanding	$ 102.5	85.4	$ 1.4	1.5	$ 103.9	$ 86.9
Other liabilities	7.7	11.8	0.2	0.2	7.9	12.0
Total liabilities	$ 110.2	$ 97.2	$ 1.6	$ 1.7	$ 111.8	$ 98.9
Total deferred inflows of resources	$ 13.6	$ -	$ -	$ -	$ 13.6	$ -
Net position:						
Net investment in capital assets	$ 18.1	17.8	$ 4.1	4.2	$ 22.2	$ 22.0
Unrestricted	21.5	19.7	0.1	0.2	21.6	19.9
Total net position	$ 39.6	$ 37.5	$ 4.2	$ 4.4	$ 43.8	$ 41.9

As noted earlier, over time, net position may serve as a useful indicator of a County's financial position. The County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $43.8 million at the close of the most recent fiscal year. The County's overall net position increased $1.9 million from the prior year. The reasons for this overall increase are discussed in the following sections for governmental and business-type activities.

The County's investment in capital assets of $22.2 million, or 50.8% of total net position, reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens, like schools, libraries, law enforcement, fire and emergency medical services. Consequently, these assets are *not* 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 cannot be used to liquidate these liabilities (i.e., the County's investment in capital assets is of a permanent nature, as assets acquired are generally not sold or otherwise disposed of during their useful life).

The remaining $21.6 million balance of net position is unrestricted and may be used to meet the County's ongoing obligations to citizens and creditors.

Government-wide Overall Financial Analysis: (Continued)

Statement of Activities

Table 2 summarizes the Statement of Activities (Exhibit 2 in the Financial Section of the CAFR) for the primary government.

Table 2

County of Fluvanna, Virginia
Changes in Net Position
($in millions)

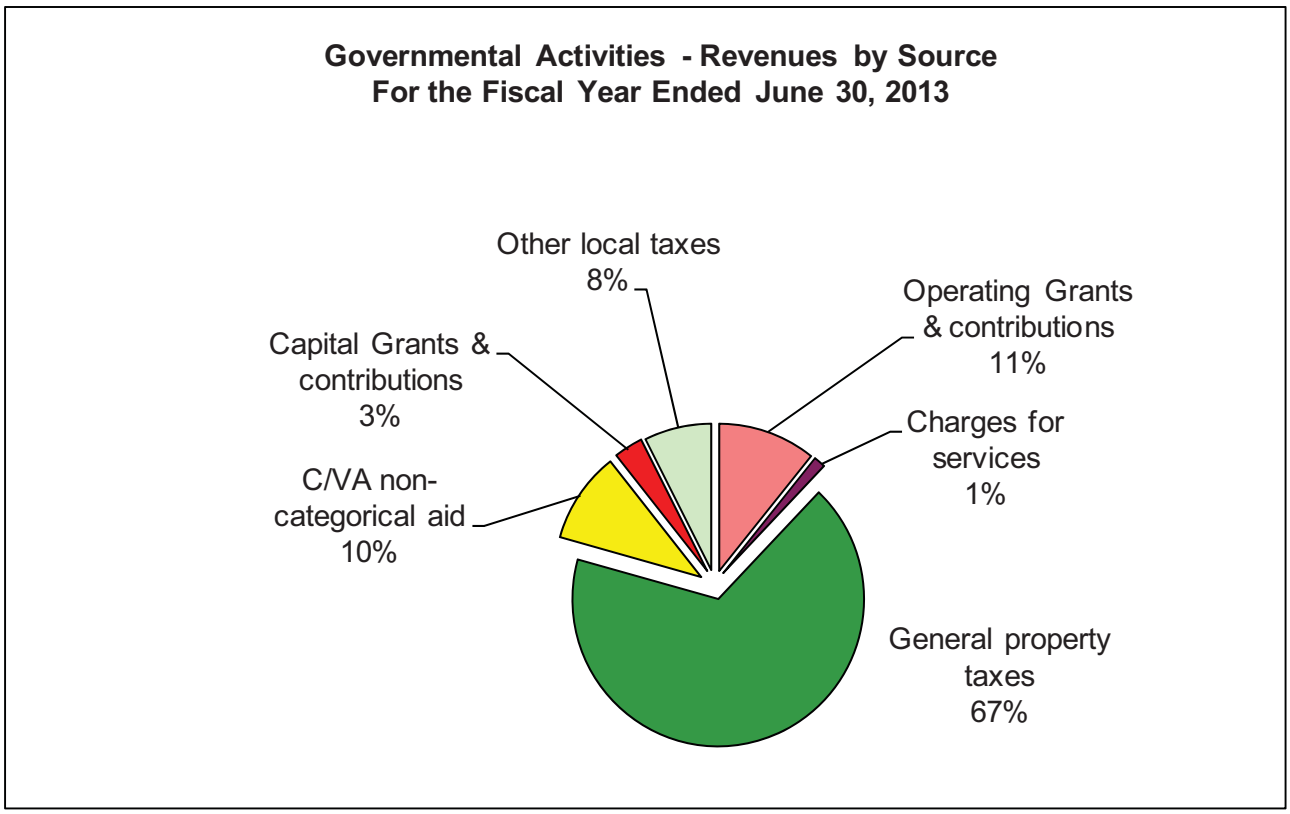
	Primary Government					
	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	$ 0.5	$ 0.5	$ 0.3	$ 0.3	$ 0.8	$ 0.8
Operating grants and contributions	4.3	4.8	-	-	4.3	4.8
Capital grants and contributions	1.3	-	-	-	1.3	-
General revenues:						
General property taxes	26.9	26.3	-	-	26.9	26.3
Other local taxes	3.0	2.8	-	-	3.0	2.8
Use of money and property	0.1	0.1	-	-	0.1	0.1
C/VA non-categorical aid	4.0	4.0	-	-	4.0	4.0
Other general revenues	0.1	0.1	-	-	0.1	0.1
Total revenues	$ 40.2	$ 38.6	$ 0.3	$ 0.3	$ 40.5	$ 38.9
Expenses:						
General government administration	$ 2.3	$ 3.0	$ -	$ -	$ 2.3	$ 3.0
Judicial administration	1.2	1.1	-	-	1.2	1.1
Public safety	5.5	5.3	-	-	5.5	5.3
Public works	1.5	1.5	-	-	1.5	1.5
Health and welfare	4.6	5.2	-	-	4.6	5.2
Education	17.0	14.9	-	-	17.0	14.9
Parks, recreation, and cultural	0.7	0.7	-	-	0.7	0.7
Community development	1.1	0.6	-	-	1.1	0.6
Interest and other fiscal charges	4.1	5.3	-	-	4.1	5.3
Water	-	-	0.4	0.4	0.4	0.4
Sewer	-	-	0.2	0.2	0.2	0.2
Total expenses	$ 38.0	$ 37.6	$ 0.6	$ 0.6	$ 38.6	$ 38.2
Increase in net position before transfers	$ 2.2	$ 1.0	$ (0.3)	$ (0.3)	$ 1.9	$ 0.7
Transfers	(0.1)	(0.2)	0.1	0.2	-	-
Increase in net position	$ 2.1	$ 0.8	$ (0.2)	$ (0.1)	$ 1.9	$ 0.7
Net position, July 1, 2012, as restated	37.5	36.7	4.4	4.5	41.9	41.2
Net position, June 30, 2013	$ 39.6	$ 37.5	$ 4.2	$ 4.4	$ 43.8	$ 41.9

Government-wide Overall Financial Analysis: (Continued)

During the current fiscal year, net position for governmental activities increased $2.1 million from the prior fiscal year for an ending balance of $39.6 million. Revenues increased $1.2 million in the current fiscal year. Key revenue elements include:

- The County received a $1.3 million Federal grant to construct the Fork Union Fire Station in the current fiscal year.

- The County increased the real property tax rate from $0.5981 in calendar year 2012 to $0.795 in calendar year 2013. An assessment completed in 2012 effective for January 1, 2013, resulted in a 25% decrease in property values from the previous assessment year of 2007. The new tax rate was set at an approximately revenue neutral rate. The increase of $600,000 in general property taxes was due to higher than anticipated collection of delinquent taxes.



For the fiscal year June 30, 2013, the expenses for governmental activities totaled $37.9 million, an increase of $300,000 compared to the prior year. Key expense elements include:

- General government administration expenses decreased $700,000 primarily as a result of decreased capital spending.

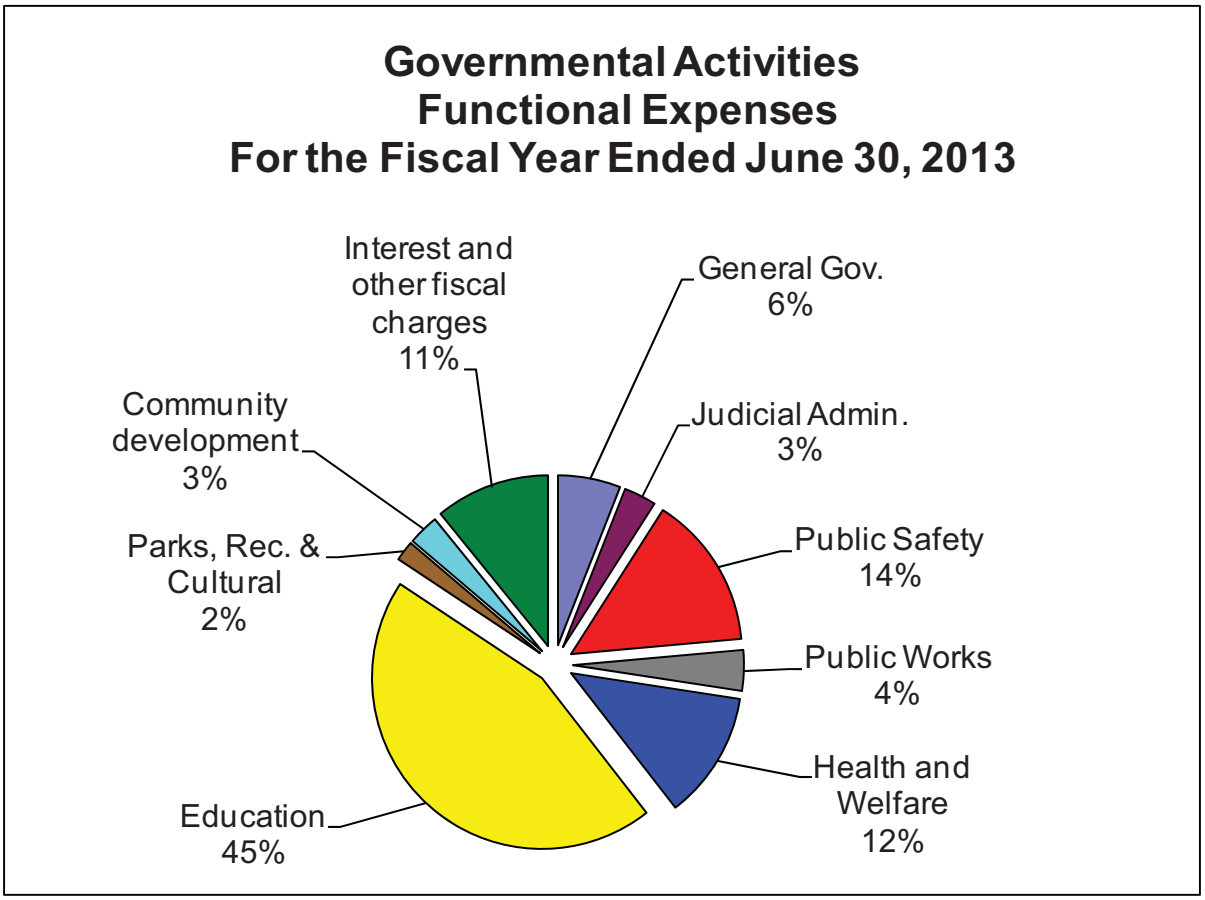
- Health and welfare expenses declined $700,000 as a result of capitalized construction.

- Education expenses increased $2.1 million as a result of increased depreciation costs.

- Interest and other fiscal charges decreased as a result of debt refinancing.

Government-wide Overall Financial Analysis: (Continued)

The following graph illustrates the County's expenses for each functional area comprising its governmental activities. Education continues to be the County's largest program and highest priority with Public Safety and Health and Welfare the County's second largest expenses.



Business-Type Activities – For the County's business-type activities, the results were a $200,000 decrease in net position from the prior fiscal year for an ending balance of $4.2 million. While revenues and expenses were virtually unchanged from the previous fiscal year, expenses continue to outpace revenues by $300,000. A transfer from the General Fund of $100,000 resulted in the $200,000 decrease in net position.

Financial Analysis of the Governmental Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources.

Financial Analysis of the Governmental Funds: (Continued)

Governmental Funds

At June 30, 2013, the County's governmental funds reported combined ending fund balances of $22.4 million (Exhibit 3), a decrease of $500,000 in comparison with the prior year. Of the $22.4 million fiscal year 2013 fund balance, $500,000 is classified as restricted to indicate that it can only be spent for specific purposes as stipulated by external resource providers such as debt covenants. $11.3 million is classified as committed to indicate that it has been set aside for specific purposes by the County's Board of Supervisors, and $10.3 million is unassigned or available for any purpose but maintained at targeted levels in accordance with sound financial management practices.

The General Fund is the main operating fund of the County. The fund balance of the General Fund increased $1.4 million (Exhibit 4) to $21.6 million during fiscal year 2013, of which $11.3 million is committed and $10.3 is unassigned. The increase in the fund balance was due primarily to decreased debt service as a result of debt refinancing which will be discussed in the debt section below. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total General Fund revenues. Unassigned fund balance represents 26% of General Fund revenues for fiscal year 2013. The Board of Supervisors uses a policy to maintain unassigned General Fund balance at a minimum of 12% of the total General Fund revenues and component unit – school board operating revenues reduced by the General Fund contribution. The unassigned fund balance in the General Fund exceeds this guideline by $3.1 million.

The fund balance in the Capital Projects Fund decreased $2 million to $0.7 million during fiscal year 2013 primarily as a result of the new high school capital project for which funding has been received in prior years.

Proprietary Funds

The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Operations of the proprietary funds were included in the discussion of business-type activities.

General Fund Budgetary Highlights

General fund budget amendments resulted in an increase of $1.8 million between the original budget and the final budget. Significant appropriations included:

- $1.4 million to Education for operations;
- $300,000 to the Capital Projects Fund for School Technology projects
- $150,000 to the Board of Supervisors for increased legal fees.

Capital Asset and Debt Administration

Capital assets

The County's investment in capital assets as of June 30, 2013 totals $111.5 million, net of accumulated depreciation. This represents an increase of $1.4 million, or 1.3% over fiscal year 2012. Capital assets are illustrated in Table 3 below.

Table 3

	($ in millions)			
	Governmental Activities	Business-type Activities	Totals at June 30 2013	2012
Land and improvements	$ 1.5	$ 0.3	$ 1.8	1.8
Construction in progress - jointly owned	-	-	-	80.2
Construction in progress	1.3	-	1.3	1.3
Subtotal, capital assets not being depreciated	$ 2.8	$ 0.3	$ 3.1	83.3
Buildings and improvements	$ 20.1	$ -	$ 20.1	17.9
Equipment	6.3	0.2	6.5	5.7
Infrastructure	-	6.9	6.9	6.9
Jointly owned assets	90.5	-	90.5	9.0
Subtotal, capital assets being depreciated	$ 116.9	$ 7.1	$ 124.0	39.5
Less: accumulated depreciation	$ 13.8	$ 1.8	$ 15.6	12.7
Net capital assets being depreciated	$ 103.1	$ 5.3	$ 108.4	26.8
Governmental activities capital assets, net	$ 105.9	$ 5.6	$ 111.5	110.1

Major capital asset activity during the current fiscal year included completion and capitalization of the new Fluvanna County High School.

Additional information on the County's capital assets can be found in Note 6 of this report.

Long-term debt

Table 4 illustrates the County's outstanding debt at June 30, 2013.

	($ in millions)		
	Governmental Activities	Business-type Activities	Total
General obligations bonds	$ 93.3	$ -	$ 93.3
Public facility bonds	3.9	-	3.9
Utility bonds	-	1.4	1.4
Capital lease obligations	1.1	-	1.1
Total long-term debt	$ 98.3	1.4	$ 99.7

The County has adopted two debt ratios as a management tool. The first ratio adopted limits the annual general governmental debt service to no more than 12 % of total General Fund revenues. In fiscal year 2013, the County's debt service to revenue ratio was 15%. The second ratio is the net general obligation of debt to assessed value which should not exceed 3.5 percent. This ratio measures the relationship between County's tax-supported debts to the taxable value of property in the County. In fiscal year 2013, this ratio was 2.35 percent (Table 10).

Capital Asset and Debt Administration: (Continued)

Long-term debt: (Continued)

The County issued $66.1 million of School General Obligation Refunding bonds to advance refund $55.0 million of the 2008 School General Obligation Bonds. In addition the County did a current refunding of it 2007 Public Facility Note ($2.7 million) and its 2010 Public Facility Note. The results include an increase in Governmental debt of $8.4 million, and reduction in debt service over the next 17 years of $10.7 million and a one-time savings in debt service in fiscal year 2013 of $1.4 million.

Additional information on the County's long-term debt can be found in Note 7 of this report.

Economic Factors and Next Year's Budgets and Rates

Economic Factors

The local unemployment rate was 4.9% at June 30, 2013, a modest improvement from 5.1% at June 30, 2012. The local unemployment rate compares favorably to the State's rate of 5.9% and national rate of 7.6% for the same period.

A county-wide real estate assessment was conducted in calendar year 2013, the first in six years. Fluvanna County experienced significant declines in real property values of approximately 25% mirroring the experience of other localities in Virginia and the country. The next reassessment will be completed in 2015, and modest increases in property values are expected.

The County continues to maintain unassigned fund balances in excess of policy and a conservative pay as you go approach to capital projects by committing fund balance for significant capital projects such as a planned upgrade to the current emergency communication system.

Fiscal Year 2013 Budget and Rates

For the fiscal year ending June 30, 2014, the adopted budget is $65.1 million, a decrease of $1.0 million from fiscal year 2013.

For calendar year 2013 the real estate tax rate increased from $0.5981 to $0.795 per $100 of assessed value.

Key factors that are expected to impact future budgets include:

- Continued recovery of the economy.
- Federal and State funding.
- Reassessment of real property in 2015.

Requests for Information

This financial report is designed to provide a general overview of the County of Fluvanna, Virginia's finances for all those with an interest in the County'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, 132 Main Street, Fluvanna, Virginia 22963.

BASIC FINANCIAL STATEMENTS

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Government-wide Financial Statements

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Statement of Net Position
At June 30, 2013

	Primary Government			Component Unit	Component Unit
	Governmental Activities	Business Type Activities	Total	School Board	Fluvanna County EDA
ASSETS					
Current Assets					
Cash and cash equivalents	$ 20,338,950	$ 216,487	$ 20,555,437	$ 1,236,957	$ 57,079
Restricted assets	519,759	-	519,759	-	-
Receivables (net of allowance for uncollectibles):					
Property taxes	15,906,923	-	15,906,923	-	-
Accounts receivable	247,886	31,320	279,206	1,289	-
Notes receivable	70,000	-	70,000	-	-
Prepaid expenses	17,775	-	17,775	-	-
Due from other governments	2,651,623	-	2,651,623	905,210	-
Total Current Assets	$ 39,752,916	$ 247,807	$ 40,000,723	$ 2,143,456	$ 57,079
Noncurrent Assets					
Net other post-employment benefit asset	$ 229,616	$ -	$ 229,616	$ -	$ -
Capital assets (net of accumulated depreciation):					
Land	$ 1,513,246	$ 296,176	$ 1,809,422	$ 329,523	$ -
Buildings and improvements	15,008,625	2,437	15,011,062	976,756	-
Infrastructure	-	5,236,427	5,236,427	-	-
Equipment	1,701,427	34,066	1,735,493	718,372	-
Jointly owned assets	86,375,807	-	86,375,807	8,121,907	-
Construction in progress	1,287,417	-	1,287,417	266,162	-
Total capital assets	$ 105,886,522	$ 5,569,106	$ 111,455,628	$ 10,412,720	$ -
Total Noncurrent Assets	$ 106,116,138	$ 5,569,106	$ 111,685,244	$ 10,412,720	$ -
Total Assets	$ 145,869,054	$ 5,816,913	$ 151,685,967	$ 12,556,176	$ 57,079
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	$ 17,494,665	$ -	$ 17,494,665	$ -	$ -
LIABILITIES					
Current Liabilities					
Accounts payable and other current liabilities	$ 1,524,854	$ 17,870	$ 1,542,724	$ 1,903,638	$ -
Amounts held for others	94,619	-	94,619	-	-
Claims payable	-	-	-	242,667	-
Unearned revenue - grants	1,785	-	1,785	-	-
Accrued interest payable	1,906,594	-	1,906,594	-	-
Notes payable	-	70,000	70,000	-	-
Current portion of long-term obligations	4,188,472	96,601	4,285,073	99,347	-
Total Current Liabilities	$ 7,716,324	$ 184,471	$ 7,900,795	$ 2,245,652	$ -
Noncurrent Liabilities					
Noncurrent portion of long-term obligations	102,451,490	1,375,622	103,827,112	894,126	-
Total Liabilities	$ 110,167,814	$ 1,560,093	$ 111,727,907	$ 3,139,778	$ -
DEFERRED INFLOWS OF RESOURCES					
Unearned revenues - taxes	$ 13,649,321	$ -	$ 13,649,321	$ -	$ -
NET POSITION					
Net investment in capital assets	$ 18,058,155	$ 4,130,335	$ 22,188,490	$ 10,412,720	$ -
Unrestricted	21,488,429	126,485	21,614,914	(996,322)	57,079
Total Net Position	$ 39,546,584	$ 4,256,820	$ 43,803,404	$ 9,416,398	$ 57,079

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF FLUVANNA, VIRGINIA

Statement of Activities
Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	$ 2,179,821	$ -	$ 282,723	$ -
Judicial administration	1,168,114	69,974	522,875	-
Public safety	5,515,173	292,484	1,154,338	-
Public works	1,458,736	80,067	9,714	1,273,986
Health and welfare	4,660,190	-	2,272,235	-
Education	16,997,681	-	-	-
Parks, recreation, and cultural	722,937	74,038	54,956	-
Community development	1,108,602	-	-	-
Interest on long-term debt	4,113,741	-	-	-
Total governmental activities	$ 37,924,995	$ 516,563	$ 4,296,841	$ 1,273,986
Business-type activities:				
Fork Union Sanitary District	$ 400,650	$ 318,506	$ -	$ -
Sewer	203,840	19,828	-	-
Total business-type activities	$ 604,490	$ 338,334	$ -	$ -
Total primary government	$ 38,529,485	$ 854,897	$ 4,296,841	$ 1,273,986
COMPONENT UNITS:				
School Board	$ 36,926,686	$ 879,914	$ 20,441,546	$ -
Fluvanna County EDA	1,467	1,250	-	-
Total component units	$ 36,928,153	$ 881,164	$ 20,441,546	$ -
General revenues:				
General property taxes				
Local sales and use taxes				
Consumer utility taxes				
Motor vehicle license taxes				
Recordation taxes				
Other local taxes				
Commonwealth of Virginia non-categorical aid				
Unrestricted revenues from use of money and property				
Miscellaneous				
Contribution from county				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning, as restated				
Net position - ending				

The accompanying notes to financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Unit	Component Unit
Governmental Activities	Business Type Activities	Total	School Board	Fluvanna County EDA
$ (1,897,098)	$ -	$ (1,897,098)	$ -	$ -
(575,265)	-	(575,265)	-	-
(4,068,351)	-	(4,068,351)	-	-
(94,969)	-	(94,969)	-	-
(2,387,955)	-	(2,387,955)	-	-
(16,997,681)	-	(16,997,681)	-	-
(593,943)	-	(593,943)	-	-
(1,108,602)	-	(1,108,602)	-	-
(4,113,741)	-	(4,113,741)	-	-
$ (31,837,605)	$ -	$ (31,837,605)	$ -	$ -
$ -	$ (82,144)	$ (82,144)	$ -	$ -
-	(184,012)	(184,012)		
$ -	$ (266,156)	$ (266,156)	$ -	$ -
$ -	$ (266,156)	$ (32,103,761)	$ -	$ -
$ -	$ -	$ -	$ (15,605,226)	$ -
-	-	-	-	(217)
$ -	$ -	$ -	$ (15,605,226)	$ (217)
$ 26,889,099	$ -	$ 26,889,099	$ -	$ -
1,267,142	-	1,267,142	-	-
423,000	-	423,000	-	-
745,234	-	745,234	-	-
272,347	-	272,347	-	-
264,079	-	264,079	-	-
3,997,213	-	3,997,213	-	-
66,792	-	66,792	30,101	39
103,010	-	103,010	877,020	-
-	-	-	14,791,666	36,000
(128,737)	128,737	-	-	-
$ 33,899,179	$ 128,737	$ 34,027,916	$ 15,698,787	$ 36,039
$ 2,061,574	$ (137,419)	$ 1,924,155	$ 93,561	$ 35,822
37,485,010	4,394,239	41,879,249	9,322,837	21,257
$ 39,546,584	$ 4,256,820	$ 43,803,404	$ 9,416,398	$ 57,079

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Fund Financial Statements

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Balance Sheet - Governmental Funds
At June 30, 2013

	Governmental Funds		
	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 19,865,528	$ 473,422	$ 20,338,950
Cash in custody of others	-	519,759	519,759
Receivables (Net of allowance for uncollectibles):			
Taxes, including penalties	15,906,923	-	15,906,923
Accounts	247,886	-	247,886
Notes receivable	70,000	-	70,000
Prepaid items	17,775	-	17,775
Due from other governmental units	2,156,184	495,439	2,651,623
Total assets	$ 38,264,296	$ 1,488,620	$ 39,752,916
LIABILITIES			
Accounts payable and accrued expenses	$ 785,414	$ 739,440	$ 1,524,854
Unearned revenue - grants	1,785	-	1,785
Amounts held for others	94,619	-	94,619
Total liabilities	$ 881,818	$ 739,440	$ 1,621,258
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	$ 15,751,466	$ -	$ 15,751,466
FUND BALANCES			
Nonspendable	$ 17,775	$ -	$ 17,775
Restricted	-	519,759	519,759
Committed	11,319,125	-	11,319,125
Assigned	22,727	229,421	252,148
Unassigned	10,271,385	-	10,271,385
Total fund balances	$ 21,631,012	$ 749,180	$ 22,380,192
Total liabilities, deferred inflows of resources and fund balances	$ 38,264,296	$ 1,488,620	

Detailed explanation of adjustments from fund statements to government-wide statement of net position:

When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the assets of the County as a whole.	$ 105,886,522
The net other postemployment benefits asset is not an available resource and, therefore, is not reported in the funds.	229,616
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(1,906,594)
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay current-period expenditures. Those assets (for example, receivables) are offset by unavailable revenues in the governmental funds and thus are not included in the fund balance.	2,102,145
Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities--both current and long-term--are reported in the statement of net position.	(89,145,297)
Net position of General Government Activities	$ 39,546,584

The accompanying notes to financial statements are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
Year Ended June 30, 2013

	Governmental Funds		
	General	Capital Projects	Total Governmental Funds
Revenues:			
General property taxes	$ 26,886,904	$ -	$ 26,886,904
Other local taxes	2,971,802	-	2,971,802
Permits, privilege fees and regulatory licenses	266,139	-	266,139
Fines and forfeitures	30,225	-	30,225
Revenue from use of money and property	60,248	6,544	66,792
Charges for services	220,199	-	220,199
Miscellaneous	100,010	3,000	103,010
Recovered costs	228,406	309,485	537,891
Intergovernmental:			
Commonwealth	7,421,770	-	7,421,770
Federal	872,284	1,273,986	2,146,270
Total revenues	$ 39,057,987	$ 1,593,015	$ 40,651,002
Expenditures:			
Current:			
General government administration	$ 2,429,821	$ 27,761	$ 2,457,582
Judicial administration	997,142	-	997,142
Public safety	5,057,011	2,717,004	7,774,015
Public works	1,442,865	41,143	1,484,008
Health and welfare	4,510,716	77,639	4,588,355
Education	13,780,610	3,140,524	16,921,134
Parks, recreation, and cultural	674,105	13,488	687,593
Community development	776,271	251,234	1,027,505
Nondepartmental	159,496	-	159,496
Debt service:			
Principal retirement	3,067,243	4,204,977	7,272,220
Interest and other fiscal charges	2,799,760	59,237	2,858,997
Bond issuance cost	-	393,927	393,927
Total expenditures	$ 35,695,040	$ 10,926,934	$ 46,621,974
Excess (deficiency) of revenues over(under) expenditures	$ 3,362,947	$ (9,333,919)	$ (5,970,972)
Other financing sources (uses):			
Transfers in	$ 47,665	$ 1,865,746	$ 1,913,411
Transfers (out)	(1,994,483)	-	(1,994,483)
Issuance of capital lease	-	803,071	803,071
Premium cost on issues of bonds	-	7,427,813	7,427,813
Refunded public facility note redeemed	-	(72,784,959)	(72,784,959)
Issuance of refunding public facility note	-	70,115,000	70,115,000
Total other financing sources (uses)	$ (1,946,818)	$ 7,426,671	$ 5,479,853
Changes in fund balances	$ 1,416,129	$ (1,907,248)	$ (491,119)
Fund balances at beginning of year	20,214,883	2,656,428	22,871,311
Fund balances at end of year	$ 21,631,012	$ 749,180	$ 22,380,192

The accompanying notes to financial statements are an integral part of this statement.

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities - Governmental Funds
For the Year Ended June 30, 2013

		Primary Government Governmental Funds
Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balances - total governmental funds		$ (491,119)
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 expense. This is the amount by which the capital outlays exceeded depreciation in the current period. The following details support this adjustment.		
Capital outlay	$ 5,434,874	
Depreciation expense	(3,136,240)	2,298,634
Transfer of joint tenancy assets from Primary Government to the Component Unit		(744,894)
Internal service funds are used by the County to charge the costs of health insurance costs to individual funds. The net revenue (expense) of internal service funds is reported with governmental activities.		148,675
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. Details of this item consist of the change in unavailable taxes.		2,195
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. A summary of items supporting this adjustment is as follows:		
Proceeds from debt issued	$ (78,345,884)	
Principal retired on school general obligation bonds	57,500,484	
Principal retired on public facility bonds	1,748,600	
Principal retired on public facility note	2,704,077	
Principal retired on capital lease obligations	263,465	
Principal retired on state literary fund loans	475,594	
Deferred amount on refunding	17,354,981	
Landfill postclosure costs	18,818	
Amortization of bond discount	(31,697)	
Amortization of bond premium	367,636	2,056,074
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. The following is a summary of items supporting this adjustment:		
Change in compensated absences	$ (10,764)	
Change in net other post-employment benefits asset	40,596	
Change in accrued interest payable	(1,237,823)	(1,207,991)
Change in net position of governmental activities		$ 2,061,574

The accompanying notes to financial statements are an integral part of this statement.

Statement of Net Position
Proprietary Funds
At June 30, 2013

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Fork Union Sanitary District	Sewer	Totals	Health Insurance Fund
ASSETS				
Current Assets				
Cash and cash equivalents	$ 589	$ 215,898	$ 216,487	$ -
Accounts receivable	29,897	1,423	31,320	-
Total Current Assets	$ 30,486	$ 217,321	$ 247,807	$ -
Noncurrent Assets				
Capital assets:				
Land and construction in progress	$ 11,736	$ 284,440	$ 296,176	$ -
Other capital assets, net of depreciation	1,846,010	3,426,920	5,272,930	-
Total Noncurrent Assets	$ 1,857,746	$ 3,711,360	$ 5,569,106	$ -
Total Assets	$ 1,888,232	$ 3,928,681	$ 5,816,913	$ -
LIABILITIES				
Current Liabilities				
Accounts payable and accrued expenses	$ 15,015	$ 2,855	$ 17,870	$ -
Note payable	70,000	-	70,000	-
Current portion of long-term obligations	35,826	60,775	96,601	-
Total Current Liabilities	$ 120,841	$ 63,630	$ 184,471	$ -
Noncurrent Liabilities				
Noncurrent portion of long-term obligations	$ 588,645	$ 786,977	$ 1,375,622	$ -
Total Liabilities	$ 709,486	$ 850,607	$ 1,560,093	$ -
NET POSITION				
Net investment in capital assets	$ 1,258,975	$ 2,871,360	$ 4,130,335	$ -
Unrestricted	(80,229)	206,714	126,485	-
Total Net Position	$ 1,178,746	$ 3,078,074	$ 4,256,820	$ -
Total Liabilities and Net Position	$ 1,888,232	$ 3,928,681	$ 5,816,913	$ -

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF FLUVANNA, VIRGINIA **Exhibit 7**

Statement of Revenues, Expenses and Changes in Net Position --
Proprietary Funds
Year Ended June 30, 2013

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Fork Union Sanitary District	Sewer	Totals	Health Insurance Fund
Operating revenues:				
Charges for services	$ 318,506	$ 19,828	$ 338,334	$ 196,340
Total operating revenues	$ 318,506	$ 19,828	$ 338,334	$ 196,340
Operating expenses:				
Personal services	$ 117,304	$ 43,777	$ 161,081	$ -
Fringe benefits	48,273	19,090	67,363	-
Contractual services	29,609	26,920	56,529	-
Other charges	92,828	17,438	110,266	-
Depreciation	84,235	96,615	180,850	-
Total operating expenses	$ 372,249	$ 203,840	$ 576,089	$ -
Operating income (loss)	$ (53,743)	$ (184,012)	$ (237,755)	$ 196,340
Nonoperating revenues (expenses):				
Interest expense	$ (28,401)	$ -	$ (28,401)	$ -
Total nonoperating revenues (expenses)	$ (28,401)	$ -	$ (28,401)	$ -
Income (loss) before contributions and transfers	$ (82,144)	$ (184,012)	$ (266,156)	$ 196,340
Capital contributions and construction grants	$ -	$ -	$ -	$ -
Transfers				
Transfers in	$ 1,873	$ 126,864	$ 128,737	$
Transfers (out)	-	-	-	(47,665)
Total transfers	$ 1,873	$ 126,864	$ 128,737	$ (47,665)
Change in net position	$ (80,271)	$ (57,148)	$ (137,419)	$ 148,675
Net position at beginning of year	1,259,017	3,135,222	4,394,239	(148,675)
Net position at end of year	$ 1,178,746	$ 3,078,074	$ 4,256,820	$ -

The accompanying notes to financial statements are an integral part of this statement.

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2013

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Fork Union Sanitary District	Sewer	Totals	Health Insurance Fund
Cash flows from operating activities:				
Receipts from customers and users	$ 309,707	$ 18,642	$ 328,349	$ 196,340
Payments to suppliers	(122,028)	(53,218)	(175,246)	(182,471)
Payments to employees (including fringe benefits)	(162,461)	(62,180)	(224,641)	-
Net cash provided by (used for) operating activities	$ 25,218	$ (96,756)	$ (71,538)	$ 13,869
Cash flows from noncapital financing activities:				
Transfers in	$ 1,873	$ 126,864	$ 128,737	$ -
Transfers (out)	-	-	-	(47,665)
Increase (decrease) in due to other funds	30,000	-	30,000	-
Net cash provided by (used for) noncapital financing activities	$ 31,873	$ 126,864	$ 158,737	$ (47,665)
Cash flows from capital and related financing activities:				
Interest expense	$ (28,401)	$ -	$ (28,401)	$ -
Retirement of indebtedness	(31,119)	(60,000)	(91,119)	-
Net cash provided by (used for) capital and related financing activities	$ (59,520)	$ (60,000)	$ (119,520)	$ -
Increase (decrease) in cash and cash equivalents	$ (2,429)	(29,892)	$ (32,321)	$ (33,796)
Cash and cash equivalents at beginning of year	3,018	245,790	248,808	33,796
Cash and cash equivalents at end of year	$ 589	$ 215,898	$ 216,487	$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	$ (53,743)	$ (184,012)	$ (237,755)	$ 196,340
Adjustments to reconcile net loss to net cash provided by (used for) operations:				
Depreciation	$ 84,235	$ 96,615	$ 180,850	$ -
Changes in operating assets and liabilities:				
(Increase)/decrease in accounts receivable	(8,799)	(1,186)	(9,985)	-
Increase(decrease) in compensated absences	3,116	687	3,803	-
(Decrease) in claims payable	-	-	-	(182,471)
(Decrease) in accounts payable and accrued expenses	409	(8,860)	(8,451)	-
Total adjustments	$ 78,961	$ 87,256	$ 166,217	$ (182,471)
Net cash provided by (used for) operating activities	$ 25,218	$ (96,756)	$ (71,538)	$ 13,869

The accompanying notes to financial statements are an integral part of this statement.

Statement of Fiduciary Net Position
Fiduciary Funds
At June 30, 2013

	Other Post - Employment Benefits Trust	Agency Fund
ASSETS		
Cash and cash equivalents	$ -	$ 82,706
Investments:		
Investment in pooled funds	1,447,077	-
Total assets	$ 1,447,077	$ 82,706
LIABILITIES		
Amounts held for social services clients	$ -	$ 82,706
Total liabilities	$ -	$ 82,706
NET POSITION		
Restricted - Held in trust for OPEB	$ 1,447,077	$ -
Total liabilities and net position	$ 1,447,077	$ -

The accompanying notes to financial statements are an integral part of this statement.

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2013

	Other Post - Employment Benefits Trust
ADDITIONS	
Contributions:	
Employer	$ 111,700
Total contributions	$ 111,700
Investment earnings:	
Interest	$ 124,253
Total investment earnings	$ 124,253
Total additions	$ 235,953
Change in net position	$ 235,953
Net position - beginning	1,211,124
Net position - ending	$ 1,447,077

The notes to the financial statements are an integral part of this statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The County of Fluvanna, Virginia is governed by an elected five member Board of Supervisors. The Board of Supervisors is responsible for appointing the County Administrator. The County provides a full range of services for its citizens. These services include sheriff and volunteer fire protection, recreational activities, cultural events, education, and social services.

The financial statements of the County of Fluvanna, Virginia have been prepared in conformity with the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia, and the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board. The more significant of the government's accounting policies are described below.

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities (such as buildings and general obligation debt).

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its components unit. For the most part, the effect of interfund activity has been removed from these statements. However, interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Statement of Net Position

The Statement of Net Position is designed to display financial position of the primary government (government and business-type activities) and its discretely presented component units. Governments report all capital assets in the government-wide Statement of Net Position and report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net position of a government is broken down into three categories: 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

Statement of Activities

The government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Budgetary Comparison Schedules

Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the GASB 34 reporting model, governments provide budgetary comparison information in their annual reports, including the requirement to report the government's original budget in addition to the comparison of final budget and actual results.

A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the County of Fluvanna, Virginia (the primary government) and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. 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 government.

B. Individual Component Unit Disclosures

Blended component Units:

The County has no blended component units.

Discretely Presented Component Units:

School Board: The School Board operates the County Public School System. Members are currently elected by popular vote. The School Board adopts an annual budget for the schools. The School Board submits an appropriation request to the Board of Supervisors. The Board of Supervisors can decline to fund the entire appropriation which they adopt (as modified) in the annual County Budget. A separate financial report for the School Board is not prepared.

Economic Development Authority: The Economic Development Authority of Fluvanna County, Virginia (the EDA) was established by the Fluvanna County Board of Supervisors pursuant to the Industrial Development and Revenue Bond Act (Chapter 33, Title 15.1, Code of Virginia of 1950, as amended) so that such authorities may be able to promote industry and develop trade in the Commonwealth. The County appoints the board members of the EDA. The EDA does not issue separate financial statements.

Other Related Organizations included in the County's CAFR: None

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) which are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the County.

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the government.

The County's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

In the fund financial statements, financial transactions and accounts of the County are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The government reports the following major governmental funds:

a. General Fund

The General Fund is the primary operating fund of the County. This fund is used to account for and report all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenues is used principally to finance the operations of the Component Unit School Board.

b. Capital Projects Fund

The Capital Projects Fund (Capital Improvements) accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments.

2. Proprietary Funds

Proprietary Funds account for operations that are financed in a manner similar to private business enterprises. The Proprietary Fund measurement focus is based upon determination of net income, financial position, and changes in financial position. Proprietary Funds consist of Enterprise Funds and Internal Service Funds.

Enterprise Funds

Enterprise Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Enterprise funds consist of Fork Union Sanitary District (F.U.S.D.), and Sewer.

Internal Service Funds - The Internal Service Funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the County government. The Internal Service Funds consist of the County Health Insurance Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

3. Fiduciary Funds (Trust and Agency Funds)

Fiduciary Funds (Trust and Agency Funds) account for assets held by the County unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Agency Funds. These funds utilize the accrual basis of accounting. Fiduciary funds are not included in the government-wide financial statements. The County's only Agency Fund is the Special Welfare Fund. The County's only Trust Fund is the Other Post Employment Benefits Fund.

D. Budgets and Budgetary Accounting

The following procedures are used by the County in establishing the budgetary data reflected in the financial statements:

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted to obtain citizen comments.

3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.

4. The Appropriations Resolution places legal restrictions on expenditures at the function level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; and the School Board is authorized to transfer budgeted amounts within the school system’s categories.

5. Formal budgetary integration is employed as a management control device during the year for the General Fund and the Capital Project Fund. The School Fund is integrated only at the level of legal adoption.

6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

7. Appropriations lapse on June 30, for all County units.

8. All budgetary data presented in the accompanying financial statements is the original to the current comparison of the final budget and actual results.

E. Cash and Cash Equivalents

The government’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

F. Investments

Investments are stated at fair value which approximates market; no investments are valued at cost. Certificates of deposit and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents. Investments consist of assets held by a trustee. Bond proceeds

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

F. Investments: (Continued)

are maintained to comply with the provisions of the Internal Revenue Tax Code and various bond indentures. Bond proceeds are deposited in the State Non-Arbitrage Program (SNAP). Values of shares in the SNAP reflect fair value. Capital lease proceeds are held in escrow and deposited in money market funds.

State statutes authorize the County government and the School Board to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the Local Government Investment Pool.

G. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately $186,075 at June 30, 2013 and is comprised of the following:

Fork Union Sanitary District	$	4,588
Sewer		1,913
Property Taxes		179,574
Total	$	186,075

Property Tax Calendar

The County collects real and personal property taxes semiannually. Real and personal property taxes are levied as of January 1 for a calendar year and are due on June 5 and December 5; penalties and interest accrue on all unpaid balances as of these dates. Unpaid real and personal property taxes constitute a lien against the property as of the due date of the tax. The County bills and collects its own property taxes.

H. Prepaid Items

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

I. Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as land, buildings, road registered vehicles, and equipment with an initial individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

I. Capital Assets: (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. 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. There was no interest capitalized in the year ended June 30, 2013.

Property, plant and equipment and infrastructure of the primary government, as well as the component unit, is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40 to 50
Building improvements	30 to 40
Vehicles and equipment	5 to 10
Water and sewer system	20 to 50
Buses	12

J. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Position. In accordance with the provisions of Government Accounting Standards No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

K. Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, during the current period. The face amount of debt issued and premiums are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

L. Fund Balances

Financial Policies

The Board of Supervisors meets on a monthly basis to manage and review cash financial activities and to ensure compliance with established policies. It is the County's policy to fund current expenditures with current revenues and the County's mission is to strive to maintain a diversified and stable revenue stream to protect the government from problematic fluctuations in any single revenue source and provide stability to ongoing services. The County's unassigned General Fund balance will be maintained to provide the County with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

L. Fund Balances: (Continued)

Financial Policies: (Continued)

Under GASB 54, fund balances are required to be reported according to the following classifications:

Nonspendable fund balance – Includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories, prepaid amounts, assets held for sale, long-term receivables and corpus of a permanent fund.

Restricted fund balance – Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or other governments; or are imposed by law (through constitutional provisions or enabling legislation).

Committed fund balance – Amounts that can only be used for specific purposes because of a formal action (resolution or ordinance) by the government's highest level of decision-making authority.

Assigned fund balance – Amounts that are constrained by the County's intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, another body (such as a Finance Committee), or by an official to whom that authority has been given. With the exception of the General Fund, this is the residual fund balance classification for all governmental funds with positive balances.

Unassigned fund balance – This is the residual classification of the General Fund. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When fund balance resources are available for a specific purpose in more than one classification, it is the County's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the County's highest level of decision-making authority. The Board of Supervisors is the highest level of decision-making authority for the County that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are 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 may also assign fund balance as it does through the adoption or amendment of the budget as intended for specific purpose. 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. Please see detail of County's Fund Balances on the following page.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

L. Fund Balances: (Continued)

Category	General Fund	Capital Projects Fund	Component Unit School Board Cafeteria Fund
Nonspendable:			
Prepaid Items	$ 17,775	$ -	$ -
Total Nonspendable	$ 17,775	$ -	$ -
Restricted:			
Unexpended Bond Proceeds - New High School	$ -	519,759	-
Total Restricted	$ -	$ 519,759	$ -
Committed:			
Capital Projects:			
Fork union community plan	$ 78,346	$ -	$ -
Pleasant Grove House	112,369	-	-
Western Trailhead	35,587	-	-
MUNIS Financial Software	65,595	-	-
School Buses	215,226	-	-
Ambulance Rechasis Vehicle	100,000	-	-
Replacement of Co Bldg HVAC	375,000	-	-
E911 Radio	7,076,856	-	-
Round About @ Rt 15 & 53	320,000	-	-
Old HS WW treatment plant PH I-FY12	39,101	-	-
Sheriff Reserve for Vehicles	226,000	-	-
County Capital Reserve	131,717	-	-
School Capital Reserve	87,317	-	-
School Technology	129,839	-	-
MUNIS modules	25,000	-	-
Amphitheater	5,000	-	-
Hydrogeologic Study	50,000	-	-
MACAA Roof	50,000	-	-
Water/Sewer Zion Crossroads	575,000	-	-
Building Assessment	25,000	-	-
County Vehicle Replacement	157,000	-	-
911 Phone Equipment	97,100	-	-
F&R Personal Protective Equipment	70,000	-	-
F&R Apparatus Replacement	240,000	-	-
CVRJ Expansion	229,550	-	-
Schools MUNIS Financial Systems	185,000	-	-
Recoat Central WW Treatment Plant	70,000	-	-
Carysbrook School Renovation	270,910	-	-
Other Carryforwards	276,612	-	-
Total Committed	$ 11,319,125	$ -	$ -
Assigned:			
Encumbrances	$ 22,727	$ -	$ -
Other capital projects	-	229,421	-
Cafeteria	-	-	72,769
Total Assigned	$ 22,727	$ 229,421	$ 72,769
Unassigned:	$ 10,271,385	$ -	$ -
Total Fund Balance	$ 21,631,012	$ 749,180	$ 72,769

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

M. Net Position

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

N. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

O. Component Unit – School Board Capital Asset and Debt Presentation

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 of its capital assets. That responsibility lies with the County 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 County. Debt issued on behalf of the School Board is reported as a liability of the primary government, thereby reducing the net position of the County. The corresponding capital assets are reported as assets of the Component Unit-School Board (title holder), thereby increasing its net position.

The Virginia General Assembly 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.

P. Net Position Flow Assumption

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County only has one item that qualifies for reporting in this category. It is the deferred amount on refunding reported in the government-wide statement of net position.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Q. Deferred Outflows/Inflows of Resources: (Continued)

In addition to liabilities, the statement of financial 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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has one type of item that qualifies for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of amounts prepaid on the 2nd half installments and the 2nd half installment and is deferred and recognized as an inflow of resources in the period that the amount becomes available. This also includes uncollected property taxes due prior to June 30. Under the accrual basis, amounts prepaid on the 2nd half installments and the 2nd half installment are reported as deferred inflows of resources.

R. Adoption of Accounting Principles

Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, Statement No. 63 of the Governmental Accounting Standards Board

The County implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. This Statement provides guidance for reporting deferred inflows and deferred outflows of resources. The requirements of this Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on an entity's net position. With the implementation of this Statement, certain terminology has changed and financial statement descriptions have changed from "net assets" to "net position." The net equity reported in the financial statements was not changed as a result of implementing this Statement and no restatement of prior balances is required.

Items Previously Reported as Assets and Liabilities, Statement No. 65 of the Governmental Accounting Standards Board

The County implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The net position was restated by $746,784 as disclosed in Note 20.

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.

NOTE 2 - DEPOSITS AND INVESTMENTS: (CONTINUED)

Investments

Statutes authorize the County and School Board Component Unit to invest in obligations of the United States or 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, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP). Bond proceeds subject to arbitrage rebate are invested in the State Non-Arbitrage Program (See Note 1). Capital lease proceeds are held in escrow and invested in money market funds.

Credit Risk of Debt Securities

The County limits the investment of funds in Debt Securities to those with credit ratings of at least Aa3/AA-.

The County's rated debt investments as of June 30, 2013 were rated by Standard & Poor's and the ratings are presented below using Standard & Poor's rating scale.

Rated Debt Investments' Values

Rated Debt Investments	Fair Value	AAAm	AAA	AA+
Commercial Paper	$ 1,999,533	$ -	$ -	$ 1,999,533
Local Government Investment Pool	1,001,413	1,001,413	-	
Money Market Mutual Funds	539,518	-	539,518	-
Total	$ 3,540,464	$ 1,001,413	$ 539,518	$ 1,999,533

Interest Rate Risk

The County Investment Policy requires that investment cash flows be optimized to match expected cash flow needs and are limited to investments with an average life of 5 years or less.

Investment Maturities (in years)

Investment Type	Fair Value	Less Than 1 Year
Money Market Mutual Funds	$ 539,518	$ 539,518
Local Government Investment Pool	1,001,413	1,001,413
Commerical Paper	1,999,533	1,999,533
Total	$ 3,540,464	$ 3,540,464

Custodial Credit Risk

The County's investments are all insured, registered in the County's name and held in an account in the County's name, or invested in an external investment pool.

NOTE 2 - DEPOSITS AND INVESTMENTS: (CONTINUED)

External Investment Pool

The fair values of the positions in the Local Government Investment Pool (LGIP) are the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

NOTE 3 - DUE FROM OTHER GOVERNMENTAL UNITS:

Receivables due from other governmental units consist of the following at June 30, 2013:

	Primary Government	Component Unit School Board
Commonwealth of Virginia:		
Local sales tax	$ 214,212	$ -
Communication tax	135,560	-
Public assistance and welfare administration	23,828	-
State sales tax	-	657,258
PPTRA	1,438,261	-
Shared expenses	140,970	-
Comprehensive services	169,285	-
Other	11,426	-
Federal Government:		
School grants	-	247,952
Public assistance and welfare administration	18,045	-
Homeland Security	496,939	-
Other	3,097	-
Totals	$ 2,651,623	$ 905,210

NOTE 4 - INTERFUND OBLIGATIONS/TRANSFERS:

There were no Interfund obligations at June 30, 2013.

Interfund transfers for the year ended June 30, 2013, consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government		
General Fund	$ 47,665	$ 1,994,483
Sewer	126,864	-
Fork Union Sanitary District	1,873	-
Health Insurance Fund	-	47,665
Capital Improvements Fund	1,865,746	-
Total	$ 2,042,148	$ 2,042,148

NOTE 4 - INTERFUND OBLIGATIONS/TRANSFERS: (CONTINUED)

Transfers are used to (1) move revenue from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

NOTE 5 - DUE TO/FROM PRIMARY GOVERNMENT/COMPONENT UNIT:

There were no interfund obligations between the primary government and its component unit.

NOTE 6 - CAPITAL ASSETS:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2013:

	Beginning Balance July 1, 2012	Additions	Deletions	Ending Balance June 30, 2013
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 1,513,246	$ -	$ -	$ 1,513,246
Construction in progress-jointly owned assets	80,224,123	2,274,010	82,498,133	-
Construction in progress	1,263,924	2,322,866	2,299,373	1,287,417
Total capital assets not being depreciated	$ 83,001,293	$ 4,596,876	$ 84,797,506	$ 2,800,663
Capital assets being depreciated:				
Buildings and improvements	$ 17,870,748	$ 2,299,373	$ -	$ 20,170,121
Equipment	5,472,702	837,998	66,673	6,244,027
Jointly owned assets	9,060,640	82,498,133	1,050,780	90,507,993
Total capital assets being depreciated	$ 32,404,090	$ 85,635,504	$ 1,117,453	$ 116,922,141
Less accumulated depreciation for:				
Buildings and improvements	$ 4,669,489	$ 492,007	$ -	$ 5,161,496
Equipment	4,226,235	383,038	66,673	4,542,600
Jointly owned assets	2,176,877	2,261,195	305,886	4,132,186
Total accumulated depreciation	$ 11,072,601	$ 3,136,240	$ 372,559	$ 13,836,282
Total capital assets being depreciated, net	$ 21,331,489	$ 82,499,264	$ 744,894	$ 103,085,859
Governmental activities capital assets, net	$ 104,332,782	$ 87,096,140	$ 85,542,400	$ 105,886,522

Tenancy in Common – State legislation enacted in 2002, Section 15.2-1800.1 of the Code of Virginia, (1950), as amended, granted the County a tenancy in common with the School Board when the County incurs a financial obligation for school property which is payable over more than one fiscal year. For financial reporting purposes, the net book value of School capital assets financed by the County guaranteed debt is shown under the County up to the amount of outstanding debt. At June 30, 2013, the School component unit capital assets financed by the outstanding County guaranteed debt with a book value of $86,375,807 were reported in the Primary Government as tenant in common with the School Board.

NOTE 6 - CAPITAL ASSETS: (CONTINUED)

	Beginning Balance July 1, 2012	Additions	Deletions	Ending Balance June 30, 2013
Business-type Activities:				
Fork Union Sanitary District:				
Capital assets, not being depreciated:				
Land	$ 11,736	$ -	$ -	$ 11,736
Total capital assets not being depreciated	$ 11,736	$ -	$ -	$ 11,736
Capital assets being depreciated:				
Buildings and improvements	$ 18,079	$ -	$ -	$ 18,079
Infrastructure	3,078,912	-	-	3,078,912
Equipment	159,711	-	-	159,711
Total capital assets being depreciated	$ 3,256,702	$ -	$ -	$ 3,256,702
Less accumulated depreciation for:				
Buildings and improvements	$ 15,421	$ 221	$ -	$ 15,642
Infrastructure	1,192,205	77,200	-	1,269,405
Equipment	118,831	6,814	-	125,645
Total accumulated depreciation	$ 1,326,457	$ 84,235	$ -	$ 1,410,692
Total capital assets being depreciated, net	$ 1,930,245	$ (84,235)	$ -	$ 1,846,010
Fork Union Sanitary District capital assets, net	$ 1,941,981	$ (84,235)	$ -	$ 1,857,746

NOTE 6 - CAPITAL ASSETS: (CONTINUED)

	Beginning Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Business-type Activities: (continued)				
Sewer Fund:				
Capital assets, not being depreciated:				
Land	$ 284,440	$ -	$ -	$ 284,440
Total capital assets not being depreciated	$ 284,440	$ -	$ -	$ 284,440
Capital assets being depreciated:				
Infrastructure	$ 3,864,580	$ -	$ -	$ 3,864,580
Total capital assets being depreciated	$ 3,864,580	$ -	$ -	$ 3,864,580
Less accumulated depreciation for:				
Infrastructure	$ 341,045	$ 96,615	$ -	$ 437,660
Total accumulated depreciation	$ 341,045	$ 96,615	$ -	$ 437,660
Total capital assets being depreciated, net	$ 3,523,535	$ (96,615)	$ -	$ 3,426,920
Sewer capital assets, net	$ 3,807,975	$ (96,615)	$ -	$ 3,711,360
Business-type activities capital assets, net	$ 5,749,956	$ (180,850)	$ -	$ 5,569,106

NOTE 6 - CAPITAL ASSETS: (CONTINUED)

	Beginning Balance July 1, 2012	Additions	Deletions	Ending Balance June 30, 2013
Discretely Presented Component-Unit School Board:				
Capital assets, not being depreciated:				
Land	$ 329,523	$ -	$ -	$ 329,523
Construction in progress	-	266,162	-	266,162
Total capital assets not being depreciated	$ 329,523	$ 266,162	$ -	$ 595,685
Capital assets being depreciated:				
Buildings and improvements	$ 9,234,279	$ -	$ -	$ 9,234,279
Equipment	4,458,785	207,149	-	4,665,934
Jointly owned assets	9,834,226	1,050,780	-	10,885,006
Total capital assets being depreciated	$ 23,527,290	$ 1,257,929	$ -	$ 24,785,219
Less accumulated depreciation for:				
Buildings and improvements	$ 7,766,478	$ 491,045	$ -	$ 8,257,523
Equipment	3,784,869	162,693		3,947,562
Jointly owned assets	2,457,213	305,886	-	2,763,099
Total accumulated depreciation	$ 14,008,560	$ 959,624	$ -	$ 14,968,184
Total capital assets being depreciated, net	$ 9,518,730	$ 298,305	$ -	$ 9,817,035
School Board capital assets, net	$ 9,848,253	$ 564,467	$ -	$ 10,412,720

NOTE 6 - CAPITAL ASSETS: (CONTINUED)

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

Governmental Activities:

General government administration	$	102,506
Judicial administration		163,179
Public safety		444,996
Public works		26,296
Health and welfare		25,276
Education		2,261,195
Parks, recreation and cultural		38,067
Community development		74,725
Total	$	3,136,240

Business-Type Activities:

Fork Union Sanitary District	$	84,235
Sewer	$	96,615
Component Unit School Board	$	653,738 (1)
(1) Depreciation Expense	$	653,738
Accumulated depreciation on joint tenancy asset transfer		305,886
Total additions to accumulated depreciation	$	959,624

NOTE 7 - LONG-TERM OBLIGATIONS:

The following is a summary of changes in long-term obligation transactions for the fiscal year ended June 30, 2013:

	Balance July 1, 2012	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2013	Amounts Due Within One Year
Governmental Funds:					
Public facility note	$ 2,704,077	$ -	$ 2,704,077	$ -	$ -
School general obligation bonds	77,905,886	70,115,000	57,500,484	90,520,402	2,737,684
Premium on general obligation bonds	428,842	7,427,813	367,636	7,489,019	606,957
Discount on general obligation bonds	(475,452)	-	(31,697)	(443,755)	(31,697)
Public facility bonds	5,624,500	-	1,748,600	3,875,900	260,000
Landfill postclosure costs	850,907	14,465	33,283	832,089	33,284
Capital lease obligation	553,200	803,071	263,465	1,092,806	223,909
Literary fund loans	3,264,254	-	475,594	2,788,660	309,851
Compensated absences	474,077	58,172	47,408	484,841	48,484
Total governmental funds	$ 91,330,291	$ 78,418,521	$ 63,108,850	$ 106,639,962	$ 4,188,472

The general fund revenues are used to liquidate compensated absences and other long-term obligations.

	Balance July 1, 2012	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2013	Amounts Due Within One Year
Enterprise Funds:					
Compensated absences	$ 29,649	$ 6,768	$ 2,965	$ 33,452	$ 3,345
Water facility bonds	629,890	-	31,119	598,771	33,256
Sewer revenue bonds	900,000	-	60,000	840,000	60,000
Total Enterprise Funds	$ 1,559,539	$ 6,768	$ 94,084	$ 1,472,223	$ 96,601
Total Primary Government	$ 92,889,830	$ 78,425,289	$ 63,202,934	$ 108,112,185	$ 4,285,073

NOTE 7 - LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government

Annual requirements to amortize long-term obligations and related interest are as follows:

	Literary Fund Loans		General Obligation Bonds		Public Facility Revenue Refunding Bond		Public Facility Revenue Bond	
Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	$ 309,851	$ 83,660	$ 2,737,684	$ 3,461,963	$ 79,300	$ 81,637	$ 180,700	82,552
2015	309,851	74,364	3,146,773	3,062,245	83,900	78,136	188,400	74,836
2016	309,851	65,069	3,287,011	2,935,144	88,300	74,442	196,400	66,792
2017	309,851	55,773	3,435,056	2,802,299	92,500	70,564	204,800	58,406
2018	309,851	46,478	3,485,736	2,682,301	96,500	66,510	213,600	49,660
2019	309,851	37,182	3,606,143	2,548,728	100,300	62,289	222,700	40,540
2020	309,851	27,887	3,706,834	2,438,746	104,000	57,906	232,200	31,030
2021	309,851	18,591	3,708,139	2,334,067	107,500	53,370	242,100	21,116
2022	309,852	9,296	3,839,442	2,191,875	110,700	48,689	252,400	10,778
2023	-	-	3,996,073	2,030,471	113,700	43,876	-	-
2024	-	-	3,987,128	1,853,557	121,500	38,831	-	-
2025	-	-	4,138,030	1,690,385	124,000	33,565	-	-
2026	-	-	4,284,210	1,537,352	720,400	15,453	-	-
2027	-	-	4,052,143	1,387,460	-	-	-	-
2028	-	-	3,820,000	1,238,955	-	-	-	-
2029	-	-	3,950,000	1,112,703	-	-	-	-
2030	-	-	4,075,000	982,148	-	-	-	-
2031	-	-	4,240,000	817,391	-	-	-	-
2032	-	-	4,415,000	645,883	-	-	-	-
2033	-	-	4,575,000	489,720	-	-	-	-
2034	-	-	4,535,000	353,025	-	-	-	-
2035	-	-	4,675,000	214,875	-	-	-	-
2036	-	-	4,825,000	72,375	-	-	-	-
Totals	$ 2,788,660	$ 418,300	$ 90,520,402	$ 38,883,668	$ 1,942,600	$ 725,268	$ 1,933,300	$ 435,710

NOTE 7 - LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Annual requirements to amortize long-term obligations and related interest are as follows: (Continued)

			Revenue Bonds			
			Water		Sewer System	
	Capital Leases		Facilities Bond		Revenue Bond	
Year	Principal	Interest	Principal	Interest	Principal	Interest
2014	$ 223,909	$ 33,951	$ 33,256	$ 26,232	$ 60,000	$ -
2015	230,624	27,234	34,817	24,703	60,000	-
2016	150,235	20,298	36,417	23,103	60,000	-
2017	101,158	14,924	38,090	21,430	60,000	-
2018	104,482	11,600	39,840	19,680	60,000	-
2019	107,920	8,162	41,670	17,850	60,000	-
2020	56,651	4,606	43,584	15,936	60,000	-
2021	58,147	3,111	45,587	13,934	60,000	-
2022	59,680	1,576	47,681	11,839	60,000	-
2023	-	-	49,871	9,649	60,000	-
2024	-	-	52,162	7,358	60,000	-
2025	-	-	54,559	4,961	60,000	-
2026	-	-	57,065	2,455	60,000	-
2027	-	-	24,172	209	60,000	-
Totals	$ 1,092,806	$ 125,462	$ 598,771	$ 199,339	$ 840,000	$ -

NOTE 7 - LONG-TERM OBLIGATIONS: (CONTINUED)

Detail of Long-Term Obligations

	Amount Outstanding	Amounts Due Within One Year
Public Facility Bonds:		
$2,695,000 Public Facility Revenue Bond Series 2006 payable in various installments of principal and interest beginning January 15, 2007, interest payable semiannually at 4.27%.	$ 1,933,300	$ 180,700
$2,505,000 Public Facility Revenue Refunding Bond Series 2005 payable in various principal installments ranging from $59,100 to $720,400 beginning October 15, 2006, interest payable semiannually at 4.29%.	1,942,600	79,300
Total public facility bonds	$ 3,875,900	$ 260,000
School General Obligation Bonds:		
$2,096,324 School Bonds, 1995C, issued December 21, 1995, maturing annually in installments ranging from $92,389 to $123,720 through July 15, 2016, interest at 5.10% payable semiannually.	$ 363,796	$ 118,852
$830,197 School Bonds, 1996A, issued March 1996, maturing annually in installments ranging from $36,064 to $49,458 through July 15, 2017, interest up to 8% payable semiannually.	191,705	46,447
$1,000,000 Refunding School Bonds, 1999A, issued May 13, 1999, maturing annually in installments of $50,000 through July 15, 2019, interest payable semiannually at 4.1%.	350,000	50,000
$6,411,957 School Bonds, 2005A, issued November 10, 2005, maturing annually in installments ranging from $273,104 to $372,067 through July 15, 2025, interest payable semiannually at 5.1%.	4,375,901	305,585
$67,525,000 School Bonds, 2008A, issued December 22, 2008, maturing annually in installments ranging from $700,000 to $5,115,000 through December 1, 2035, interest payable semiannually at 5.95%	9,975,000	1,485,000

NOTE 7 - LONG-TERM OBLIGATIONS: (CONTINUED)

Detail of Long-Term Obligations: (Continued)

	Amount Outstanding	Amounts Due Within One Year
School General Obligation Bonds: (continued)		
Premium on School Bonds 2008A	$ 61,206	$ 17,730
$5,420,000 School Bonds, 2009A, issued November 13, 2009, maturing annually in installments ranging from $135,500 to $387,143 through September 15, 2026. The interest rate is 0.0%.	5,149,000	216,800
Discount on School Bonds 2009A	(443,755)	(31,697)
$66,120,000 School Refunding Bonds, 2012B, issued December 20, 2012, maturing annually in installments ranging from $345,000 to $4,825,000 through June 30, 2036, interest payable semiannually at ranging from 1.25% to 5.00%	66,120,000	345,000
Premium on School Bonds 2012B	6,974,438	527,200
$3,995,000 School Bonds, 2012, issued November 15, 2012, maturing annually in installments ranging from $135,000 to $305,000 through July 15, 2032, interest payable semiannually at ranging from 2.05% to 5.05%	3,995,000	170,000
Premium on School Bonds 2012	453,375	62,027
Total school general obligation bonds	$ 97,565,666	$ 3,312,944
State Literary Fund Loans:		
$6,197,023, issued July 15, 2001 due in principal annual installments of $309,851 through July 15, 2021, interest at 3%.	$ 2,788,660	$ 309,851
Total state literary fund loans	$ 2,788,660	$ 309,851

NOTE 7 - LONG-TERM OBLIGATIONS: (CONTINUED)

Detail of Long-Term Obligations: (Continued)

	Amount Outstanding	Amounts Due Within One Year
Capital Leases:		
$412,000 capital lease dated February 15, 2007 payable in annual payments of principal and interest in the amount of $54,450 through July 15, 2015. Interest payable annually at 4.13%. Lease is for Pumper Truck.	$ 150,734	$ 48,225
$450,000 capital lease dated January 7, 2009 payable in annual payments of principal and interest in the amount of $54,825 through October 15, 2018. Interest payable annually at 3.98%. Lease is for Pumper Truck.	287,584	43,379
$256,750 capital lease dated Septebmer 18, 2012 payable in annual payments of principal and interest in the amount of $87,326 through September 18, 2014. Interest payable annually at 2.05%. Lease is for Sheriff Vehicles.	169,424	83,853
$546,321 capital lease dated September 18, 2012 payable in annual payments of principal and interest in the amount of $61,257 through September 18, 2021. Interest payable annually at 2.64%. Lease is for Fire Truck.	485,064	48,452
Total capital leases	$ 1,092,806	$ 223,909
Landfill postclosure costs	$ 832,089	$ 33,284
Compensated absences	$ 484,841	$ 48,484
Total Governmental Funds	$ 106,639,962	$ 4,188,472
Enterprise Funds:		
Water Facilities Bond:		
$1,000,000, Series 1998-A, authorized June 25, 1998, due in monthly installments of $4,960, including principal and interest. The interest rate is 4.5% and final payment is due December 31, 2030.	$ 598,771	$ 33,256
Sewer System Revenue Bond:		
$1,200,000, Series 2006, authorized August 1, 2006, due in semi-annual installments of $30,000, principal only. The interest rate is 0.0% and final payment is due March 1, 2027.	840,000	60,000
Compensated absences	33,452	3,345
Total Enterprise Fund Obligations	$ 1,472,223	$ 96,601
Total Primary Government	$ 108,112,185	$ 4,285,073

NOTE 7 - LONG-TERM OBLIGATIONS: (CONTINUED)

Advance Refunding of Debt

On December 20, 2012 the County issued $66,120,000 of School General Obligation Refunding Bonds, Series 2012 to advance refund of School General Obligation Bond Series 2008. As a result the School General Obligation Bond Series 2008 are considered to be defeased in substance and the liability for these bonds has been removed from these financial statements.

The reacquisition price exceeded the carrying amount of the old debt by $17,364,959.

This amount is being netted against the new debt and amortized over the life of the new debt issued, which is shorter than the remaining life of the refunded debt. This advance refunding was undertaken to reduce the total debt service payments over the next seventeen years by $10,544,659 and resulted in an economic gain (loss) of $7,680,362.

Current Refunding of Debt

On November 15, 2012 the county issued general obligation refunding bonds to currently refund its 2007 Public Facility Revenue Bond and 2010 Public Facility Revenue Note. This refunding was undertaken to reduce the total debt service over the next eleven years by $163,087 and resulted in an economic gain of $152,436.

Component Unit School Board

The following is a summary of long-term obligations for the fiscal year ended June 30, 2013:

	Amounts Payable at July 1, 2012	Increases	Decreases	Amounts Payable at June 30, 2013	Amounts Due Within One Year
Compensated absences	$ 988,030	$ 104,246	$ 98,803	$ 993,473	$ 99,347
Total	$ 988,030	$ 104,246	$ 98,803	$ 993,473	$ 99,347

The School Operating and School Cafeteria Funds are used to liquidate the School Board's compensated absences liability.

NOTE 8 - DEFINED BENEFIT PENSION PLAN:

A. Plan Description

Name of Plan: Virginia Retirement System (VRS)

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

Administering Entity: Virginia Retirement System (System)

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

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

- Members hired before July 1, 2010 and who were vested as of January 1, 2013 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit.

- Members hired or rehired on or after July 1, 2010 and Plan 1 members who were not vested on January 1, 2012 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.

- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70 %. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. The multiplier for Plan 2 members was reduced to 1.65% effective January 1, 2013 unless they are hazardous duty employees and their employer has elected the enhanced retirement multiplier. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

NOTE 8 - DEFINED BENEFIT PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at http://www.varetire.org/Pdf/Publications/2012-annual-report.pdf by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period 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. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County and School's contribution rate for the fiscal year ended 2013 were 12.85% and 7.99% of annual covered payroll.

The School Board's contributions for professional employees were $3,869,200, $2,666,276, and $2,094,436 to the teacher cost-sharing pool for the fiscal years ended June 30, 2013, 2012 and 2011 respectively and these contributions represented 11.66%%, 6.33%, and 3.93% respectively, of current covered payroll.

C. Annual Pension Cost

For fiscal year 2013, the County's annual pension cost of $718,234 was equal to the County's required and actual contributions.

NOTE 8 - DEFINED BENEFIT PENSION PLAN: (CONTINUED)

C. Annual Pension Cost (Continued)

For fiscal year 2013, the School Board's annual pension cost for the Board's non-professional employees was $168,377 which was equal to the School Board's required and actual contributions.

Three Year Trend Information for the County and School Board

Fiscal Year Ending	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
County:			
June 30, 2013	$ 718,234	100%	$ -
June 30, 2012	550,581	100%	-
June 30, 2011	558,946	100%	-
School Board Non-Professional:			
June 30, 2013	$ 168,377	100%	$ -
June 30, 2012	106,814	100%	-
June 30, 2011	107,190	100%	-

(1) Employer portion only

The FY2013 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers, and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County's and the School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County's and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

D. Funded Status and Funding Progress

As of June 30, 2012, the most recent actuarial valuation date, the County's plan was 75.19% funded. The actuarial accrued liability for benefits was $18,246,720, and the actuarial value of assets was $13,720,594, resulting in an unfunded actuarial accrued liability (UAAL) of $4,526,126. The covered payroll (annual payroll of active employees covered by the plan) was $5,111,931, and ratio of the UAAL to the covered payroll was 88.54%.

As of June 30, 2012, the most recent actuarial valuation date, the School Board's plan was 82.59% funded. The actuarial accrued liability for benefits was $5,191,640, and the actuarial value of assets was $4,287,701, resulting in an unfunded actuarial accrued liability (UAAL) of $903,939. The covered payroll (annual payroll of active employees covered by the plan) was $1,930,972, and ratio of UAAL to the covered payroll was 46.81%.

NOTE 8 - DEFINED BENEFIT PENSION PLAN: (CONTINUED)

D. Funded Status and Funding Progress (Continued)

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

NOTE 9 - COMPENSATED ABSENCES:

In accordance with GASB Statement 16, *Accounting for Compensated Absences*, the County has accrued the liability arising from outstanding claims and judgments and compensated absences.

The County employees earn vacation and sick leave based on years of service at the rate of eight hours per month for each full-time employee with less than 5 years of service. Twenty-five percent of the unused sick leave or $2,500 for County or $5,000 for Social Services, whichever is less, will be paid to an employee who leaves county employment after five or more years of service. Accumulated vacation is paid upon termination based on length of employment as defined in the County's personnel policy. The County has accrued vacation and sick leave pay as follows:

Primary Government	$ 484,841
Enterprise Funds	$ 33,452
Component Unit School Board	$ 993,473

NOTE 10 – SELF INSURANCE/RISK MANAGEMENT:

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County contracts with the Virginia Association of Counties Municipal Liability Pool to provide insurance coverage for these risk losses. The County pays an annual premium to the association for its general workers compensation insurance coverage. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion 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 loss, including general liabilities and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The County administers an employee health insurance program. These insurance activities have been accounted for in an Internal Service Fund, the Health Insurance Fund.

Employee Health Insurance:

The County and School Board have contracted with private carriers to administer this activity. The County's Health Insurance Fund recognizes revenue from other fund charges and from other localities and agencies which participate in the County program. The interfund charges are reported as fund expenditures in the funds that have employees participating in the program. The Health Insurance Fund expenses represent premium payments to the private carrier. The premium payments are based on the number insured and benefits.

NOTE 10 – SELF INSURANCE/RISK MANAGEMENT: (CONTINUED)

Employee Health Insurance: (Continued)

Claims liability is reevaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. Incurred but not reported claims have been accrued as a liability based upon prior history and estimates from the insurance carrier. Changes in the estimated claims liability for fiscal year 2013 is listed as follows:

Funds	Estimated Claims Liability Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Claim Payments	Estimated Claims Liability End of Fiscal Year
Primary Government:				
Insurance Internal Service Fund				
2012	$ -	$ 1,314,882	$ 1,132,411	$ 182,471
2013	182,471	-	182,471	-
Component Unit School Board:				
School Operating and Health Insurance Funds				
2012	$ -	$ 3,121,861	$ 2,879,194	$ 242,667
2013	242,667	4,753,485	4,753,485	242,667

NOTE 11 – UNAVAILABLE/UNEARNED REVENUE:

	Government-wide Statements: Governmental Activities	Balance Sheet: Governmental Funds
Primary Government:		
Unavailable property tax revenue:		
Unavailable revenue representing uncollected property tax billings for which asset recognition criteria has not been met. The uncollected tax billings are not available for the funding of current expenditures.	$ 13,454,847	$ 15,556,992
Prepaid property tax revenues representing collections received for property taxes that are applicable to the subsequent budget year.	194,474	194,474
Total governmental activities	$ 13,649,321	$ 15,751,466

NOTE 12 - CONTINGENT LIABILITIES:

Federal assistance programs in which the County and its component unit participate were audited in accordance with the provisions of the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Pursuant to the above provisions, major and non-major programs were tested for compliance with applicable grant requirements. While there are no items of non-compliance, as noted in the compliance report, the federal government may subject grant programs to additional compliance testing which may result in disallowances of current grant program expenditures. However, management believes that if any of these expenditures were disallowed it would be immaterial to the overall general-purpose financial statements.

NOTE 13 - LITIGATION:

At June 30, 2013, there were no matters of litigation involving the County which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

NOTE 14 - LANDFILL CLOSURE AND POSTCLOSURE CARE COST:

The County of Fluvanna, Virginia owns and operates a landfill site. State and federal laws and regulations require the County to place a final cover on each phase of its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste. In accordance with Statement 18 of the Governmental Accounting Standards Board entitled *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The $832,089 reported as a landfill closure and postclosure care liability at June 30, 2013, represents the cumulative amount reported based on the use of 100% of the estimated capacity used of the landfill. The County has closed the landfill. These amounts are based on what it would cost to perform all closures and postclosure care in 2013. Actual closure and postclosure care costs may be higher due to inflation, changes in technology, or changes in regulations.

The County has demonstrated financial assurance requirements for closure and postclosure care and corrective action costs through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC20-70 of the Virginia Administrative Code.

The County plans to meet all federal laws, regulations and tests of financial assurance related to the financing of closure and postclosure care when they become effective.

NOTE 15 - SURETY BONDS:

Fidelity and Deposit Company of Maryland - Surety:	
Bouson E. Peterson, Jr., Clerk of the Circuit Court	$ 25,000
Linda H. Lenherr, Treasurer	$ 400,000
Andrew M. Sheridan, Commissioner of the Revenue	$ 3,000
Ryant L. Washington, Sheriff	$ 30,000

The Department of Risk Management of the Virginia General Services Administration maintains a self-insurance plan which covers any duly elected Constitutional Officer required to present a bond and all deputies and/or employees of such Constitutional Officers. The coverage provided by the plan is $500,000.

Western Surety Company - Surety:	
Dr. Gena Keller, Superintendent of Schools	$ 10,000
Brandi Critzer, Clerk of the School Board	$ 10,000
Steven M. Nichols, County Administrator	$ 2,000
Joseph Chesser, Supervisor	$ 2,500
Shaun V. Kenney, Supervisor	$ 2,500
Donald W. Weaver, Supervisor	$ 2,500
Mozell Booker, Supervisor	$ 2,500
Robert Ullenbruch, Supervisor	$ 2,500
Continental Insurance Company - Surety:	
Social Services Department employees - blanket bond	$ 100,000
The Travelers - Surety:	
Manager, Fork Union Sanitary District	$ 10,500

NOTE 16 - TRUST FOR OTHER POST-EMPLOYMENT BENEFITS:

The County of Fluvanna has established a irrevocable trust pursuant to Section 15.2-1544 of the Code of Virginia, as amended for the purpose of accumulated and investing assets to fund Other Post-Employment Benefits (OPEB) and to participate in the Virginia Pooled OPEB Trust Fund and has established a Local Finance Board to become a Participating Employer in the Trust Fund. The Trust Fund provides administrative, custodial and investment services to the Participating Employers in the Trust Fund. For the fiscal year ending June 30, 2013 the County contributed $111,700 to the Trust Fund. There have been no expenses allocated to the Trust Fund during the fiscal year ended June 30, 2013.

The County participates in the Virginia Pooled OPEB Trust Fund, an irrevocable trust established for the purpose of accumulating assets to fund postemployment benefits other than pensions. The Trust Fund issues a separate report, which can be obtained by requesting a copy from the plan administrator, Virginia Municipal League (VML) at P.O. Box 12164, Richmond, Virginia 23241.

NOTE 17–OTHER POSTEMPLOYMENT BENEFITS–HEALTH INSURANCE:

County:

A. Plan Description

The County Post-Retirement Medical Plan (CPRMP) is a single-employer defined benefit healthcare plan which offers health insurance for retired employees. Retirees are eligible for postretirement medical coverage if they are a full-time employee who retires directly from the County and is eligible for retirement from VRS. The County's post-retirement medical plan does not issue a separate, audited GAAP basis report.

B. Funding Policy

The County establishes employer contribution rates for plan participants as part of the budgetary process each year. The County also determines how the plan will be funded each year whether it will partially fund the plan or fully fund the plan. Again this is determined annually as part of the budgetary process. Retirees pay 100 % of premiums. Coverage ceases when retirees reach the age of 65. Surviving spouses are not allowed access to the plan.

C. Annual OPEB Cost and Net OPEB Obligation

The annual cost of other post employment benefits (OPEB) under GASB 45 is calculated based on the annual required contribution or ARC, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The County elected to prefund OPEB liabilities. 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 (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual required contribution	$	35,900
Interest on net OPEB asset		675
Adjustment to annual required contribution		(515)
Annual OPEB cost (expense)	$	36,060
Contribution made		76,656
Increase in net OPEB asset	$	(40,596)
Net OPEB obligation-beginning of year		(189,020)
Net OPEB obligation-end of year	$	(229,616)

NOTE 17–OTHER POSTEMPLOYMENT BENEFITS–HEALTH INSURANCE: (CONTINUED)

County: (Continued)

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

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the two preceding years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset
June 30, 2013	$ 36,060	-637%	$ (229,616)
June 30, 2012	$ 33,800	-559%	$ (189,020)
June 30, 2011	$ 84,156	100%	$ -

D. Funded Status and Funding Progress

The funded status of the plan as of July 1, 2011 the most recent actuarial valuation date is as follows:

Actuarial accrued liability (AAL)	$ 325,000
Actuarial value of plan assets	245,839
Unfunded actuarial accrued liability	79,161
Funded ratio (actuarial value of plan assets / AAL)	75.64%
Covered payroll (active plan members)	5,148,300
UAAL as a percentage of covered payroll	1.54%

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 and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. 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 assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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 to 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.

NOTE 17–OTHER POSTEMPLOYMENT BENEFITS–HEALTH INSURANCE: (CONTINUED)

County: (Continued)

E. Actuarial Methods and Assumptions (Continued)

Cost Method

The cost method for valuation of liabilities used for this valuation is the **Projected Unit Credit (PUC) Actuarial Cost Method**. A PUC accrued benefit is determined for each active member in the Plan on the basis of the member's average final compensation projected to the assumed date of retirement and the member's creditable service at the valuation date. The actuarial liability for retirement benefits is the sum of the actuarial present value of the PUC accrued benefit of each active member. The normal cost for retirement benefits is the sum of the actuarial present value for the expected increase in the PUC accrued benefit during the plan year for each active member under the assumed retirement age.

The actuarial liability and the normal cost for termination benefits, disability benefits, and pre-retirement spouse's death benefits are determined in a similar manner by projecting the member's average final compensation to each assumed date of termination, disablement, or death. The actuarial liability and normal cost for the supplemental benefits are based upon the present value of the expected supplement expected to be paid to those covered employees attaining eligibility. The actuarial liability for inactive members is determined as the actuarial present value of the pension and supplemental benefits expected to be paid.

The difference between the actuarial liability and the actuarial value of assets is the unfunded actuarial liability. The annual required contribution is the sum of the normal cost and the amount necessary to amortize the unfunded actuarial liability over the amortization period. The amortization amount is determined as a level percentage of payroll.

Interest Assumptions

In the July 1, 2011, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 7.5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 6.30 percent initially, reduced by decrements to an ultimate rate of 4.70 percent after ten years. Both rates included a 4.5 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2011, was thirty years.

	Funded
Discount rate	7.5%
Payroll growth	3.75%

NOTE 17–OTHER POSTEMPLOYMENT BENEFITS–HEALTH INSURANCE: (CONTINUED)

School Board:

A. Plan Description

The School Board Post-Retirement Medical Plan (CPRMP) is a single-employer defined benefit healthcare plan which offers health insurance for retired employees. Retirees are eligible for postretirement medical coverage if they are a full-time employee who retires directly from the County and is eligible for retirement from VRS. The School Board's Post-Retirement Medical Plan does not issue a separate, audited GAAP basis report.

B. Funding Policy

The School Board Post-Retirement Medical Plan (SBPRMP) is a single-employer defined benefit healthcare plan which offers health insurance for retired employees. Retirees are eligible for postretirement medical coverage if they are a full-time employee who retires directly from the School Board and is eligible for retirement from VRS.

C. Annual OPEB Cost and Net OPEB Obligation

The annual cost of other post employment benefits (OPEB) under GASB 45 is calculated based on the annual required contribution or ARC an amount actuarially determined in accordance with the parameters of GASB Statement 45. The estimated pay as you go cost for OPEB benefits is $106,944 for fiscal year 2013. The School Board elected to pre-fund OPEB liabilities. 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 (or funding excess) over a period not to exceed thirty years.

For 2013, the School Board's expected cash payment of $106,944 is equal to the ARC. The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the two preceding years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	$ 106,944	100%	$ -
June 30, 2012	99,200	100%	-
June 30, 2011	278,928	100%	-

NOTE 17–OTHER POSTEMPLOYMENT BENEFITS–HEALTH INSURANCE: (CONTINUED)

School Board:

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2011 the most recent actuarial valuation date is as follows:

Actuarial accrued liability (AAL)	$	946,600
Actuarial value of plan assets		716,033
Unfunded actuarial accrued liability		230,567
Funded ratio (actuarial value of plan assets / AAL)		75.64%
Covered payroll (active plan members)		20,633,800
UAAL as a percentage of covered payroll		1.12%

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 and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. 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 assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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 to 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.

Cost Method

The cost method for valuation of liabilities used for this valuation is the **Projected Unit Credit (PUC) Actuarial Cost Method**. A PUC accrued benefit is determined for each active member in the Plan on the basis of the member's average final compensation projected to the assumed date of retirement and the member's creditable service at the valuation date. The actuarial liability for retirement benefits is the sum of the actuarial present value of the PUC accrued benefit of each active member. The normal cost for retirement benefits is the sum of the actuarial present value for the expected increase in the PUC accrued benefit during the plan year for each active member under the assumed retirement age.

NOTE 17–OTHER POSTEMPLOYMENT BENEFITS–HEALTH INSURANCE: (CONTINUED)

School Board: (Continued)

E. Actuarial Methods and Assumptions: (Continued)

Cost Method: (Continued)

The actuarial liability and the normal cost for termination benefits, disability benefits, and pre-retirement spouse's death benefits are determined in a similar manner by projecting the member's average final compensation to each assumed date of termination, disablement, or death. The actuarial liability and normal cost for the supplemental benefits are based upon the present value of the expected supplement expected to be paid to those covered employees attaining eligibility. The actuarial liability for inactive members is determined as the actuarial present value of the pension and supplemental benefits expected to be paid.

The difference between the actuarial liability and the actuarial value of assets is the unfunded actuarial liability. The annual required contribution is the sum of the normal cost and the amount necessary to amortize the unfunded actuarial liability over the amortization period. The amortization amount is determined as a level percentage of payroll.

Interest Assumptions

In the July 1, 2011, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 7.5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 6.30 percent initially, reduced by decrements to an ultimate rate of 4.70 percent after ten years. Both rates included a 4.5 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2011, was thirty years.

	Funded
Discount rate	7.5%
Payroll growth	3.75%

NOTE 18–VRS HEALTH INSURANCE CREDIT OTHER POSTEMPLOYMENT BENEFITS:

A. Plan Description

The County participates in the Health Insurance Credit Program, a plan designed to assist retirees with the cost of health insurance coverage. This program is an agent and cost sharing, multiple-employer defined benefit plan administered by the Virginia Retirement System (VRS). The Virginia General Assembly establishes the dollar amount of the health insurance credit for each year of creditable service. The credit amount and eligibility differs for state, school division, political subdivision, local officer, local social services department and general registrar retirees.

NOTE 18–VRS HEALTH INSURANCE CREDIT OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

A. Plan Description (Continued)

An employee of the County, who retires under VRS with at least 15 years of total creditable service under the System and is enrolled in a health insurance plan, is eligible to receive a monthly health insurance credit of $1.50 per year of creditable service up to a maximum monthly credit of $45. However, such credit shall not exceed the health insurance premium for the retiree. Disabled retirees automatically receive the maximum monthly health insurance credit of $45.

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the Code of Virginia. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 8.

B. Funding Policy

As a participating local political subdivision, the County is required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the Code of Virginia and the VRS Board of Trustees. The County's contribution rate for the fiscal year ended 2013 was .10% of annual covered payroll.

C. OPEB Cost and Net OPEB Obligation:

The annual cost of OPEB under Governmental Accounting Standards Board (GASB) 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions, is based on the annual required contribution (ARC). The County is required to contribute the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement 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 (or funding excess) over a period not to exceed thirty years.

For 2013, the County's contribution of $3,282 was equal to the ARC and OPEB cost. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the two preceding years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	$ 5,288	100%	$ -
June 30, 2012	4,763	100%	-
June 30, 2013	3,282	100%	-

NOTE 18−VRS HEALTH INSURANCE CREDIT OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2012, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	$	101,245
Actuarial value of plan assets		71,990
Unfunded actuarial accrued liability		29,255
Funded ratio (actuarial value of plan assets / AAL)		71.10%
Covered payroll (active plan members)		2,079,133
UAAL as a percentage of covered payroll		1.41%

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 and reflect a long-term perspective. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

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 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 to that point. The actuarial methods and assumptions used included techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7.0% investment rate of return, compounded annually, including an inflation component of 2.5%, and a payroll growth rate of 3%. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining open amortization period at June 30, 2012 was 29 years.

The Retiree Health Insurance Credit benefit is based on a member's employer eligibility and his or her years of service. The monthly maximum credit amount cannot exceed the member's actual health insurance premium costs. The actuarial valuation for this plan assumes the maximum credit is payable for each eligible member. Since this benefit is a flat dollar amount multiplied by years of service and the maximum benefit is assumed, no assumption relating to healthcare cost trend rates is needed or applied.

NOTE 18−VRS HEALTH INSURANCE CREDIT OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

F. Professional Employees – Discretely Presented Component Unit School Board:

The School Board participates in the Health Insurance Credit Program, a plan designed to assist retirees with the cost of health insurance coverage. This program is a cost sharing, multiple-employer defined benefit plan administered by the Virginia Retirement System (VRS). The Virginia General Assembly establishes the dollar amount of the health insurance credit for each year of creditable service.

A teacher, who retires under VRS with at least 15 years of total creditable service under the System and is enrolled in a health insurance plan, is eligible to receive a monthly health insurance credit of $4 per year of creditable service. However, such credit shall not exceed the health insurance premium for the retiree. Disabled retirees automatically receive a monthly health insurance credit of $4 multiplied by the smaller of (i) twice the amount of their creditable service or (ii) the amount of creditable service they would have completed at age 60 if they had remained in service to that age.

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.10% of annual covered payroll. The School Board's contribution to VRS for the year ended June 30, 2013, was $256,500, and equaled the required contributions for each year.

NOTE 19−RESTRICTED ASSETS:

Restricted assets at June 30, 2013 consist of the following:

		Governmental Activities
Cash for Capital Projects - New High School	$	519,759
Total	$	519,759

NOTE 20−RESTATEMENT OF NET POSITION:

Net Position was restated as follows at July 1, 2012:

		Governmental Activities
Net position, beginning of year, as previously reported	$	38,231,794
Unamortized debt issuance costs		(746,784)
Net position, beginning of year, as restated	$	37,485,010

NOTE 21− UPCOMING PRONOUNCEMENTS:

The GASB has issued Statement No. 68, “Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27.” This Statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014 (fiscal year ended June 30, 2015). The County has not determined the impact of this pronouncement on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

Presented budgets were prepared on the modified accrual basis of accounting which is in accordance with accounting principles generally accepted in the United States of America. The basis of budgeting is the same as generally accepted accounting principles.

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Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - General Fund
Year Ended June 30, 2013

	General Fund			
	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Revenues:				
General property taxes	$ 26,404,188	$ 26,404,188	$ 26,886,904	$ 482,716
Other local taxes	2,683,900	2,683,900	2,971,802	287,902
Permits, privilege fees and regulatory licenses	315,435	225,435	266,139	40,704
Fines and forfeitures	37,400	37,400	30,225	(7,175)
Revenue from use of money and property	30,500	30,500	60,248	29,748
Charges for services	152,100	277,100	220,199	(56,901)
Miscellaneous	75,000	40,000	100,010	60,010
Recovered costs	151,373	158,810	228,406	69,596
Intergovernmental:				
Commonwealth	7,711,489	7,787,825	7,421,770	(366,055)
Federal	1,012,798	1,031,585	872,284	(159,301)
Total revenues	$ 38,574,183	$ 38,676,743	$ 39,057,987	$ 381,244
Expenditures:				
Current:				
General government administration	$ 2,304,849	$ 2,553,028	$ 2,429,821	$ 123,207
Judicial administration	990,213	1,022,157	997,142	25,015
Public safety	5,377,978	5,499,300	5,057,011	442,289
Public works	1,638,683	1,586,219	1,442,865	143,354
Health and welfare	4,910,532	5,139,961	4,510,716	629,245
Education	12,335,710	13,814,864	13,780,610	34,254
Parks, recreation, and cultural	655,971	698,950	674,105	24,845
Community development	803,460	839,889	776,271	63,618
Nondepartmental	741,845	255,075	159,496	95,579
Debt service:				
Principal retirement	3,165,660	3,165,660	3,067,243	98,417
Interest and other fiscal charges	4,819,505	4,775,847	2,799,760	1,976,087
Total expenditures	$ 37,744,406	39,350,950	35,695,040	3,655,910
Excess (deficiency) of revenues over (under) expenditures	$ 829,777	$ (674,207)	$ 3,362,947	$ 4,037,154
Other financing sources (uses):				
Transfers in	$ -	$ -	$ 47,665	$ 47,665
Transfers (out)	(5,082,638)	(5,374,158)	(1,994,483)	3,379,675
Total other financing sources (uses)	$ (5,082,638)	$ (5,374,158)	$ (1,946,818)	$ 3,427,340
Changes in fund balances	$ (4,252,861)	$ (6,048,365)	$ 1,416,129	$ 7,464,494
Fund balances at beginning of year	4,045,000	5,766,043	20,214,883	14,448,840
Fund balances at end of year	$ (207,861)	$ (282,322)	$ 21,631,012	$ 21,913,334

Schedule of Pension and OPEB Funding Progress for the Virginia Retirement System and Other Post Employment Benefits
For the Year Ended June 30, 2013

VIRGINIA RETIREMENT SYSTEM:

COUNTY:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability	Funded Ratio (2)/(3)	Annual Covered Payroll	UAAL as % of Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2012	$ 13,720,594	$ 18,246,720	$ 4,526,126	75.19%	$ 5,111,931	88.54%
6/30/2011	13,410,873	17,911,535	4,500,662	74.87%	5,312,618	84.72%
6/30/2010	12,848,487	16,820,969	3,972,482	76.38%	5,569,325	71.33%

DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD
SCHOOL BOARD NON-PROFESSIONALS:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability	Funded Ratio (2)/(3)	Annual Covered Payroll	UAAL as % of Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2012	$ 4,287,701	$ 5,191,640	$ 903,939	82.59%	$ 1,930,972	46.81%
6/30/2011	4,182,897	5,087,405	904,508	82.22%	1,878,702	48.15%
6/30/2010	4,010,577	4,870,931	860,354	82.34%	1,995,180	43.12%

OTHER POST EMPLOYMENT BENEFITS:

COUNTY:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability	Funded Ratio (2)/(3)	Annual Covered Payroll	UAAL as % of Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
7/1/2011	$ 245,839	$ 325,000	$ 79,161	75.64%	$ 5,148,300	1.54%
7/1/2009	62,792	585,404	522,612	10.73%	N/A	N/A
7/1/2007	-	510,631	510,631	0.00%	N/A	N/A

DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability	Funded Ratio (2)/(3)	Annual Covered Payroll	UAAL as % of Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
7/1/2011	$ 716,033	$ 946,600	$ 230,567	75.64%	$ 20,633,800	1.12%
7/1/2009	223,770	2,086,200	1,862,430	10.73%	N/A	N/A
7/1/2007	-	1,791,292	1,791,292	0.00%	N/A	N/A

VIRGINIA RETIREMENT SYSTEM - HEALTH INSURANCE CREDIT:

COUNTY:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability	Funded Ratio (2)/(3)	Annual Covered Payroll	UAAL as % of Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2012	$ 71,990	$ 101,245	$ 29,255	71.10%	$ 2,079,133	1.41%
6/30/2011	73,027	104,403	31,376	69.95%	1,979,226	1.59%
6/30/2010	60,799	100,837	40,038	60.29%	5,569,325	0.72%

OTHER SUPPLEMENTARY INFORMATION

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Combining and Individual Fund Statements and Schedules

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Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended June 30, 2013

	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Revenues:				
Revenue from use of money	$ -	$ -	$ 6,544	$ 6,544
Miscellaneous	-	-	3,000	3,000
Intergovernmental:				
Federal	-	3,104,242	1,273,986	(1,830,256)
Total revenues	$ -	$ 3,104,242	$ 1,593,015	$ (1,511,227)
Expenditures:				
Capital projects:				
General government administration	$ -	$ 93,357	$ 27,761	$ 65,596
Public safety	4,170,000	10,182,333	2,717,004	7,465,329
Public works	156,026	548,215	41,143	507,072
Health and welfare	-	85,922	77,639	8,283
Education	629,748	3,575,895	3,140,524	435,371
Parks, recreation, and cultural	-	987,414	13,488	973,926
Community development	-	1,514,287	251,234	1,263,053
Debt service:				
Principal retirement	-	4,205,000	4,204,977	23
Interest	-	60,000	59,237	763
Bond issuance cost	-	500,000	393,927	106,073
Total expenditures	$ 4,955,774	$ 21,752,423	$ 10,926,934	$ 10,825,489
Excess (deficiency) of revenues over (under) expenditures	$ (4,955,774)	$ (18,648,181)	$ (9,333,919)	$ 9,314,262
Other financing sources (uses):				
Transfers in	$ 4,910,774	$ 10,610,110	$ 1,865,746	$ (8,744,364)
Issuance of capital lease	-	803,071	803,071	-
Payment to bond escrow agent	-	(72,835,000)	(72,784,959)	50,041
Issuance of long-term debt		70,150,000	70,115,000	(35,000)
Premium cost on issuance of bonds	-	7,450,000	7,427,813	(22,187)
Total other financing sources (uses)	$ 4,910,774	$ 16,178,181	$ 7,426,671	$ (8,751,510)
Changes in fund balances	$ (45,000)	$ (2,470,000)	$ (1,907,248)	$ 562,752
Fund balance at beginning of the year	45,000	2,470,000	2,656,428	186,428
Fund balance at end of the year	$ -	$ -	$ 749,180	$ 749,180

COUNTY OF FLUVANNA, VIRGINIA **Exhibit 14**

Statement of Fiduciary Net Position -
Agency Fund
At June 30, 2013

	Special Welfare Fund
ASSETS	
Cash and cash equivalents	$ 82,706
Total assets	$ 82,706
LIABILITIES	
Amounts held for social services clients	$ 82,706
Total liabilities	$ 82,706

Agency Fund
Statement of Changes in Position and Liabilities-Agency Fund
Year Ended June 30, 2013

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	$ 71,858	$ 49,879	$ 39,031	$ 82,706
Liabilities:				
Amounts held for social services clients	$ 71,858	$ 49,879	$ 39,031	$ 82,706
Total liabilities	$ 71,858	$ 49,879	$ 39,031	$ 82,706

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Discretely Presented Component Unit-School Board

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Combining Balance Sheet - Discretely Presented Component Unit - School Board
At June 30, 2013

	School Operating Fund	School Cafeteria Fund	Total
ASSETS			
Cash and cash equivalents	$ 952,561	$ 117,347	$ 1,069,908
Accounts receivable	1,289	-	1,289
Due from other governmental units	905,210	-	905,210
Total assets	$ 1,859,060	$ 117,347	$ 1,976,407
LIABILITIES			
Accrued liabilities	$ 1,859,060	$ 44,578	$ 1,903,638
Total liabilities	$ 1,859,060	$ 44,578	$ 1,903,638
FUND BALANCES			
Assigned	$ -	$ 72,769	$ 72,769
Total fund balances	$ -	$ 72,769	$ 72,769
Total liabilities and fund balances	$ 1,859,060	$ 117,347	

Detailed explanation of adjustments from fund statements to government-wide statement of net position:

When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the assets of the School Board as a whole.	10,412,720
Internal service funds are used by the School Board to charge the cost of health insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. The internal service fund net position is:	(75,618)
Long-term liabilities applicable to the School Board's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position.	(993,473)
Net position of General Government Activities	$ 9,416,398

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds - Discretely Presented Component Unit - School Board
Year Ended June 30, 2013

	School Operating Fund	School Cafeteria Fund	Total
Revenues:			
Revenue from use of money and property	$ 30,101	$ -	$ 30,101
Charges for services	1,960	877,954	879,914
Miscellaneous	877,020	-	877,020
Recovered costs	30,397	-	30,397
Intergovernmental:			
County contribution to School Board	13,780,610	-	13,780,610
Commonwealth	18,036,387	24,486	18,060,873
Federal	1,786,122	594,551	2,380,673
Total revenues	$ 34,542,597	$ 1,496,991	$ 36,039,588
Expenditures:			
Current:			
Education	$ 34,542,597	$ 1,459,065	$ 36,001,662
Total expenditures	$ 34,542,597	$ 1,459,065	$ 36,001,662
Changes in fund balances	$ -	$ 37,926	$ 37,926
Fund balances at beginning of year	-	34,843	34,843
Fund balances at end of year	$ -	$ 72,769	$ 72,769

Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2013

		Component Unit School Board
Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ 37,926
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 expense. This is the amount by which the depreciation exceeded capital outlays in the current period. The following details support this adjustment.		
Capital additions	$ 473,311	
Depreciation expense	(653,738)	(180,427)
Internal service funds are used by the School Board to charge the costs of health insurance costs to individual funds. The net revenue of internal service funds is reported with governmental activities.		(503,389)
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. This amount reflects the change in compensated absences.		(5,443)
Transfer of joint tenancy assets from Primary Government to the Component Unit		744,894
Change in net position of governmental activities		$ 93,561

COUNTY OF FLUVANNA, VIRGINIA

Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - Discretely Presented Component Unit - School Board
Year Ended June 30, 2013

	School Operating Fund			
	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Revenues:				
Revenue from use of money and property	$ -	$ -	$ 30,101	$ 30,101
Charges for services	-	-	1,960	1,960
Miscellaneous	555,100	596,676	877,020	280,344
Recovered costs	-	-	30,397	30,397
Intergovernmental:				
County contribution to School Board	12,335,710	13,814,864	13,780,610	(34,254)
Commonwealth	18,690,691	18,263,977	18,036,387	(227,590)
Federal	1,901,009	1,935,114	1,786,122	(148,992)
Total revenues	$ 33,482,510	$ 34,610,631	$ 34,542,597	$ (68,034)
Expenditures:				
Current:				
Instruction	$ 25,616,677	$ 25,918,772	$ 25,876,419	$ 42,353
Administration, attendance, and health	1,239,093	1,426,485	1,425,505	980
Pupil transportation	2,375,458	2,354,286	2,344,786	9,500
Operation and maintenance	3,155,966	4,033,805	4,022,217	11,588
School food service costs	-	-	-	-
Technology	1,095,316	877,283	873,670	3,613
Total expenditures	$ 33,482,510	$ 34,610,631	$ 34,542,597	$ 68,034
Excess (deficiency) of revenues over expenditures	$ -	$ -	$ -	$ -
Net changes in fund balances	$ -	$ -	$ -	$ -
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	$ -	$ -	$ -	$ -

School Cafeteria Fund			
Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
$ -	$ -	$ -	$ -
1,734,994	1,734,994	877,954	(857,040)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	24,486	24,486
-	-	594,551	594,551
$ 1,734,994	$ 1,734,994	$ 1,496,991	$ (238,003)
$ -	$ -	$ -	$ -
-	-	-	-
-	-	-	-
-	-	-	-
1,734,994	1,734,994	1,459,065	275,929
-	-	-	-
$ 1,734,994	$ 1,734,994	$ 1,459,065	$ 275,929
$ -	$ -	$ 37,926	$ 37,926
$ -	$ -	$ 37,926	$ 37,926
-	-	34,843	34,843
$ -	$ -	$ 72,769	$ 72,769

Discretely Presented Component Unit - School Board
Statement of Net Position
Internal Service Fund
At June 30, 2013

	Health Insurance Fund
Assets	
Current assets:	
Cash and cash equivalents	$ 167,049
Total assets	$ 167,049
Liabilities	
Current liabilities:	
Claims payable	$ 242,667
Total current liabilities	$ 242,667
Net Position	
Unrestricted	$ (75,618)
Total net position	$ (75,618)

Discretely Presented Component Unit - School Board
Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Fund
Year Ended June 30, 2013

		Health Insurance Fund
Operating revenues		
Charges for services	$	4,250,096
Operating Expenses		
Benefits and related expenses		4,753,485
Operating income (loss)	$	(503,389)
Change in net position	$	(503,389)
Net position, beginning of year		427,771
Net position, end of year	$	(75,618)

Discretely Presented Component Unit - School Board
Statement of Cash Flows
Internal Service Fund
Year Ended June 30, 2013

	Health Insurance Fund
Cash flows from operating activities	
Receipts from insured	$ 4,250,096
Payments to suppliers	(4,753,485)
Net cash provided by (used for) by operating activities	$ (503,389)
Net increase (decrease) in cash and cash equivalents	$ (503,389)
Cash and cash equivalents, beginning of year	670,438
Cash and cash equivalents, end of year	$ 167,049
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	$ (503,389)
Change in assets and liabilities:	
Claims payable	-
Net cash provided by (used for) by operating activities	$ (503,389)

Discretely Presented Component Unit-EDA

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Discretely Presented Component Unit - Fluvanna County EDA
Statement of Net Position
At June 30, 2013

Assets	
Current assets:	
Cash and cash equivalents	$ 57,079
Total assets	$ 57,079
Liabilities	
Current liabilities:	
Claims payable	$ -
Total current liabilities	$ -
Net Position	
Unrestricted	$ 57,079
Total net position	$ 57,079

Discretely Presented Component Unit - Fluvanna County EDA
Statement of Revenues, Expenses, and Changes in Fund Net Position
Year Ended June 30, 2013

Operating revenues		
Charges for services	$	1,250
Operating Expenses		
Other operating expenses		1,467
Operating income (loss)	$	(217)
Nonoperating revenues		
Investment earnings	$	39
Contribution from Fluvanna County		36,000
Total nonoperating revenues	$	36,039
Change in net position	$	35,822
Net position, beginning of year		21,257
Net position, end of year	$	57,079

Discretely Presented Component Unit - Fluvanna County EDA
Statement of Cash Flows
Year Ended June 30, 2013

Cash flows from operating activities		
Receipts from customers	$	1,250
Payments to suppliers		(1,467)
Net cash provided by (used for) by operating activities	$	(217)
Cash flows from noncapital financing activities		
Contribution from Fluvanna County	$	36,000
Cash flows from investing activities		
Investment earnings	$	39
Net increase (decrease) in cash and cash equivalents	$	35,822
Cash and cash equivalents, beginning of year		21,257
Cash and cash equivalents, end of year	$	57,079
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	$	(217)
Change in assets and liabilities:		
		-
Net cash provided by (used for) by operating activities	$	(217)

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Supporting Schedules

Governmental Funds
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2013

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	$ 18,414,274	$ 18,414,274	$ 18,389,722	$ (24,552)
Real and personal public service corporation taxes	3,192,275	3,192,275	3,379,009	186,734
Personal property taxes	4,448,276	4,448,276	4,714,910	266,634
Mobile home taxes	14,748	14,748	13,568	(1,180)
Machinery and tools taxes	4,615	4,615	8,918	4,303
Penalties	250,000	250,000	276,140	26,140
Interest	80,000	80,000	104,637	24,637
Total general property taxes	$ 26,404,188	$ 26,404,188	$ 26,886,904	$ 482,716
Other local taxes:				
Local sales and use taxes	$ 1,063,500	$ 1,063,500	$ 1,267,142	$ 203,642
Consumer utility taxes	419,600	419,600	423,000	3,400
Gross receipts tax - utilities	101,500	101,500	145,046	43,546
Motor vehicle licenses	742,500	742,500	745,234	2,734
Bank stock taxes	40,800	40,800	47,282	6,482
Recordation taxes	243,500	243,500	272,347	28,847
Tax on wills	72,500	72,500	71,751	(749)
Total other local taxes	$ 2,683,900	$ 2,683,900	$ 2,971,802	$ 287,902
Permits, privilege fees, and regulatory licenses:				
Animal licenses	$ 15,000	$ 15,000	$ 17,077	$ 2,077
Building permits	127,600	127,600	114,276	(13,324)
Other permits, fees, and licenses	172,835	82,835	134,786	51,951
Total permits, privilege fees and regulatory licenses	$ 315,435	$ 225,435	$ 266,139	$ 40,704
Fines and Forfeitures:				
Court and other fines and forfeitures	$ 37,400	$ 37,400	$ 30,225	$ (7,175)
Revenue from use of money and property:				
Revenue from use of money	$ 5,000	$ 5,000	$ 4,946	$ (54)
Revenue from use of property	25,500	25,500	55,302	29,802
Total revenue from use of money and property	$ 30,500	$ 30,500	$ 60,248	$ 29,748
Charges for services:				
Charges for Commonwealth Attorney	$ 700	$ 700	$ 1,668	$ 968
Charges for library	10,200	10,200	13,998	3,798
Law library fees	1,600	1,600	1,591	(9)
Courthouse maintenance fees	7,100	7,100	6,494	(606)
Courthouse security	28,500	28,500	27,228	(1,272)
Recreation program fees	-	90,000	60,040	(29,960)
Landfill fees	99,000	99,000	80,067	(18,933)
Other charges for services	5,000	37,500	26,345	(11,155)
Excess fees of clerk	-	2,500	2,768	268
Total charges for services	$ 152,100	$ 277,100	$ 220,199	$ (56,901)

Governmental Funds
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2013 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous revenue:				
Miscellaneous	$ 75,000	$ 40,000	$ 100,010	$ 60,010
Total miscellaneous revenue	$ 75,000	$ 40,000	$ 100,010	$ 60,010
Recovered costs:				
Miscellaneous	$ 151,373	$ 158,810	$ 228,406	$ 69,596
Total recovered costs	$ 151,373	$ 158,810	$ 228,406	$ 69,596
Total revenue from local sources	$ 29,849,896	$ 29,857,333	$ 30,763,933	$ 906,600
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers tax	$ 34,935	$ 34,935	$ 42,371	$ 7,436
Mobile home titling taxes	3,000	3,000	3,293	293
Auto rental taxes	2,800	2,800	2,467	(333)
Recordation taxes	109,362	109,362	95,103	(14,259)
Communication taxes	874,500	874,500	857,409	(17,091)
PPTRA	2,996,570	2,996,570	2,996,570	-
Total noncategorical aid	$ 4,021,167	$ 4,021,167	$ 3,997,213	$ (23,954)
Categorical aid:				
Shared expenses:				
Commonwealth's Attorney	$ 250,400	$ 250,400	$ 241,394	$ (9,006)
Sheriff	956,445	956,445	947,664	(8,781)
Commissioner of the Revenue	102,685	110,461	109,217	(1,244)
Treasurer	121,355	121,355	116,421	(4,934)
Registrar/electoral board	39,500	39,500	39,811	311
Clerk of the Circuit Court	239,033	239,033	275,916	36,883
Total shared expenses	$ 1,709,418	$ 1,717,194	$ 1,730,423	$ 13,229
Other categorical aid:				
Litter control	$ 6,898	$ 8,366	$ 9,714	$ 1,348
Library grant	49,956	49,956	49,956	-
Public assistance and welfare administration	620,966	620,966	459,269	(161,697)
Comprehensive services act	1,150,000	1,178,179	998,641	(179,538)
E911 funds	55,200	55,200	37,558	(17,642)
Fire funds	57,670	78,603	76,900	(1,703)
Victim/witness coordinator grant	7,420	7,420	24,114	16,694
Two for life	22,000	24,980	24,980	-
Other categorical aid	10,794	25,794	13,002	(12,792)
Total other categorical aid	$ 1,980,904	$ 2,049,464	$ 1,694,134	$ (355,330)
Total categorical aid	$ 3,690,322	$ 3,766,658	$ 3,424,557	$ (342,101)
Total revenue from the Commonwealth	$ 7,711,489	$ 7,787,825	$ 7,421,770	$ (366,055)

Governmental Funds
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2013 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Criminal justice grants	$ -	$ -	$ 1,833	$ 1,833
Victim/witness coordinator grant	22,259	22,259	5,565	(16,694)
Commission for arts grant	5,000	5,000	5,000	-
Dept. motor vehicles grant				-
VEC grant	-	-	17,274	17,274
Homeland security program grant	-	-	1,500	1,500
Other federal revenue	-	-	26,787	26,787
Public assistance and welfare administration	985,539	1,004,326	814,325	(190,001)
Total revenue from the federal government	$ 1,012,798	$ 1,031,585	$ 872,284	$ (159,301)
Total General Fund	$ 38,574,183	$ 38,676,743	$ 39,057,987	$ 381,244
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	$ -	$ -	$ 6,544	$ 6,544
Miscellaneous revenue:				
Miscellaneous	-	-	3,000	3,000
Recovered costs:				
Miscellaneous	-	-	309,485	309,485
Total revenue from local sources	$ -	$ -	$ 319,029	$ 319,029
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
EPA grant	$ -	$ 3,104,242	$ 1,273,986	$ (1,830,256)
Total revenue from the federal government	$ -	$ 3,104,242	$ 1,273,986	$ (1,830,256)
Total Capital Projects Fund	$ -	$ 3,104,242	$ 1,593,015	$ (1,511,227)
Grand Total Revenues -- Primary Government	$ 38,574,183	$ 41,780,985	$ 40,651,002	$ (1,129,983)

General Fund - Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2013

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	$ 142,069	$ 336,580	$ 315,730	$ 20,850
General and financial administration:				
County administrator	$ 400,151	$ 309,707	$ 305,523	$ 4,184
County attorney	200,000	200,000	137,126	62,874
Commissioner of the revenue	320,815	334,400	327,455	6,945
Reassessment	-	42,555	34,262	8,293
Information technology	367,038	341,293	328,557	12,736
Treasurer	428,178	434,243	461,287	(27,044)
Finance department	267,000	335,983	314,175	21,808
Total general and financial administration	$ 1,983,182	$ 1,998,181	$ 1,908,385	$ 89,796
Board of Elections:				
Electoral board general registrar	$ 179,598	$ 218,267	$ 205,706	$ 12,561
Total board of elections	$ 179,598	$ 218,267	$ 205,706	$ 12,561
Total general government administration	$ 2,304,849	$ 2,553,028	$ 2,429,821	$ 123,207
Judicial administration:				
Courts:				
Circuit court	$ 45,315	$ 45,315	$ 33,061	$ 12,254
General district and juvenile relations court	7,700	7,700	5,873	1,827
Juvenile court service unit	3,467	3,467	2,083	1,384
VJCCCA	6,544	6,544	6,945	(401)
Clerk of the circuit court	546,787	561,528	559,464	2,064
Total courts	$ 609,813	$ 624,554	$ 607,426	$ 17,128
Commonwealth's attorney:				
Commonwealth's attorney	$ 380,400	$ 397,603	$ 389,716	$ 7,887
Total judicial administration	$ 990,213	$ 1,022,157	$ 997,142	$ 25,015
Public safety:				
Law enforcement and traffic control:				
Sheriff	$ 2,258,431	$ 2,286,867	$ 2,183,857	$ 103,010
Drug forfeiture	-	-	1,947	(1,947)
Public safety grants	207,861	257,764	79,607	178,157
Total law enforcement and traffic control	$ 2,466,292	$ 2,544,631	$ 2,265,411	$ 279,220

General Fund - Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2013 (continued)

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
General Fund: (Continued)				
Public Safety: (Continued)				
Fire and rescue services:				
Forest warden	$ 9,053	$ 9,053	$ 9,053	$ -
Volunteer fire and rescue	682,671	706,584	695,002	11,582
Emergency Medical Services Council	16,095	16,095	16,095	-
Total fire and rescue services	$ 707,819	$ 731,732	$ 720,150	$ 11,582
Correction and detention:				
Care of prisoners	$ 965,219	$ 885,219	$ 814,284	$ 70,935
Total correction and detention	$ 965,219	$ 885,219	$ 814,284	$ 70,935
Inspections:				
Building	$ 185,451	$ 243,612	$ 236,834	$ 6,778
Other protection:				
Animal control	$ 259,530	$ 264,524	$ 228,040	$ 36,484
Emergency management	-	28,000	11,036	16,964
E-911	790,104	798,019	777,693	20,326
Legal aid service	3,563	3,563	3,563	-
Total other protection	$ 1,053,197	$ 1,094,106	$ 1,020,332	$ 73,774
Total public safety	$ 5,377,978	$ 5,499,300	$ 5,057,011	$ 442,289
Public works:				
Sanitation and waste removal:				
Landfill	$ 142,185	$ 140,956	$ 113,521	$ 27,435
Landfill post closure cost	47,000	47,000	24,932	22,068
Litter control	33,446	34,914	4,828	30,086
Total sanitation and waste removal	$ 222,631	$ 222,870	$ 143,281	$ 79,589
Maintenance of general buildings and grounds:				
Facilities	$ 675,818	$ 627,027	$ 602,175	$ 24,852
Public works	235,134	241,222	223,181	18,041
General services	505,100	495,100	474,228	20,872
Total maintenance of general buildings and grounds	$ 1,416,052	$ 1,363,349	$ 1,299,584	$ 63,765
Total public works	$ 1,638,683	$ 1,586,219	$ 1,442,865	$ 143,354
Health and welfare:				
Health:				
Local health department	$ 252,978	$ 252,978	$ 252,544	$ 434
Mental health and mental retardation:				
Region Ten Community Services Board	$ 80,750	$ 80,750	$ 80,750	$ -

General Fund - Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2013 (continued)

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
General Fund: (Continued)				
Health and Welfare: (Continued)				
Welfare:				
Public assistance and welfare administration	$ 2,389,011	$ 2,441,167	$ 1,947,650	$ 493,517
Comprehensive services act program	2,083,321	2,130,594	1,995,585	135,009
Jefferson area board on aging	-	65,000	65,000	-
JAUNT, Inc.	-	65,000	65,000	-
Shelter for help in emergency	8,550	8,550	8,550	-
Sexual assault resource agency	950	950	950	-
Fluvanna housing foundation				-
Piedmont housing alliance	1,900	1,900	1,900	-
Jefferson area chip	47,500	47,500	47,500	-
Children, youth and family services	1,900	1,900	1,900	-
Streamwatch				-
Youth advisory council	380	380	95	285
Piedmont workforce network				-
Monticello area community action agency	43,292	43,292	43,292	-
Total welfare	$ 4,576,804	$ 4,806,233	$ 4,177,422	$ 628,811
Total health and welfare	$ 4,910,532	$ 5,139,961	$ 4,510,716	$ 629,245
Education:				
Contributions to community colleges	$	$	$	$ -
Contribution to Component Unit School Board	12,335,710	13,814,864	13,780,610	34,254
Total education	$ 12,335,710	$ 13,814,864	$ 13,780,610	$ 34,254
Parks, recreation and cultural:				
Parks and recreation:				
Parks and recreation	$ 398,639	$ 438,057	$ 413,217	$ 24,840
Total parks and recreation	$ 398,639	$ 438,057	$ 413,217	$ 24,840
Cultural enrichment:				
Cultural arts	$ 10,000	$ 10,000	$ 10,000	$ -
County museum	475	475	475	-
Total cultural enrichment	$ 10,475	$ 10,475	$ 10,475	$ -
Library:				
Regional library	$ 246,857	$ 250,418	$ 250,413	$ 5
Total parks, recreation and cultural	$ 655,971	$ 698,950	$ 674,105	$ 24,845

General Fund - Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2013 (continued)

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
General Fund: (Continued)				
Community development:				
Planning and community development:				
Planning commission	$ 48,393	$ 48,393	$ 27,817	$ 20,576
Zoning board	5,105	5,105	500	4,605
Economic development	309,875	372,112	349,523	22,589
County planner	290,619	296,361	281,006	15,355
Thomas Jefferson Partnership for Economic Development	9,500	9,500	9,500	-
Thomas Jefferson Planning District Commission	28,230	28,230	28,230	-
Total planning and community development	$ 691,722	$ 759,701	$ 696,576	$ 63,125
Environmental management:				
Soil and water conservation district	$ 46,750	$ 15,200	$ 15,200	$ -
Total environmental management	$ 46,750	$ 15,200	$ 15,200	$ -
Cooperative extension program:				
Cooperative extension service	$ 64,988	$ 64,988	$ 64,495	$ 493
Total community development	$ 803,460	$ 839,889	$ 776,271	$ 63,618
Nondepartmental:				
Miscellaneous	$ 479,845	$ 143,375	$ 47,796	$ 95,579
Contribution to OPEB trust fund	262,000	111,700	111,700	-
Total nondepartmental	$ 741,845	$ 255,075	$ 159,496	$ 95,579
Debt service:				
Principal retirement	$ 3,165,660	$ 3,165,660	$ 3,067,243	$ 98,417
Interest and fiscal charges	4,819,505	4,775,847	2,799,760	1,976,087
Total debt service	$ 7,985,165	$ 7,941,507	$ 5,867,003	$ 2,074,504
Total General Fund Expenditures	$ 37,744,406	$ 39,350,950	$ 35,695,040	$ 3,655,910

Statistical Section

Contents	Tables
Financial Trends	
These tables contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	
Net Position by Component	1
Changes in Net Position	2
Fund Balances of Governmental Funds	3
Changes in Fund Balances of Governmental Funds	4
Revenue Capacity	
These tables contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.	
Assessed Value and Estimated Actual Value of Taxable Property	5
Property Tax Rates	6
Principal Property Taxpayers	7
Property Tax Levies and Collections	8
Debt Capacity	
These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue debt in the future.	
Ratios of Outstanding Debt by Type	9
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	10
Debt Policy Information	11
Demographic and Economic Information	
These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.	
Demographic and Economic Statistics	12
Principal Employers	13
Operating Information	
These tables contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.	
Full-time Equivalent County Government Employees by Function	14
Operating Indicators by Function	15
Capital Asset Statistics by Function	16

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year. The County implemented GASB Statement 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that year.

COUNTY OF FLUVANNA, VIRGINIA

Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2004	2005	2006	2007
Governmental activities				
Net investment in capital assets	$ 6,956,005	$ 7,615,852	$ 8,848,034	$ 8,820,288
Restricted	225,718	215,888	95,195	-
Unrestricted	13,811,149	13,439,095	16,282,205	17,352,326
Total governmental activities net position	$ 20,992,872	$ 21,270,835	$ 25,225,434	$ 26,172,614
Business-type activities				
Net investment in capital assets	$ 540,511	$ 496,399	$ 577,246	$ 2,834,924
Restricted	446,460	652,977	825,453	1,009,433
Unrestricted	225,175	(102,232)	(80,310)	(396,731)
Total business-type activities net position	$ 1,212,146	$ 1,047,144	$ 1,322,389	$ 3,447,626
Primary government				
Net investment in capital assets	$ 7,496,516	$ 8,112,251	$ 9,425,280	$ 11,655,212
Restricted	672,178	868,865	920,648	1,009,433
Unrestricted	14,036,324	13,336,863	16,201,895	16,955,595
Total primary government net position	$ 22,205,018	$ 22,317,979	$ 26,547,823	$ 29,620,240

Table 1

2008	2009	2010	2011	2012	2013
$ 8,715,583	$ 9,453,382	$ 12,884,537	$ 15,481,925	$ 17,779,481	$ 18,058,155
-	3,922,469	12,966	-	-	-
19,637,501	15,327,034	18,671,672	21,244,585	20,452,313	21,488,429
$ 28,353,084	$ 28,702,885	$ 31,569,175	$ 36,726,510	$ 38,231,794	$ 39,546,584
$ 3,431,925	$ 3,572,328	$ 4,548,235	$ 4,359,941	$ 4,220,066	$ 4,130,335
-	-	-	-	-	-
(728,810)	(945,709)	(657,499)	145,337	174,173	126,485
$ 2,703,115	$ 2,626,619	$ 3,890,736	$ 4,505,278	$ 4,394,239	$ 4,256,820
$ 12,147,508	$ 13,025,710	$ 17,432,772	$ 19,841,866	$ 21,999,547	$ 22,188,490
-	3,922,469	12,966	-	-	-
18,908,691	14,381,325	18,014,173	21,389,922	20,626,486	21,614,914
$ 31,056,199	$ 31,329,504	$ 35,459,911	$ 41,231,788	$ 42,626,033	$ 43,803,404

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
General government adminstration	$ 1,253,226	$ 1,650,941	$ 1,876,265	$ 2,158,182	$ 2,212,493	$ 2,349,221	$ 2,088,545	$ 2,266,965	$ 2,946,369	$ 2,179,821
Judicial administration	776,509	829,676	969,016	1,106,540	1,140,519	1,160,816	1,111,127	1,092,325	1,147,418	1,168,114
Public Safety	3,157,159	4,056,943	4,427,947	3,885,133	4,374,838	4,738,756	5,458,590	4,875,996	5,298,372	5,515,173
Public works	770,854	796,359	878,458	1,214,823	1,484,129	1,405,843	1,506,088	1,324,088	1,461,832	1,458,736
Health and welfare	3,442,859	4,364,965	4,390,337	4,723,667	4,790,192	5,007,658	4,955,292	4,826,649	5,203,796	4,660,190
Education	8,304,113	12,059,052	13,403,847	14,463,598	15,276,510	16,408,027	16,020,958	10,796,609	14,938,085	16,997,681
Parks, recreation and cultural	763,112	695,784	853,116	790,866	872,307	909,931	741,582	723,393	736,581	722,937
Community development	337,043	356,903	408,255	457,810	453,556	606,155	509,233	447,602	592,966	1,108,602
Interest on long-term debt	582,099	591,538	648,514	853,223	1,090,223	1,046,588	637,891	4,667,841	4,653,204	4,113,741
Total governmental activities expenses	$ 19,386,974	$ 25,402,161	$ 27,855,755	$ 29,653,842	$ 31,694,767	$ 33,632,995	$ 33,029,306	$ 31,021,468	$ 36,978,623	$ 37,924,995
Business-type activities:										
Community Programs	$ 101,512	$ 103,581	$ 19,779	$ 43,989	$ 62,667	$ 60,912	$ 50,157	$ 45,710	$ -	$ -
Water	305,324	342,629	321,998	460,964	405,108	445,563	379,109	368,737	391,788	400,650
Sewer	-	-	-	-	33,015	139,834	159,433	182,931	195,289	203,840
Landfill	531,272	466,396	559,611	826,973	1,588,412	264,311	165,517	-	-	-
Total business-type activities expenses	$ 938,108	$ 912,606	$ 901,388	$ 1,331,926	$ 2,089,202	$ 910,620	$ 754,216	$ 597,378	$ 587,077	$ 604,490
Total primary government expenses	$ 20,325,082	$ 26,314,767	$ 28,757,143	$ 30,985,768	$ 33,783,969	$ 34,543,615	$ 33,783,522	$ 31,618,846	$ 37,565,700	$ 38,529,485
Program Revenues										
Governmental activities:										
Charges for services:										
General government administration	$ 81,004	$ 98,260	$ 166,588	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Judicial administration	130,754	114,280	167,650	125,397	68,352	83,773	69,546	74,985	64,598	69,974
Public safety	205,381	174,905	166,066	148,865	131,542	183,433	133,186	196,820	240,503	292,484
Public works	-	-	-	-	-	-	-	102,391	85,096	80,067
Parks, recreation and cultural	5,285	5,801	110,090	161,565	139,337	109,084	93,476	82,284	100,865	74,038
Community development	18,910	8,284	27,229	173,001	137,721	140,484	145,684	109,880	-	-
Operating grants and contributions	3,959,533	4,254,662	4,594,724	4,737,759	4,878,357	4,753,650	4,586,272	4,609,047	4,840,524	4,296,841
Capital grants and contributions	143,706	170,363	2,174,437	406,080	185,706	348,260	743,377	151,576	4,145	1,273,986
Total governmental activities program revenues	$ 4,544,573	$ 4,826,555	$ 7,406,784	$ 5,752,667	$ 5,541,015	$ 5,618,684	$ 5,771,541	$ 5,326,983	$ 5,335,731	$ 6,087,390
Business-type activities:										
Charges for services:										
Community Programs	$ 96,953	$ 115,952	$ 25,191	$ 35,299	$ 49,505	$ 49,339	$ 36,172	$ 30,134	$ -	$ -
Water	355,701	277,788	295,050	315,046	328,873	320,562	279,980	301,071	302,522	318,506
Sewer	-	-	-	-	1,778	59,830	1,223,327	12,791	8,229	19,828
Landfill	465,134	442,030	657,094	616,775	404,191	124,695	97,752	-	-	-
Capital grants and contributions	-	-	-	1,185,272	60,527	-	258,300	-	-	-
Total business-type activities program revenues	$ 917,788	$ 835,770	$ 977,335	$ 2,152,392	$ 844,874	$ 554,426	$ 1,895,531	$ 343,996	$ 310,751	$ 338,334
Total primary government program revenues	$ 5,462,361	$ 5,662,325	$ 8,384,119	$ 7,905,059	$ 6,385,889	$ 6,173,110	$ 7,667,072	$ 5,670,979	$ 5,646,482	$ 6,425,724
Net (expense) / revenue										
Governmental activities	$ (14,842,401)	$ (20,575,606)	$ (20,448,971)	$ (23,901,175)	$ (26,153,752)	$ (28,014,311)	$ (27,257,765)	$ (25,694,485)	$ (31,642,892)	$ (31,837,605)
Business-type activities	(20,320)	(76,836)	75,947	820,466	(1,244,328)	(356,194)	1,141,315	(253,382)	(276,326)	(266,156)
Total primary government net expense	$ (14,862,721)	$ (20,652,442)	$ (20,373,024)	$ (23,080,709)	$ (27,398,080)	$ (28,370,505)	$ (26,116,450)	$ (25,947,867)	$ (31,919,218)	$ (32,103,761)

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	$ 12,353,034	$ 14,226,876	$ 17,142,347	$ 17,752,214	$ 21,008,065	$ 21,534,695	$ 22,880,842	$ 24,510,584	$ 26,319,292	$ 26,889,099
Local sales and use taxes	868,289	790,835	876,163	944,465	1,070,306	1,062,461	1,062,633	1,061,791	1,217,038	1,267,142
Taxes on recordation and wills	-	400,795	501,235	467,307	377,965	277,611	241,505	244,066	418,280	423,000
Motor vehicle licenses taxes	398,447	424,029	425,872	376,200	368,629	373,002	438,089	667,940	688,726	745,234
Consumer utility taxes	938,626	1,033,668	1,057,777	1,186,143	1,369,502	1,285,679	1,306,540	1,290,455	253,686	272,347
Other local taxes	824,412	564,512	595,716	365,473	217,929	210,213	197,684	236,955	228,344	264,079
Unrestricted grants and contributions	2,790,504	3,252,990	3,301,337	3,416,980	3,171,261	3,166,206	3,145,750	3,152,927	3,991,243	3,997,213
Unrestricted revenues from use of money and property	63,417	278,144	226,914	857,089	863,366	525,726	445,339	307,436	65,369	66,792
Miscellaneous	15,225	63,778	20,285	335,513	362,539	207,765	528,475	247,590	131,485	103,010
Transfers	-	(30,000)	136,137	(291,384)	(475,340)	(279,246)	(122,802)	(867,924)	(165,287)	(128,737)
Total governmental activities	$ 18,251,954	$ 21,005,627	$ 24,283,783	$ 25,410,000	$ 28,334,222	$ 28,364,112	$ 30,124,055	$ 30,851,820	$ 33,148,176	$ 33,899,179
Business-type activities:										
Unrestricted revenues from use of money and property	$ 3,345	$ 6,517	$ 22,476	$ 36,996	$ 24,477	$ 452	$ -	$ -	$ -	$ -
Transfers	-	30,000	(136,137)	291,384	475,340	279,246	122,802	867,924	165,287	128,737
Total business-type activities	$ 3,345	$ 36,517	$ (113,661)	$ 328,380	$ 499,817	$ 279,698	$ 122,802	$ 867,924	$ 165,287	$ 128,737
Total primary government	$ 18,255,299	$ 21,042,144	$ 24,170,122	$ 25,738,380	$ 28,834,039	$ 28,643,810	$ 30,246,857	$ 31,719,744	$ 33,313,463	$ 34,027,916
Change in Net Position										
Governmental activities	$ 3,409,553	$ 430,021	$ 3,834,812	$ 1,508,825	$ 2,180,470	$ 349,801	$ 2,866,290	$ 5,157,335	$ 1,505,284	$ 2,061,574
Business-type activities	(16,975)	(40,319)	(37,714)	1,148,846	(744,511)	(76,496)	1,264,117	614,542	(111,039)	(137,419)
Total primary government	$ 3,392,578	$ 389,702	$ 3,797,098	$ 2,657,671	$ 1,435,959	$ 273,305	$ 4,130,407	$ 5,771,877	$ 1,394,245	$ 1,924,155

COUNTY OF FLUVANNA, VIRGINIA

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2004	2005	2006	2007
General fund				
Nonspendable	$ -	$ -	$ -	$ -
Reserved	411,677	283,527	110,269	78,938
Restricted	-	-	-	-
Unreserved, designated for capital projects	-	-	-	-
Unreserved, designated for high school debt service				
Unreserved, designated for subsequent expenditures	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unreserved, undesignated	7,637,629	7,486,780	8,645,692	8,982,217
Unassigned	-	-	-	-
Total general fund	$ 8,049,306	$ 7,770,307	$ 8,755,961	$ 9,061,155
All other governmental funds				
Reserved for Capital Projects	$ -	$ -	$ -	$ 3,553,451
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Unreserved, reported in:				
Capital projects funds	(287,393)	(261,771)	(398,886)	-
Total all other governmental funds	$ (287,393)	$ (261,771)	$ (398,886)	$ 3,553,451

The County implemeted GASB 54, the new standard for fund balance reporting, in FY2011. Restatement of prior year balances is not feasible. Therefore, ten years of fund balance information in accordance with GASB 54 is not available, but will be accumulated over time.

Table 3

2008	2009	2010	2011	2012	2013
$ -	$ -	$ -	$ 35,080	$ 2,000	$ 17,775
78,938	4,001,407	91,904	-	-	-
-	-	-	78,938	-	-
1,858,037	2,033,250	2,526,018			
	1,036,500	2,761,681			
10,015,676	-	-			
-	-	-	7,077,296	9,834,019	11,319,125
-	-	-	63,698	29,914	22,727
6,846,383	15,346,007	15,032,678			
-	-	-	13,528,036	10,348,950	10,271,385
$ 18,799,034	$ 22,417,164	$ 20,412,281	$ 20,783,048	$ 20,214,883	$ 21,631,012
$ 9,071,275	$ 67,190,334	$ 43,912,030	$ -	$ -	$ -
-	-	-	16,544,058	3,312,322	519,759
-	-	-	183,265	-	-
-	-	-	-	-	229,421
-	-	-	-	(655,894)	-
-	-	-	-	-	-
$ 9,071,275	$ 67,190,334	$ 43,912,030	$ 16,727,323	$ 2,656,428	$ 749,180

COUNTY OF FLUVANNA, VIRGINIA

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2004	2005	2006	2007
Revenues				
General property taxes	$ 11,985,006	$ 13,913,702	$ 15,341,412	$ 17,550,665
Other local taxes	3,029,774	3,213,839	3,456,763	3,339,588
Permits, privilege fees and regulatory licenses	286,385	273,165	437,914	476,668
Fines and forfeitures	4,153	24,496	82,323	21,594
Revenue from use of money and property	63,417	278,144	226,914	857,089
Charges for services	150,796	103,869	117,386	110,566
Miscellaneous	15,225	63,778	20,285	335,513
Recovered costs	12,038	6,271	18,965	168,970
Intergovernmental:				
Contribution from School Board	-	-	-	46,045
Commonwealth	5,801,934	6,363,759	7,824,255	7,065,830
Federal	1,091,809	1,314,256	2,229,074	1,477,182
Total revenues	$ 22,440,537	$ 25,555,279	$ 29,755,291	$ 31,449,710
Expenditures				
General government administration	$ 1,304,476	$ 1,540,692	$ 1,847,681	$ 1,964,112
Judicial administration	615,062	692,038	830,530	940,159
Public safety	3,002,473	3,455,390	4,333,143	5,264,255
Public works	740,550	786,948	2,074,486	1,278,835
Health and welfare	3,414,233	4,303,490	4,421,708	4,720,466
Education	11,087,704	11,397,534	12,410,194	13,736,102
Parks, recreation and cultural	617,689	655,250	856,134	1,173,154
Community development	325,589	352,449	406,666	463,347
Capital projects	414,027	1,287,338	-	-
Nondepartmental	-	-	-	45,450
Debt service				
Principal	531,518	534,603	561,972	1,083,734
Interest and other fiscal charges	623,917	646,488	484,439	838,181
Bond Issuance Costs	-	-	-	-
Total expenditures	$ 22,677,238	$ 25,652,220	$ 28,226,953	$ 31,507,795
Excess of revenues over (under) expenditures	$ (236,701)	$ (96,941)	$ 1,528,338	$ (58,085)
Other financing sources (uses)				
Transfers in	$ 108,712	$ 1,510,334	$ 1,367,417	$ 2,237,244
Transfers out	(108,712)	(1,540,334)	(1,231,279)	(2,528,628)
Bonds issued	-	-	8,832,057	4,195,000
Early retirement of indebtedness	-	-	(7,500,000)	-
Payments to refunded bond escrow agent	-	-	(2,529,552)	-
Issuance of capital leases	-	-	-	412,000
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	$ -	$ (30,000)	$ (1,061,357)	$ 4,315,616
Net change in fund balances	$ (236,701)	$ (126,941)	$ 466,981	$ 4,257,531
Debt service as a percentage of noncapital expenditures	5.19%	4.85%	3.71%	6.62%

2008	2009	2010	2011	2012	2013
$ 21,261,041	$ 21,348,203	$ 22,881,694	$ 24,333,649	$ 25,783,612	$ 26,886,904
3,404,331	3,208,966	3,246,451	3,501,207	2,806,074	2,971,802
399,327	424,842	361,142	347,774	239,463	266,139
17,895	36,545	27,752	60,363	26,384	30,225
863,366	525,726	445,339	307,436	65,369	66,792
59,730	55,387	52,998	158,223	225,215	220,199
362,539	207,764	528,475	247,590	131,485	103,010
220,734	215,758	252,899	218,277	239,814	537,891
248,648	-	-	-	-	-
7,053,225	7,004,314	6,860,079	6,761,028	7,824,876	7,421,770
1,182,099	1,263,803	1,615,320	1,152,522	1,011,036	2,146,270
$ 35,072,935	$ 34,291,308	$ 36,272,149	$ 37,088,069	$ 38,353,328	$ 40,651,002
$ 1,999,645	$ 2,178,358	$ 1,998,758	$ 2,283,864	$ 2,948,951	$ 2,457,582
991,983	991,921	941,916	924,825	966,938	997,142
4,841,652	4,610,938	6,132,985	5,551,650	5,111,665	7,774,015
1,668,794	1,530,900	1,435,000	1,444,944	1,527,887	1,484,008
4,814,963	4,934,848	4,928,507	4,858,939	5,163,813	4,588,355
15,774,008	18,395,167	37,947,333	41,174,205	28,136,631	16,921,134
2,307,236	2,088,594	689,922	629,182	716,477	687,593
490,571	623,204	531,699	453,826	517,276	1,027,505
-	-	-	-	-	-
88,617	380,835	509,718	383,995	435,867	159,496
1,150,687	1,394,882	1,476,141	1,436,343	2,285,259	7,272,220
939,119	2,867,392	4,923,406	4,748,216	4,689,001	2,858,997
-	777,900	-	-	-	393,927
$ 35,067,275	$ 40,774,939	$ 61,515,385	$ 63,889,989	$ 52,499,765	$ 46,621,974
$ 5,660	$ (6,483,631)	$ (25,243,236)	$ (26,801,920)	$ (14,146,437)	$ (5,970,972)
$ 910,587	$ 6,370,065	$ 976,518	$ 1,157,587	$ 863,523	$ 1,913,411
(1,260,263)	(6,649,311)	(1,099,320)	(1,203,684)	(1,356,146)	(1,994,483)
9,400,000	67,525,000	5,420,000	2,704,077	-	77,542,813
(1,500,000)	-	(4,830,000)	(2,670,000)	-	-
-	525,066	-	-	-	(72,784,959)
170,415	-	(507,149)	-	-	803,071
-	450,000	-	-	-	-
$ 7,720,739	$ 68,220,820	$ (39,951)	$ (12,020)	$ (492,623)	$ 5,479,853
$ 7,726,399	$ 61,737,189	$ (25,283,187)	$ (26,813,940)	$ (14,639,060)	$ (491,119)
6.34%	14.37%	23.95%	24.98%	22.81%	32.62%

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year June 30	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Public Service	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2004	$ 1,340,661,591	$ 143,647,549	$ 3,186,818	$ 2,348,392	$ 162,462,759	$ 1,652,307,109	$ 7.06	$ 2,244,982,485	73.60%
2005	1,936,489,728	174,026,238	3,599,965	1,584,926	290,920,203	2,406,621,060	6.70	2,568,432,295	93.70%
2006	2,014,078,500	173,845,016	3,088,633	1,810,416	468,961,464	2,661,784,029	6.88	3,246,078,084	82.00%
2007	2,944,590,400	183,039,939	2,638,402	1,573,171	414,309,104	3,546,151,016	6.56	3,546,151,016	100.00%
2008	2,997,714,100	189,245,088	2,629,502	258,300	513,525,759	3,703,372,749	6.81	3,948,158,581	93.80%
2009	3,056,760,900	173,090,987	2,577,958	234,509	487,403,843	3,720,068,197	6.85	3,720,068,197	100.00%
2010	3,064,883,350	175,944,814	2,571,353	218,951	507,275,582	3,750,894,050	6.93	3,750,894,050	100.00%
2011	3,095,758,000	181,590,092	2,576,016	216,911	533,735,987	3,813,877,006	7.29	3,813,877,006	100.00%
2012	3,112,787,100	184,437,171	2,587,284	230,729	532,397,425	3,832,439,709	7.32	3,832,439,709	100.00%
2013	3,517,225,600	188,459,699	2,567,684	243,801	496,073,506	4,204,570,290	7.52	4,204,570,290	100.00%

Source: Commissioner of Revenue

(1) Thomasville furniture closed its manufacturing plant in Fluvanna during November 2007.

Property Tax Rates (1)
Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Years	Direct Rates				Total Direct Rates
	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	
2004	0.68	3.70	0.68	2.00	7.06
2005	0.50	3.70	0.50	2.00	6.70
2006	0.59	3.70	0.59	2.00	6.88
2007	0.43	3.70	0.43	2.00	6.56
2008	0.48	3.85	0.48	2.00	6.81
2009	0.50	3.85	0.50	2.00	6.85
2010	0.54	3.85	0.54	2.00	6.93
2011	0.57	4.15	0.57	2.00	7.29
2012	0.5981	4.15	0.57	2.00	7.3181
2013	0.7950	4.15	0.57	2.00	7.5150

(1) Per $100 of assessed value.
(2) There were no overlapping Governments.

Principal Property Taxpayers
Current Year and the Period Nine Years Prior

Fiscal Year 2013

Taxpayer	Type Business	2013 Assessed Valuation	
Tenaska Virginia Partners, LP	Utility/Electric	264,721,751	6.30%
Virginia Electric and Power	Utility/Electric	113,860,658	2.71%
Central Va. Electric Co-op	Utility/Electric	36,947,391	0.88%
Aqua Resources	Utility/Water	21,134,423	0.50%
Transcontinental Gas Pipeline	Utility/Gas	15,667,442	0.37%
Colonial Pipeline Co.	Utility/Gas	11,482,400	0.27%
Central Telephone of Virginia	Utility/Water	10,434,696	0.25%
CSX Transportation	Railroad	9,903,516	0.24%
East Coast Transport	Commercial Property	6,555,118	0.16%
Virginia Properties LLC	Commercial Property	5,490,300	0.13%
		$ 496,197,695	11.80%

Fiscal Year 2004

Taxpayer	Type Business	2004 Assessed Valuation	% of Total Assessed Valuation
Tenaska Virginia Partners, LP	Utility/Electric	163,089,595	9.87%
Virginia Electric & Power	Utility/Electric	68,675,609	4.16%
Central Va. Electric Co-op	Utility/Electric	15,810,737	0.96%
Central Telephone Co. of Va	Utility/Telephone	10,359,044	0.63%
Lake Monticello Service Co.	Utility/Water	7,527,100	0.46%
Colonial Pipeline Co.	Utility/Gas	6,740,392	0.41%
Transcontinental Gas Pipeline	Utility/Gas	5,300,883	0.32%
CSX Transportation Inc	Railroad	4,246,275	0.26%
East Coast Transport	Commercial Property	3,854,153	0.23%
Alltel Com.	Utility/Telephone	1,505,213	0.09%
		$ 287,109,001	19.42%

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	$ 15,013,364	$ 14,123,660	94.07%	$ 251,774	$ 14,375,434	95.75%
2005	16,598,696	15,908,764	95.84%	283,919	16,192,683	97.55%
2006	19,426,926	18,299,002	94.19%	251,879	18,550,881	95.49%
2007	30,368,234 (2)	27,813,792	91.59%	888,405	28,702,197	94.51%
2008	23,963,600	23,110,441	96.44%	968,702	24,079,143	100.48%
2009	24,173,299	19,998,028	82.73%	884,917	20,882,945	86.39%
2010	25,271,025	24,399,808	96.55%	885,602	25,285,410	100.06%
2011	27,322,612	22,860,700	83.67%	875,597	23,736,297	86.87%
2012	29,015,715	27,372,053	94.34%	754,513	28,126,566	96.94%
2013	29,846,109	28,261,251	94.69%	-	28,261,251	94.69%

Source: Commissioner of Revenue, County Treasurer's office

Notes: (1) Exclusive of the penalties and interest.
(2) Change in accounting principles for recognition of the 1st half tax collections.

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Years	Governmental Activities				Business-Type Activities	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds (2)	Literary Fund Loans	Other Notes/ Bonds	Capital Leases	General Obligation Bonds			
2004	$ 5,495,418	$ 7,214,530	$ 8,521,866	$ 37,026	$ 1,194,700	$ 22,463,540	3.53%	$ 934
2005	5,130,666	6,719,179	8,387,431	18,992	1,189,588	21,445,856	3.02%	871
2006	11,284,594	6,223,828	-	-	791,892	18,300,314	2.50%	757
2007	14,701,638	5,728,476	-	617,625	1,971,586	23,019,325	2.50%	916
2008	14,683,236	5,233,125	7,500,000	629,104	1,883,808	29,929,273	3.13%	1,178
2009	81,455,801	4,737,774	7,500,000	932,008	1,792,254	96,417,837	10.71%	3,807
2010	86,057,976	4,242,423	2,670,000	769,043	1,709,406	95,448,848	10.48%	3,715
2011	85,223,117	3,746,605	2,704,077	663,377	1,620,960	93,958,136	9.27%	3,615
2012	83,530,386	3,264,254	2,704,077	553,200	1,529,890	91,581,807	8.65%	3,518
2013	94,396,302	2,788,660	-	1,092,806	1,438,771	99,716,539	9.04%	3,824

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics - Table 12.
(2) Includes Public Facility Bonds and School General Obligation Bonds.

Ratio of Net General Bonded Debt to
Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	Gross Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
2004	$ 22,426,514	1.22%	$ 1,035
2005	21,426,864	0.80%	1,054
2006	18,300,314	0.66%	1,008
2007	22,401,700	0.63%	891
2008	29,300,169	0.79%	1,153
2009	95,485,829	2.56%	3,770
2010	94,679,805	2.52%	3,685
2011	93,294,759	2.45%	3,590
2012	91,028,607	2.38%	3,462
2013	98,623,733	2.35%	3,782

(1) Population data can be found in the Schedule of Demographic and Economic Statistics - Table 12.

(2) See the Schedule of Assessed Value and Estimated Value of Taxable Property - Table 5.

(3) Includes all long-term general obligation bonded debt, Literary Fund Loans, excludes revenue bonds, capital leases, and compensated absences.

COUNTY OF FLUVANNA, VIRGINIA

Debt Policy Information
Last Ten Fiscal Years

	2013	2012	2011	2010
Total net debt applicable to debt limits (1)	$ 98,623,733	$ 91,028,607	$ 93,294,759	$ 94,679,805
Ratio of net debt to assessed taxable property value (2)	2.35%	2.38%	2.45%	2.52%
Debt limit per policy for property value	3.50%	3.50%	3.50%	3.50%
Total general governmental revenue (3)	40,651,002	38,353,328	37,088,069	36,272,149
Debt service to general governmental revenues (3)	15.74%	16.13%	27.32%	6.87%
Debt limit per policy for general governmental revenues	12.00%	12.00%	12.00%	12.00%

Notes:
(1) Net bonded debt can be found on Table 10.
(2) Property value data can be found on Table 5.
(3) General governmental revenues can be found on Table 4

The County does not have any Constitutional or Statutory Debt Limits.

2009	2008	2007	2006	2005	2004
$ 95,485,829	$ 29,300,169	$ 22,401,700	$ 18,300,314	$ 21,426,864	$ 22,426,514
2.57%	0.79%	0.63%	0.69%	0.89%	1.36%
3.50%	3.50%	4.00%	4.00%	4.00%	4.00%
34,291,308	35,072,935	31,449,710	29,755,291	25,555,279	22,440,537
7.40%	5.96%	6.11%	4.76%	6.24%	6.88%
12.00%	12.00%	10.00%	10.00%	10.00%	10.00%

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population(1)	Personal Income(1)	Per Capita Personal Income (1)	School Enrollment (2)	Unemployment Rate (3)
2004	24,040	639,814,000	26,615	3,395	3.1%
2005	24,624	698,043,000	28,348	3,590	3.6%
2006	24,165	774,911,000	32,067	3,670	2.3%
2007	25,138	842,400,000	33,511	3,686	2.4%
2008	25,411	895,322,000	35,234	3,850	3.2%
2009	25,328	883,936,000	34,900	3,736	6.1%
2010	25,691	894,204,000	34,806	3,761	5.7%
2011	25,989	995,818,000	38,317	3,703	5.1%
2012	26,033	1,040,671,000	39,975	3,696	5.1%
2013	26,077	1,087,544,240	41,705	3,669	4.9%

(1)

Source: Population estimates for 2004 to 2012 (last year available) from Weldon Cooper Center for Public Service, Charlottesville, VA. Population estimate for 2013 based on estimated growth from 2011 to 2012.Personal income estimates for 2004 to 2012 (last year available) from Bureau of Economic Analysis. Personal income for 2013 based on estimated growth from 2011 to 2012. Per capita personal income is calculated by dividing the personal income estimate by the population estimate.

(2) Source: Fluvanna County Public Schools Average Daily Membership

(3) Source: Virginia Employment Commission

Principal Employers
Current Year and Nine Years Ago

Fiscal Year 2013

Employer	Employees	Rank	% of Total County Employment
Fluvanna County Public Schools	505	1	3.90%
Fluvanna Correctional Center	480	2	3.71%
S&N Locating Services, LLC	200	3	1.55%
Fork Union Military Academy	190	4	1.47%
County of Fluvanna	142	5	1.10%
Dominos Pizza	50	6	0.39%
Food Lion	50	7	0.39%
Lake Monticello Owners	50	8	0.39%
Dominion Virginia Power	50	9	0.39%
AG Dillard, Inc.	50	10	0.39%
	1,767		13.65%

Fiscal Year 2004

Employer	Employees	Rank	% of Total County Employment
Fluvanna County Public Schools	500	1	4.08%
Fluvanna Correctional Center	250	2	2.04%
Thomasville Furniture Industry	250	3	2.04%
Fork Union Military Academy	100	4	0.82%
County of Fluvanna	100	5	0.82%
Lake Monticello Owners	50	6	0.41%
Correctional Medical Services	50	7	0.41%
Dominion Virginia Power	99	8	0.81%
Food Lion Inc	50	9	0.41%
Ruxton Health at the Village	50	10	0.41%
Totals	1,499		12.24%

Source: Virginia Employment Commission.

Full-time Equivalent County Government Employees by Function
Last Ten Fiscal Years

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government	28	33	28	24	24	24	22	21	22.5	21.5
Judicial administration	13	14	12	12	12	12	12	12	12	12
Public safety										
Sheriffs department	43	49	55	51	54	53	53	39	43	40.5
Fire & rescue	0	0	0	0	0	0	0	0	0	0
Building inspections	3	3	3	3	4	4	4	3	4	4
Animal control	1	1	1	1	2	2	2	2	2	2
Emergency Management										1
Public works	13	13	17	18	18	18	18	18	16	16
General maintenance	6	5	3	4	4	3	3	0	2	1.25
Landfill	1	1	1	1	1	1	1	0	1	1
Engineering										
Health and welfare	27	29	28	26	21	25	25	22	25	29
Department of social services										
Culture and recreation	7	5	5	5	7	7	7	5	5	5
Parks and recreation	0	0	0	0	0	0	0	0	0	0
Museum	3	3	3	3	6	6	6	3	3	3
Library										
Community development										
Planning	4	4	4	5	5	5	5	4	5.5	4.5
Economic Development	0	0	0	0	0	0	0	0	0	1
Totals	149	160	160	153	158	160	158	129	141	141.8

Source: County Payroll Records.

Operating Indicators by Function
Last Eight Fiscal Years

Function	2006	2007	2008	2009	2010	2011	2012	2013
Public safety								
Sheriffs department:								
Physical arrests	844	1121	1735	1,625	1,985	2,246	1,648	600
Traffic violations	n/a	n/a	n/a	n/a	n/a	n/a	n/a	775
Civil papers received	7034	7131	6021	7,115	7,911	7,179	7,907	6493
E911:								
Emergency Calls	22,428	24,048	26,000	24,058	21,158	25,507	24,926	6568
Fire calls:								
Number of calls answered	1980	1608	1859	1,958	1,981	963	1,671	1995
Building inspections:								
Permits issued	658	698	478	439	385	415	424	386
Animal control:								
Number of calls answered	1376	1806	1973	n/a	1,852	1,952	1,345	1418
Public works								
Facilities Service Requests	2840	3420	4500	5,280	6,000	6,950	376	555
Landfill:								
Refuse collected (tons/day)	42.84	53.38	27.79	9	7	7	6.56	6.67
Recycling (tons/day)	0.345	3.477	3.09	n/a	1	0	0.37	0.40
Health and welfare								
Department of Social Services:								
Adpotion Cases	93	105	87	91	159	154	176	214
Adult Services	643	680	649	638	665	765	850	810
Child Protective Services Cases	337	187	208	314	262	285	327	292
Family Services Cases	1262	1387	1163	1,326	1,186	1,127	991	952
Foster Care Cases	308	346	386	376	264	296	240	157
VIEW Cases	91	107	143	153	245	229	358	365
Auxiliary Grant Cases	121	115	88	76	75	43	55	27
General Relief Cases	132	95	96	51	61	30	43	47
Medicaid Cases	10680	14257	14687	12,618	19,122	20,930	22,646	24206
SLH Applications	51	45	37	27	0	0	0	0
SNAP Cases	8676	8361	9615	11,512	16,463	19,341	22,163	21906
TANF Cases	341	263	364	404	587	622	715	777
Caseload	22735	25948	27523	27,586	39,089	43,822	48,564	49753
Culture and recreation								
Parks and recreation:								
Recreation hall permits issued	0	0	0	0	0	0	0	0
After-school program participants	98	162	172	180	190	100	150	200
Youth sports participants	994	1030	1078	1,128	1,200	1,300	1,350	1400
Community development								
Planning:								
Zoning permits issued	330	421	295	246	227	185	157	148
Component Unit - School Board								
Education:								
School age population enrolled	3670	3686	3850	3,736	3,761	3,703	3,696	3,669
Number of teachers	280	291	315	311	303	286	293	264
Local expenditures per pupil	$ 8,053	$ 8,885	$ 9,773	$ 9,967	$ 9,999	$ 9,249	9,153	$9,080

Source: Individual county departments

Note: Information not available prior to fiscal year 2006

Capital Asset Statistics by Function
Last Nine Fiscal Years

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government									
Administration buildings	31	31	31	31	31	31	31	31	31
Vehicles	4	4	4	4	4	4	4	4	3
Public safety									
Sheriffs department:									
Patrol units	34	50	57	45	43	43	43	34	35
Other vehicles	2	5	7	7	7	7	7	3	4
Building inspections:									
Vehicles	2	2	2	2	2	2	2	4	4
Animal control:									
Vehicles	2	2	2	2	2	2	2	2	2
Public works									
General maintenance:									
Trucks/vehicles	6	8	12	14	14	14	14	13	14
Landfill:									
Vehicles	3	3	3	3	3	3	3	2	1
Equipment	2	2	2	2	4	4	4	4	4
Sites	1	1	1	1	1	1	1	1	1
Health and welfare									
Department of Social Services:									
Vehicles	5	5	9	7	7	7	7	8	8
Culture and recreation									
Parks and recreation:									
Community centers	2	2	2	2	2	2	2	2	2
Vehicles	6	6	5	6	6	6	6	3	4
Parks acreage	2	2	2	2	2	2	2	2	2
Swimming pools	0	0	0	0	0	0	0	0	0
Tennis courts	0	0	0	0	0	0	0	0	0
Community development									
Planning:									
Vehicles	1	1	1	2	2	2	2	2	2
Component Unit - School Board									
Education:									
Schools	9	9	9	9	9	9	9	9	6
School buses	67	73	80	88	90	90	90	74	80

Source: Individual county departments.

Note: Information not available prior to fiscal year 2005

Independent Auditors' 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 Fluvanna, Virginia

We have audited, in accordance with the 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 County of Fluvanna, Virginia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County of Fluvanna, Virginia's basic financial statements, and have issued our report thereon dated December 9, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Fluvanna, Virginia'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 County of Fluvanna, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Fluvanna, Virginia'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 that a material misstatement of the entity'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 that 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 County of Fluvanna, Virginia'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 that are 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
December 9, 2013

Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

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

Report on Compliance for Each Major Federal Program

We have audited County of Fluvanna, Virginia's 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 County of Fluvanna Virginia's major federal programs for the year ended June 30, 2013. County of Fluvanna, Virginia's major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of County of Fluvanna, Virginia'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 that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about County of Fluvanna, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, County of Fluvanna, Virginia 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, 2013.

Report on Internal Control Over Compliance

Management of County of Fluvanna, Virginia 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 County of Fluvanna, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are 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 County of Fluvanna, Virginia'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 that 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.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
December 9, 2013

COUNTY OF FLUVANNA, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2013

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Pass-through Entity Identifying Number	Federal CFDA Number	Federal Expenditures
PRIMARY GOVERNMENT:			
DEPARTMENT OF AGRICULTURE:			
Pass through payments:			
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	0010109/0010110/0040109/0040110	10.561	$ 176,746
DEPARTMENT OF JUSTICE			
Pass through payments:			
Department of Criminal Justice Services:			
Bulletproof Vest Partnership Program	N/A	16.607	$ 1,834
Crime Victim Assistance	09VAGX0007	16.575	5,564
Total Department of Justice			$ 7,398
DEPARTMENT OF TRANSPORTATION:			
Pass through payments:			
Virginia Department of Motor Vehicles:			
Alcohol Open Container Requirements	154AL 11 51384	20.607	$ 7,862
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	0950109/0950110	93.556	$ 14,556
Temporary Assistance for Needy Families	0400109/0400110	93.558	146,425
Refugee and Entrant Assistance - State Administered Programs	0500109/0500110	93.566	684
Low-Income Home Energy Assistance	0600409/0600410	93.568	8,761
Child Care and Development Block Grant (Child Care Cluster)	0770109/0770110	93.575	(1,714)
Child Care Mandatory and Matching Funds of the Child Care and Development Fund			
Cand Development Fund (Child Care Cluster)	0760109/0760110	93.596	25,918
Chafee Education and Training Vouchers Program	9160108/9160109	93.599	2,774
Stephanie Tubbs Jones Child Welfare Services Program	0900109	93.645	622
Foster Care-Title IV-E	1100109/1100110	93.658	103,436
Adoption Assistance	1120109/1120110	93.659	124,592
Social Services Block Grant	1000109/1000110	93.667	97,197
Chafee Foster Care Independence Program	915108/9150109/9150110	93.674	3,717
Children's Health Insurance Program	0540109/0540110	93.767	3,927
Medical Assistance Program	1200109/1200110	93.778	106,684
Total Department of Health and Human Services			$ 637,579
NATIONAL ENDOWMENT FOR THE ARTS:			
Pass through payments:			
Virginia commission for the arts			
Promotion of the Arts - Partnership Agreements	99910-10-0440	45.025	$ 5,000
DEPARTMENT OF HOMELAND SECURITY:			
Pass through payments:			
Virginia Department of Emergency Management			
ARRA-Assistance to Firefighters Grant	N/A	97.115	$ 1,273,986
State Homeland Security Program	N/A	97.073	1,500
Total Department of Homeland Security			$ 1,275,486

COUNTY OF FLUVANNA, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Units
Year Ended June 30, 2013 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program Title	Pass-through Entity Identifying Number	Federal CFDA Number	Federal Expenditures
PRIMARY GOVERNMENT: (CONTINUED)			
U.S. ELECTION ASSISTANCE COMMISSION:			
Pass through payments:			
Virginia Election Commission:			
Help America Vote Act Requirement Payments	N/A	90.401	$ 17,274
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Pass through payments:			
Virginia Department of Housing and Community Development:			
Community Development Block Grants/State's			
Program and Non-Entitlement Grants in Hawaii	N/A	14.228	$ 18,925
Total Primary Government			$ 2,146,270
COMPONENT UNIT-SCHOOL BOARD:			
DEPARTMENT OF AGRICULTURE:			
Pass through payments:			
Department of Agriculture and Consumer Services:			
Food distribution (Child Care Cluster)	N/A	10.555	$ 62,945
Department of Education:			
National School Lunch Program (Child Care Cluster)	10.555/2012/2013	10.555	421,563
			484,508
School Breakfast Program (Child Care Cluster)	10.553/2012/2013	10.553	$ 110,043
Total Department of Agriculture			$ 594,551
DEPARTMENT OF EDUCATION:			
Pass through payments:			
Department of Education:			
Title 1 Grants to Local Educational Agencies	S010A080046	84.010	$ 335,462
Special Education - Grants to States (Special Education Cluster)	H027A090107	84.027	740,919
Career and Technical Education - Basic Grants to States	V048A070046	84.048	40,393
Adult Education - Basic Grants to States	N/A	84.002	3,652
Special Education - Preschool Grant (Special Education Cluster)	H173A090112	84.173	19,683
ARRA-School Improvement Grants	S388A090047	84.388	547,558
Improving Teacher Quality State Grants	S367A080044	84.367	98,455
Total Department of Education			$ 1,786,122
Total Component Unit School Board			$ 2,380,673
Total Expenditures of Federal Awards			$ 4,526,943

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF FLUVANNA, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Fluvanna, Virginia under programs of the federal government for the year ended June 30, 2013. 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*. Because the Schedule presents only a selected portion of the operations of the County of Fluvanna, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Fluvanna, Virginia.

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

Note 3 - Food Donation

Nonmonetary assistance is reported in the schedule at fair market value of the commodities received and disbursed.

Note 4 - Relationship to Financial Statements

Federal expenditures, revenues and capital contributions are reported in the County's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:		
Primary government:		
General Fund	$	872,284
Capital Projects Fund		1,273,986
Total primary government	$	2,146,270
Component Unit School Board:		
School Operating Fund	$	1,786,122
School Cafeteria Fund		594,551
Total component unit school board	$	2,380,673
Total federal expenditures per basic financial statements	$	4,526,943
Total federal expenditures per the Schedule of Expenditures of Federal Awards	$	4,526,943

COUNTY OF FLUVANNA, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	No

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
84.010	Title I, Grants to Local Educational Agencies
97.115	ARRA-Assistance to Firefighters Grant
84.388	ARRA-School Improvement Grants

Dollar threshold used to distinguish between Type A and Type B programs	$300,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs to report.

Section IV - Prior Year Findings and Questioned Costs

There were no prior year findings and questioned costs to report.