

COUNTY OF FLUVANNA, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT



YEAR ENDED JUNE 30, 2011

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COUNTY OF FLUVANNA, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2011

Prepared By:

Renee Hoover, CPA, MBA
Finance Director

COUNTY OF FLUVANNA, VIRGINIA
Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2011

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COUNTY OF FLUVANNA

"Responsive & Responsible Government"

P.O. Box 540
Palmyra, VA 22963

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FAX (434) 591-1911
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BOARD OF SUPERVISORS

John Y. Gooch, Chairman
Palmyra District

Shaun V. Kenney, Vice Chair
Columbia District

Donald W. Weaver
Cunningham District

Mozell H. Booker
Fork Union District

Joseph C. Chesser
Rivanna District

Chris Fairchild
Rivanna District

STAFF

Darren K. Coffey
Interim County Administrator
dcoffey@co.fluvanna.va.us

Mary L. Weaver
Clerk to the Board
mweaver@co.fluvanna.va.us

December 9, 2011

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, 2011. The Commonwealth 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 Finance Department 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. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the County as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial affairs have been included.

The management of the County is responsible for establishing and maintaining an internal control structure to ensure the protection of County assets. In developing and evaluating the County's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

This report is intended to provide informative and relevant financial information for the residents 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, LLP, 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, 2011, 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.

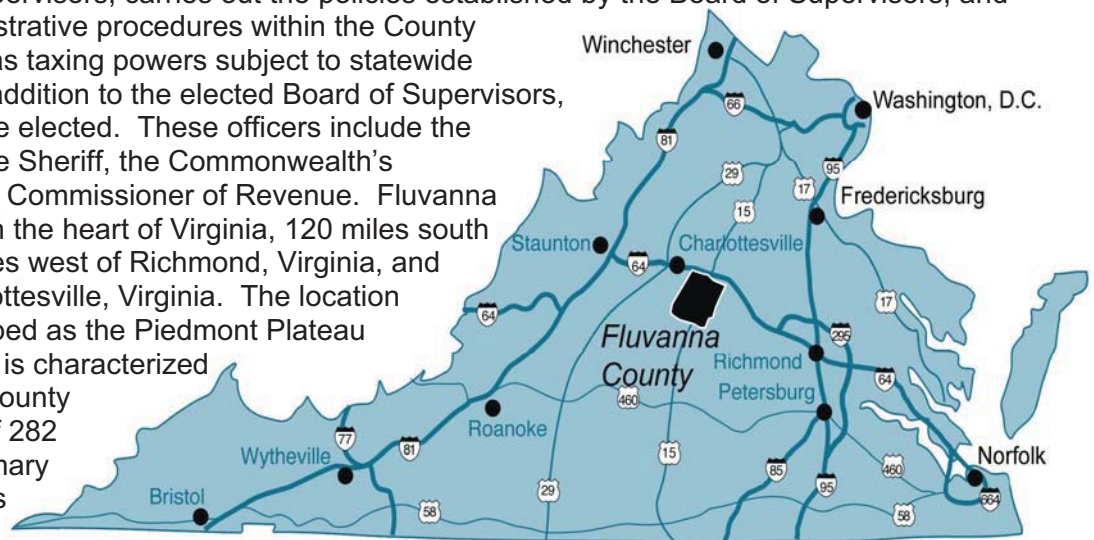
The independent auditors concluded, based upon the audit, there was a reasonable basis for rendering an unqualified opinion. The County's financial statements for the fiscal year ended June 30, 2011 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component in the financial section of this report.

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 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 six 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. 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 Revenue. 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 282 square miles. Two U.S. primary and two State primary routes traverse the County.



Fluvanna has a strong economy with strong 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.

THE REPORTING ENTITY AND ITS SERVICES

The County of Fluvanna report includes all funds and account groups of the “primary government.” In Virginia, cities and counties are distinct units of government; therefore, the County is responsible for providing all services normally provided by a local government. These services include public safety, social services, recreation and cultural activities, and community development. Additionally, the County operates water and sewer utility systems. For financial reporting purposes and in accordance with the Governmental Accounting Standards Board (GASB), Statement 14, “The Financial Reporting Entity,” the County has identified one discrete component unit. The GASB statement establishes the criteria used in making this determination and identifies each as a blended component unit or discretely presented component unit. Blended component units, although legally separate entities, are, in substance, part of the primary government’s operations, and therefore are included as part of the primary government. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of this primary government. Therefore, the County School Board is reported in a discrete presentation. Based on GASB Statement 14 criteria, the School Board is a legally separate organization providing educational services to the public whose board is elected and is fiscally dependent on the local government.

The financial statements for the Blue Ridge Juvenile Detention, Central Virginia Regional Jail, and the Region Ten Community Services Board are not included in the County report. Boards separate from, and independent of, the Board of Supervisors administer these organizations.

The departments of the Board of Supervisors, County Administrator, County Attorney, Commissioner of the Revenue, Reassessment, 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, Fire and Rescue Squad, 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, Albemarle, Greene, Louisa, and Nelson.

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 REPORTING ENTITY AND ITS SERVICES: (CONTINUED)

The Planning and Community Development Department provides numerous services that relate to the wellbeing and orderly development of the community. Primary areas of responsibility include 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 County provides education through its own school system administered by the Fluvanna County School Board (the School Board). This agency has been classified as a discretely presented component unit in the financial reporting entity because 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 six members who represent the five magisterial 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 three elementary schools. The combined enrollment as of June 2011 totaled 3,703 students. The Fluvanna High School Completion Rate is 93.3 (VA On Time Graduation Rate) percent with 80.71 percent of graduates seeking higher education.

Budgetary Controls

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.

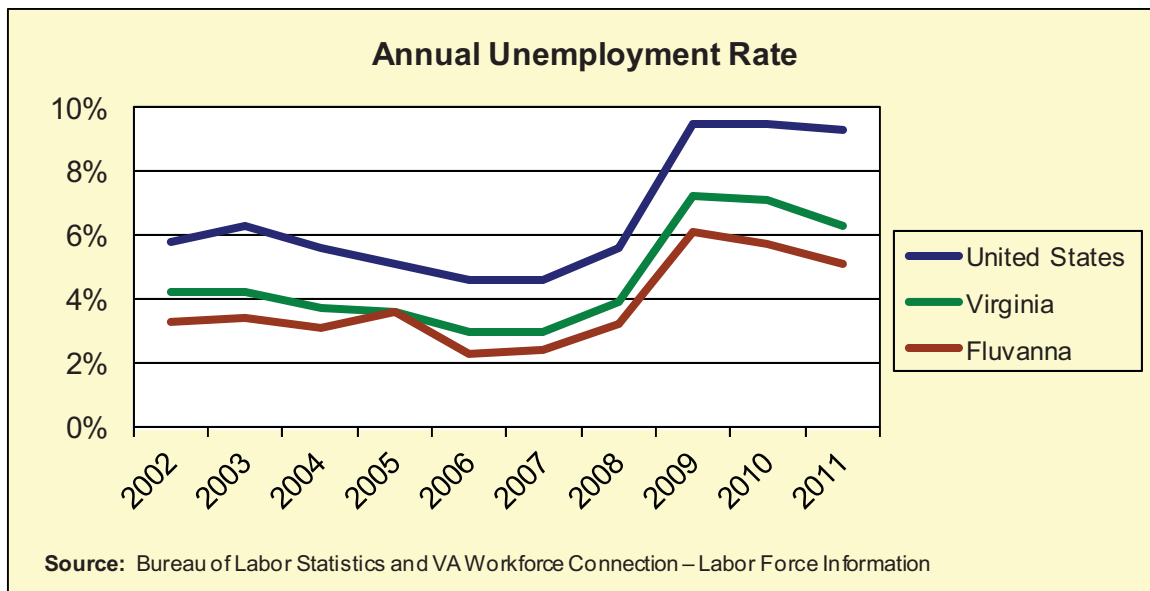
Local Economy

Based on available economic data, the local unemployment rate was 5.1% at June 30, 2011, .6% lower than the 5.7% at June 30, 2010. The local unemployment rate compares favorably to the state and national rate of 6.3% and 9.3% respectively. The County's unemployment conditions has improved, although at a slow pace the

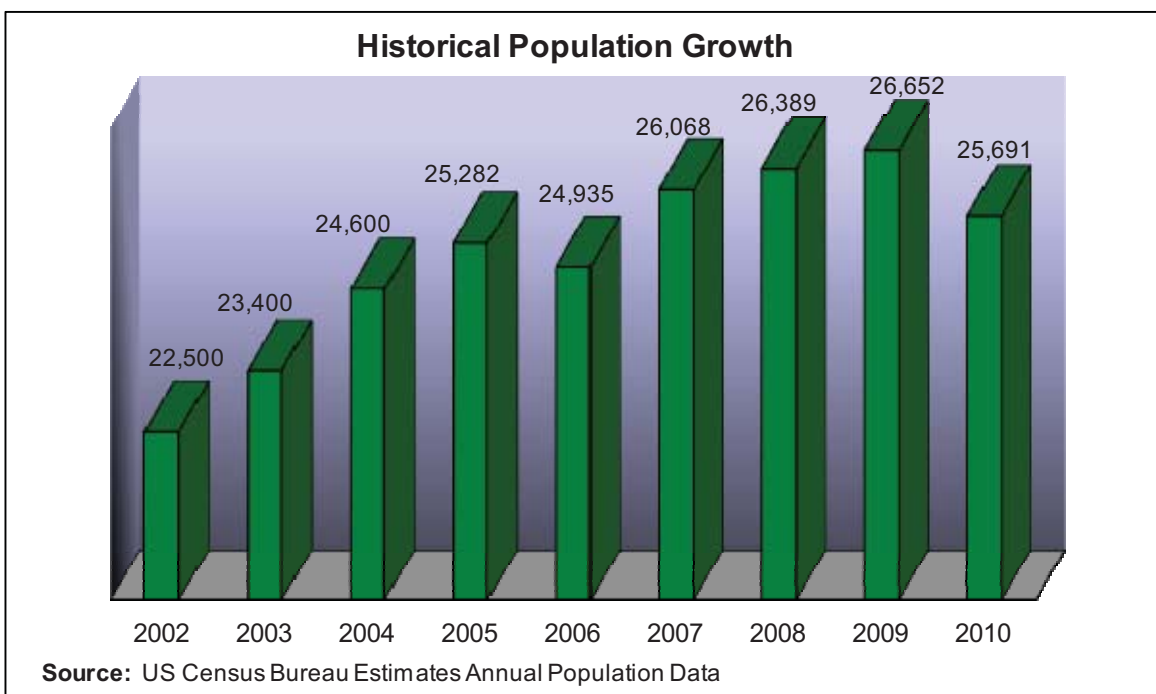
FACTORS AFFECTING FINANCIAL CONDITION: (CONTINUED)

Local Economy: (Continued)

Charlottesville Metropolitan Statistical Area (MSA) maintains a lower unemployment rate of 5.5% compared to Virginia's metropolitan areas, except for Washington-Arlington-Alexandria at 4.8%. Jobs are steady in the area due to the proximity to Charlottesville. The predominant job sectors are healthcare, education, service related industries, and the leisure and hospitality. According to the Virginia Employment Commission, the number of persons employed in the civilian labor force for Fluvanna has increased by 3,041 from 11,429 in 2002 to 14,470 in 2011. In summary, the local job market has remained relatively unchanged due to a slow construction industry for new home construction.



Fluvanna County's Board of Supervisors has defined the County's vision statement as "the most livable and sustainable community in the United States." The population growth in the County has increased over the years due to competitively priced housing, rural setting, and approximation to major urban centers including Charlottesville, Richmond, and Washington, D.C. Fluvanna County saw its population increase by 2 percent since 2005.



FACTORS AFFECTING FINANCIAL CONDITION: (CONTINUED)

Local Economy: (Continued)

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."

Financial Policies

In fiscal year 2008, the Board of Supervisors adopted a fund balance policy for the County's General Fund. The policy set the minimum undesignated, unreserved fund balance at 12% of Governmental General Fund Revenues and Component Unit – School Board Operating Revenues.

In fiscal year 2009, the Board of Supervisors adopted a formal Investment Policy that seeks to safeguard principal, meet liquidity objectives, and seek fair value rates of return within the parameters of the *Code of Virginia*.

The County recognizes the need to monitor revenue estimates to identify any shortfalls and potential trends that would significantly affect the various revenue sources in the current budget. A significant emphasis is placed on controlling departmental expenditures through accounts payable and purchasing card polices and procedures.

Policies and procedures are developed or revised periodically to provide better clarification, more detail of practice, and strengthen documentation of management.

Risk Management

The County of Fluvanna has a risk management program which is committed to the logical, systematic and continuous identification of loss exposures for and to the County, including its employees, its citizens and taxpayers, through the evaluation of risk in terms of severity and frequency probability and the application of sound loss control procedures. As a part of this commitment, the county has obtained third party coverage through the Virginia Association of Counties (VACO) for all liability risk.

Cash Management

Investments and deposits during the year consisted of a variety of securities, durations and increments as allowable by the Code of Virginia. These allowable investments include U.S. agency securities, corporate notes, banker's acceptances, commercial paper, money market accounts, mutual funds, and state bonds. The amount of interest received was \$ 24,830. This is a decrease of \$13,139 from interest earned on investments in fiscal year 2009-10 when the interest on investments totaled \$37,969. The County Treasurer is responsible for investing County funds.

Pension Benefits

The County is a participant in the Virginia Retirement System (VRS), a defined benefits plan pension system, for which the County contributes a percentage of a qualifying County employee's salary to VRS. The VRS is responsible for setting the contribution rate and making retirement payments in accordance with the established plan. In addition, the County provides employees access to a Section 457 retirement investment program. This plan is funded through employee deductions, and administered by Nationwide.

MAJOR INITIATIVES

For fiscal year 2011, 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. The anticipated completion date is winter 2012 with doors opening to students in August 2012.

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 is planned for 2012.

Municipal Software

In the Fiscal Year 2010 the Board of Supervisors appropriated \$427 thousand 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 summer 2012.

Kent Store Firehouse

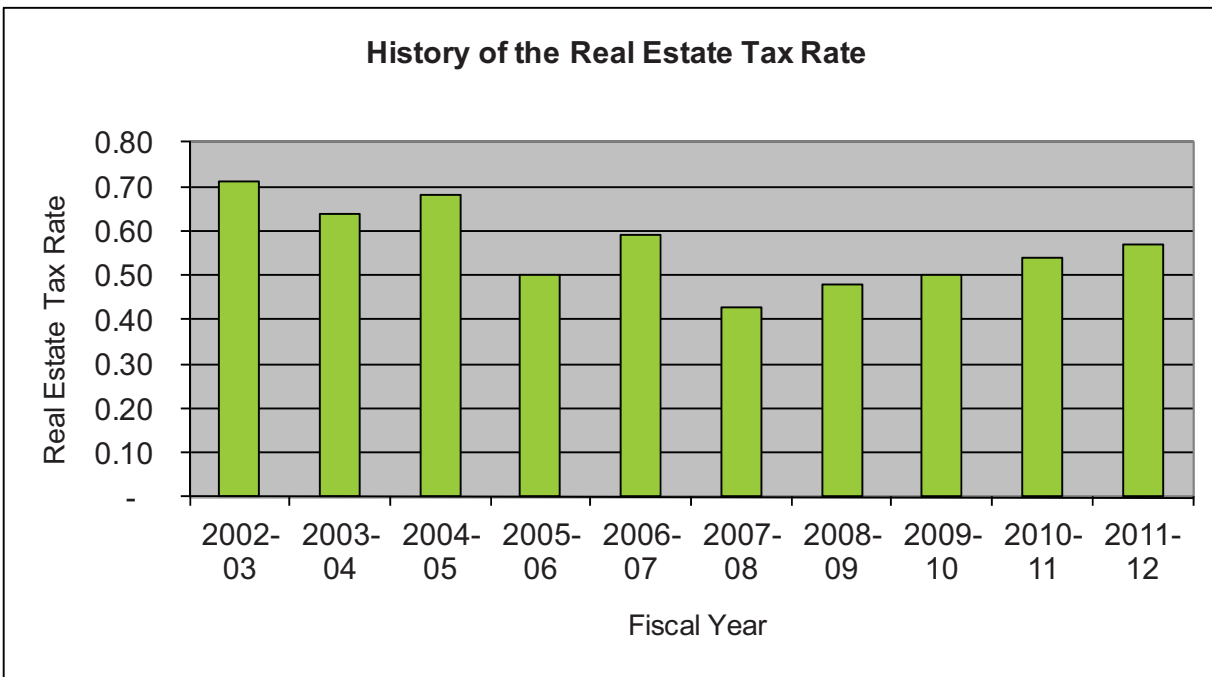
The construction of the Kent Store Firehouse was authorized by the Board of Supervisors in October 2009 with an appropriation of \$1.1 million cash from fund balance. This project was completed as projected in March 2011 for \$1.2 million.

Fork Union Firehouse

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

PROSPECTS FOR THE FUTURE

For the fiscal year 2011-2012, the Board of Supervisors approved an operating budget of \$67.9 million inclusive of a governmental general fund budget of \$33.1 million and a school fund budget of \$34.8 million. The Board of Supervisors elected to increase the real estate tax rate of \$0.57. Below is a historical real estate tax rate graph for the County.



OTHER INFORMATION

Management's Discussion and Analysis

Generally accepted accounting principles require management to 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 of Fluvanna's MD&A can be found immediately following the report of the independent auditors.

Independent Audit

Sections 15.2-2510 and 15.2-2511 of the Code of Virginia requires an annual audit of the financial records and transactions of all departments of the County by independent certified public accountants selected by the Board of Supervisors. The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, Audits of States, Local Government and Non-Profit Organizations. Information related to this single audit, including the findings and recommendations, and auditors' reports on the internal control structure and compliance with laws and regulations, is contained in this report. These requirements have been complied with and the auditor's opinion is included in 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.

OTHER INFORMATION: (CONTINUED)

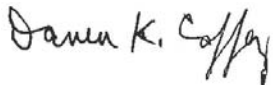
Awards and Acknowledgments

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, 2010. This is the fourth 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, to Robinson Farmer Cox Associates, and to 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,



Darren K. Coffey
Interim County Administrator



Renee Hoover
Director of Finance

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COUNTY OF FLUVANNA, VIRGINIA
DIRECTORY OF PRINCIPAL OFFICIALS
June 30, 2011

Board of Supervisors

John Y. Gooch, Chair.....Palmyra District
Shaun V. Kenney, Vice ChairColumbia District
Mozell H. Booker..... Fork Union District
Joseph C. Chesser Rivanna District
Chris S. Fairchild..... Rivanna District
Donald W. Weaver.....Cunningham District
Mary L. Weaver.....Clerk

Constitutional Officers

Andrew M. SheridanCommissioner 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

William P. "Jay" Scudder..... County Administrator

School Board

Barbara Gibbons, Chair Rivanna District
Camilla Washington, Vice ChairColumbia District
Bertha Armstrong..... Fork Union District
William HughesCunningham District
Tom Muir Palmyra District
Brian Phillips Rivanna District
Brandi CritzerClerk

School Administrative Officials

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

Social Services Board

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

Social Services Administrative Official

Susan Muir Director of Social Services

Other Officials

John G. Berry Judge of the Circuit Court
Roger L. Morton Judge of the General District Court
Dwight Johnson Judge of the Juvenile and Domestic Relations District Court

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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, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized, handwritten signature in black ink, likely belonging to the President of the GFOA.

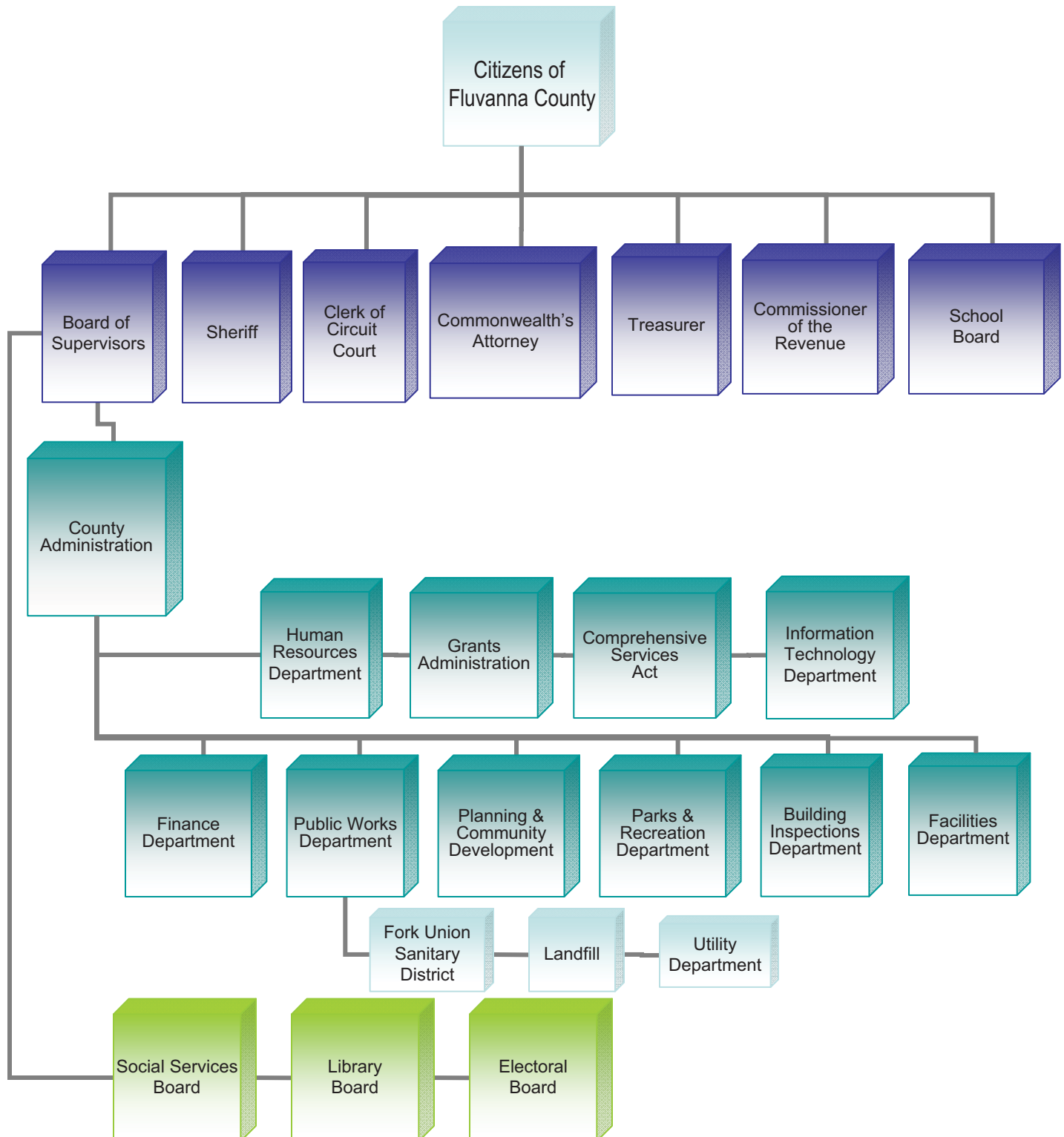
President

A handwritten signature in black ink that reads 'Jeffrey R. Enos'.

Executive Director

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Fluvanna County Organizational Chart



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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

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

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 the County of Fluvanna, Virginia, as of and for the year ended June 30, 2011, which collectively comprise the County of Fluvanna, Virginia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Fluvanna, Virginia's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Fluvanna, Virginia, as of June 30, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, the County of Fluvanna, Virginia adopted the provisions of *GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions*, effective July 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2011, 2011, 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules 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 management's discussion and analysis and schedules of funding progress 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 management's discussion and analysis and schedules of funding progress 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Fluvanna, Virginia's financial statements as a whole. The introductory section, combining fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying 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 financial statements. The combining fund financial statements and schedules, 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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.

Robinson, Farnell, Cox Associates

Charlottesville, Virginia
December 9, 2011

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, 2011. 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

Government-wide Financial Statements

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$36.7 million (net assets). Of this amount, \$21.2 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net assets increased by \$5.8 million, of which the governmental activities increased by \$5.2 million and business-type activities increased by \$600 thousand.
- The total cost of the County's programs was \$31.0 million (governmental activities) a decrease of \$2 million. This overall decline in expenses is a combination of decreases in Public Safety of \$600 thousand, and Education of 5.2 million, Public Works of \$200 thousand and increase in Interest on long-term debt of \$4.1 million.
- The County's total debt decreased by \$500 thousand during the current fiscal year. This net decrease was a result of principal payments. Although, the County transferred from the Proprietary Fund the Landfill post-closure care costs in the amount of \$846 thousand.

Fund Financial Statements

- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$37.5 million (Exhibit 3), a decrease of \$26.8 million in comparison with the prior year. Approximately 44 percent of this amount, \$16.5 million, is restricted from funds borrowed in 2008 for construction of the new high school. Approximately 36 percent of this amount, \$13.5 million, is available for spending at Fluvanna's Board of Supervisors discretion (unassigned fund balance).
- Unassigned fund balance for the General Fund was \$13.5 million, or 36.9 percent of total General Fund revenues and 38.6 percent of total general fund expenditures (Exhibit 4). This exceeds the County's reserve fund balance policy minimum of 12% of total governmental general fund revenues and component unit – school board operating revenues.

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-assets and how they have 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 assets* (Exhibit 1) presents information on all of the County's assets and liabilities, including governmental activities, business-type activities, and School Board activities. Net assets are the difference between assets and liabilities, which provides a measure of the County's financial health, or financial condition. Over time increases or decreases in the net assets 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 assets 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, Landfill, Community Programs, and Sewer.

Component unit: The County has one component unit, the Fluvanna County Public Schools (School Board), which is included in this annual financial report. Although legally separate, this discretely presented component unit is important because the County is financially accountable for it. 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 unit 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 in flows 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 four enterprise funds. Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its landfill, water, community operations, and sewer. 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 landfill, water, community activities, and sewer all of which are considered to be major funds of the County.

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 assets and a statement of changes in fiduciary net assets. 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.

Financial Analysis of the Government-Wide

Statement of Net Assets

Table 1 summarizes the Statement of Net Assets (Exhibit 1 in the Financial Section of the CAFR) for the primary government as of June 30, 2011 and 2010.

Table 1

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

	Primary Government					
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 46.1	\$ 71.9	\$ 0.3	\$ 0.4	\$ 46.4	\$ 72.3
Capital assets	91.1	60.7	6.0	6.3	97.1	67.0
Total assets	\$ 137.2	\$ 132.6	\$ 6.3	\$ 6.7	\$ 143.5	\$ 139.3
Long-term liabilities outstanding	\$ 91.1	\$ 92.5	\$ 1.6	\$ 2.5	\$ 92.7	\$ 95.0
Current liabilities	10.2	8.5	0.2	0.3	10.4	8.8
Total liabilities	\$ 101.3	\$ 101.0	\$ 1.8	\$ 2.8	\$ 103.1	\$ 103.8
Net assets:						
Invested in capital assets, net of related debt	\$ 15.5	\$ 12.9	\$ 4.4	\$ 4.5	\$ 19.9	\$ 17.4
Restricted	-	-	-	-	-	-
Unrestricted	21.2	18.6	0.1	(0.6)	21.3	18.0
Total net assets	\$ 36.7	\$ 31.5	\$ 4.5	\$ 3.9	\$ 41.2	\$ 35.4

As noted earlier, over time, changes in net assets may serve as a useful indicator of a County's financial position. Of interest, County's assets exceeded liabilities by \$36.7 million at the June 30, 2011. The County's net assets of \$15.5 million or 41 percent reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) 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 \$21.2 million balance for net assets may be used to meet the County's ongoing obligations to citizens and creditors.

For the business-type activities, total net assets increased by \$600 thousand or 15% which is primarily the result of the transfer of the Landfill Post Closure liability to Governmental Activities. The unrestricted net assets also increased by \$700 thousand with the closure of the Landfill business activity.

Financial Analysis of the Government-Wide: (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 Assets
(\$in millions)

	Primary Government					
	Governmental		Business-type		Totals	
	Activities		Activities			
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 0.6	\$ 0.4	\$ 0.3	\$ 1.7	\$ 0.9	\$ 2.1
Operating grants and contributions	4.6	4.6	-	0.3	4.6	4.9
Capital grants and contributions	0.2	0.7	-	-	0.2	0.7
General revenues:						
General property taxes	24.5	23.0	-	-	24.5	23.0
Other local taxes	3.5	3.2	-	-	3.5	3.2
Use of money and property	0.3	0.4	-	-	0.3	0.4
C/VA non-categorical aid	3.2	3.1	-	-	3.2	3.1
Other general revenues	0.2	0.5	-	-	0.2	0.5
Total revenues	<u>\$ 37.1</u>	<u>\$ 35.9</u>	<u>\$ 0.3</u>	<u>\$ 2.0</u>	<u>\$ 37.4</u>	<u>\$ 37.9</u>
Expenses:						
General government administration	\$ 2.3	\$ 2.1	\$ -	\$ -	\$ 2.3	\$ 2.1
Judicial administration	1.1	1.1	-	-	1.1	1.1
Public safety	4.9	5.5	-	-	4.9	5.5
Public works	1.3	1.5	-	-	1.3	1.5
Health and welfare	4.8	5.0	-	-	4.8	5.0
Education	10.8	16.0	-	-	10.8	16.0
Parks, recreation, and cultural	0.7	0.7	-	-	0.7	0.7
Community development	0.4	0.5	-	-	0.4	0.5
Interest and other fiscal charges	4.7	0.6	-	-	4.7	0.6
Water	-	-	0.4	0.4	0.4	0.4
Community programs	-	-	-	-	-	-
Landfill	-	-	-	0.2	-	0.2
Sewer	-	-	0.2	0.2	0.2	0.2
Total expenses	<u>\$ 31.0</u>	<u>\$ 33.0</u>	<u>\$ 0.6</u>	<u>\$ 0.8</u>	<u>\$ 31.6</u>	<u>\$ 33.8</u>
Increase in net assets before transfers	\$ 6.1	\$ 2.9	\$ (0.3)	\$ 1.2	\$ 5.8	\$ 4.1
Transfers	(0.9)	(0.1)	0.9	0.1	-	-
Increase in net assets	\$ 5.2	\$ 2.8	\$ 0.6	\$ 1.3	\$ 5.8	\$ 4.1
Net assets, July 1, 2010,	31.5	28.7	3.9	2.6	35.4	31.3
Net assets, June 30, 2011	<u>\$ 36.7</u>	<u>\$ 31.5</u>	<u>\$ 4.5</u>	<u>\$ 3.9</u>	<u>\$ 41.2</u>	<u>\$ 35.4</u>

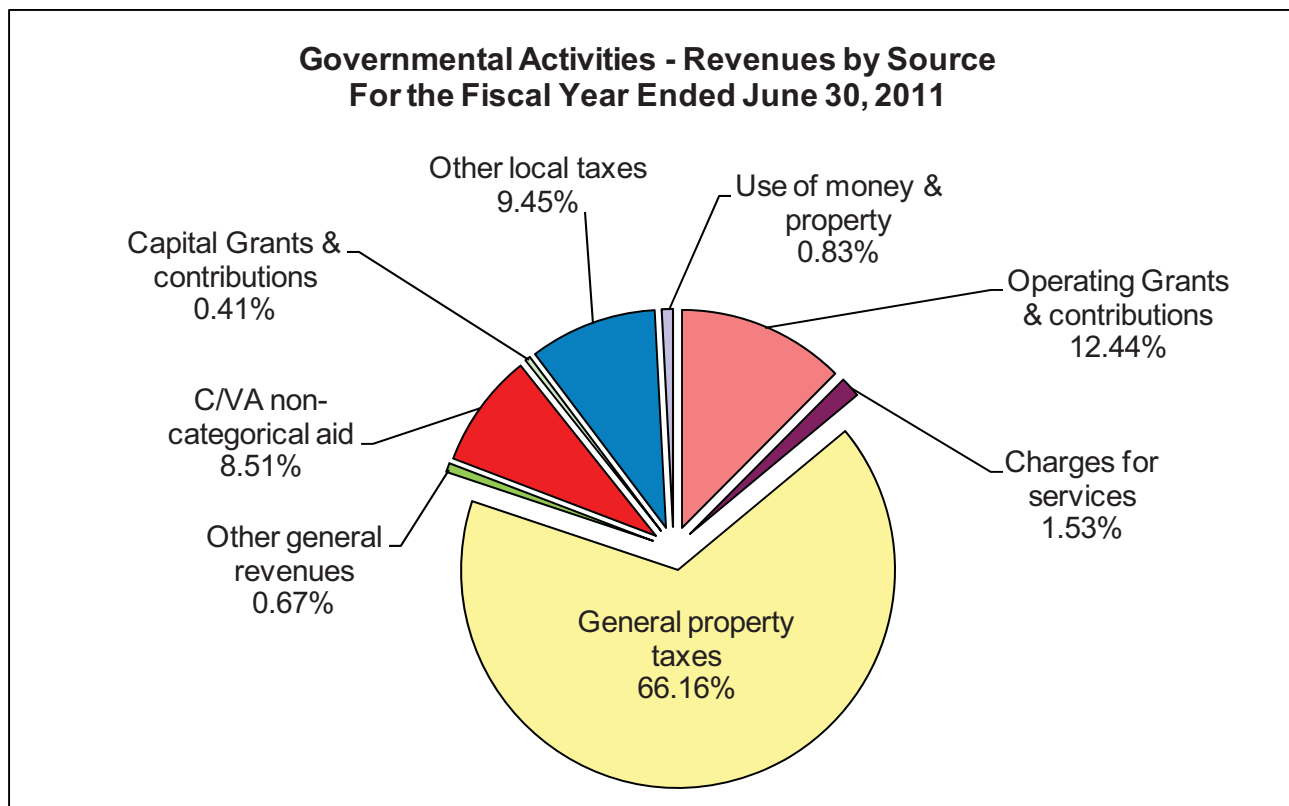
Financial Analysis of the Government-Wide: (Continued)

Statement of Activities: (Continued)

Generally, net asset changes are the result of difference between revenues and expenses. The increase in net assets attributable to the County's **governmental activities** totaled \$5.2 million for the current fiscal year. Revenues were \$37.1 million for fiscal year 2011. This is an increase of \$1.2 million from the prior fiscal year.

A summary of key revenue elements follows:

- General property taxes, including the payments received from the State as reimbursement under the State's personal property tax relief program, were \$27.5 million, representing an increase of \$1.5 million or 6 percent over fiscal year 2010. These revenues comprise the County's largest source of revenues, which reflects the recognition of the second half calendar year 2010 and the first half of calendar 2011 property taxes, collected during fiscal year 2011. The County Board of Supervisors increased the Real Estate Tax Rate to 57 cents per \$100 of assessed value for the tax calendar year 2011.
- Capital grants and contributions for governmental activities decreased by \$500 thousand or 71 percent primarily as a result of completion of grants in fiscal year 2010 from the Department of Criminal Justice for public safety partnership and community policing grants.



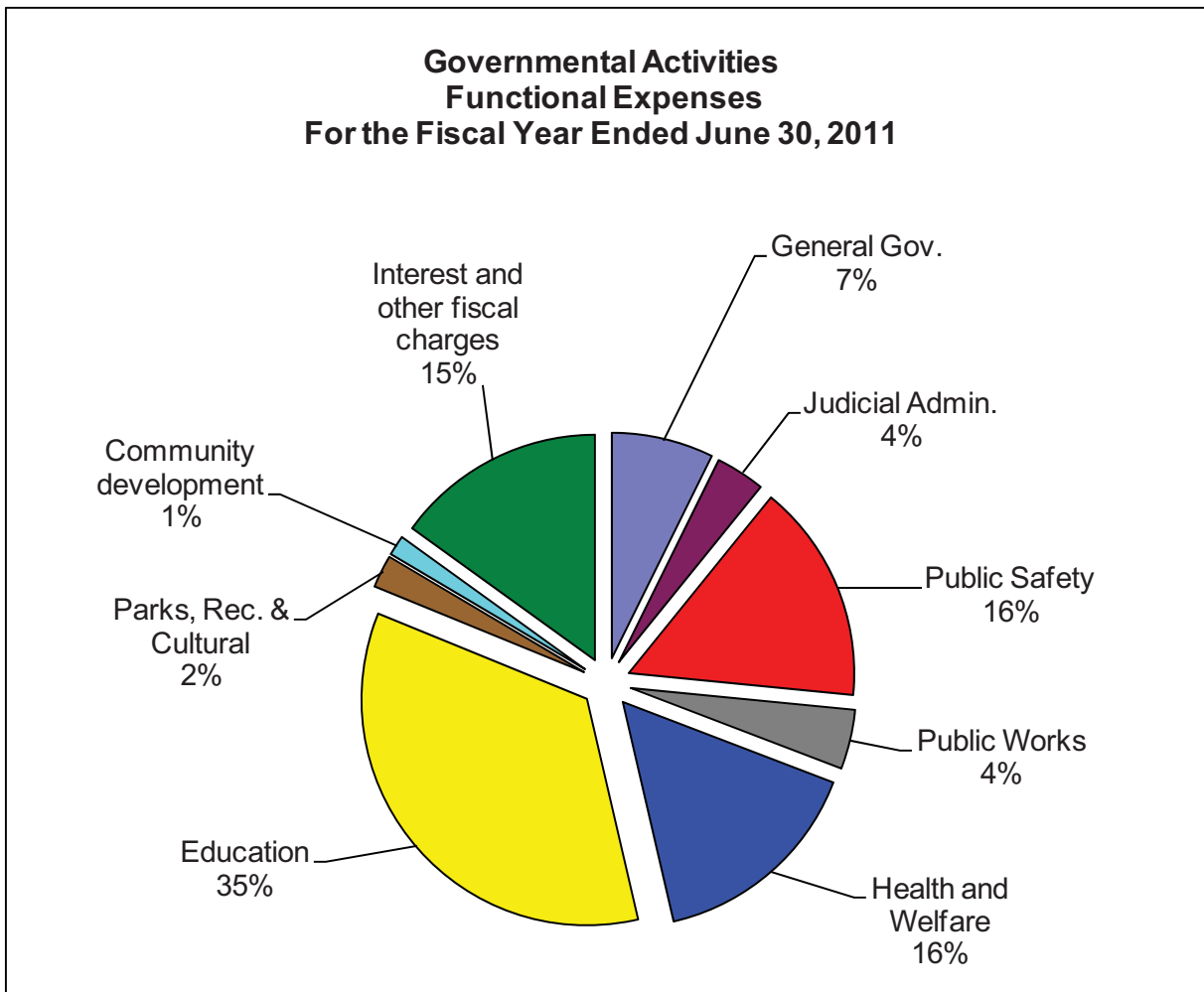
For the fiscal year June 30, 2011, the expenses for governmental activities totaled \$31 million, a decrease of \$2 million or 6 percent compared to the prior year. Included in this activity are employee compensation and benefits, payments for educational expenses to the School Board, and increases in the interest on long-term debt.

Financial Analysis of the Government-Wide: (Continued)

A summary of key expenses elements follows:

- General government administration had an increase by \$200 thousand over fiscal year 2010. This was primarily due to the purchase and implementation of the financial managements software system.
- Expenses in public safety decreased by \$600 thousand or 11 percent from the prior fiscal year. The Sheriff's expenses decreased with the completion of two grants of \$200 thousand each for community policing in fiscal year 2010.
- Local expenses for education of \$10.8 million decreased by \$6 million from the over fiscal year 2010. This is primarily due to capitalizing the cost from the construction of new high school. Education continues to be the County's largest program and highest priority.
- Interest and other fiscal charges had an increase of \$4.1 million. The capitalized interest expense from the 2008 bond issue of \$3.9 million caused the increase to this function.

The following graph illustrates the County's expenses for each functional area comprising its governmental activities. Education expense represents the County's payment to its School Component Unit on the accrual basis.



Financial Analysis of the Government-Wide: (Continued)

Business-Type Activities – Business-type activities increased the County's net assets by \$600 thousand. Similar to changes in net assets attributable to governmental activities, changes in business-type activity net assets also result from the differences between revenues and expenses. However, unlike governmental activities, which rely primarily on general tax revenues to finance operations, business-type activities are financed to a significant extent by fees charged for goods and services provided. The County's business-type activities consist of its water, sewer, and community programs. Like all business-type activities, the County attempt to recover as much of the operating expenses it incurs to meet service demands as possible through user charges.

Key elements of increases/decreases in the activities are as follows:

- Charges for services for business-type activities decreased by \$1.4 million during the fiscal year. This can be contributed to collection of \$1.2 million in sewer connection and availability fees for the construction of the sewer expansion to new high school and other public buildings in fiscal year 2010.
- Expenses total \$600 thousand, which were \$200 thousand lower than the prior year. The decrease in expenses was primarily due to the closure of the landfill business-type activity and transfer to governmental activities.

Financial Analysis of the County's Funds

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

Governmental Funds

As of June 30, 2011, the County's governmental funds reported combined ending fund balances of \$37.5 million (Exhibit 3), a decrease of \$26.8 million in comparison with the prior fiscal year. The decrease is primarily due to the disbursement of bond proceeds of \$27.4 million from the 2008 bond issuance for the new high school construction project and capitalized interest. There is \$16.6 million or 44 percent restricted in fund balance for the completion of the project. Approximately 36 percent of the fund balance constitutes unassigned fund balance, which is available for spending at the County's discretion. The remaining fund balance is committed for capital projects of \$7.3 million or 19 percent.

The general fund is the main operating fund of the County. The fund balance for the general fund increased \$371 thousand (Exhibit 4) during the current fiscal year. This increase is primarily a result of general property tax rates and vehicle license fees. At the end of the current fiscal year, unassigned fund balance of the general fund was \$13.5 million (Exhibit 3), while total fund balance reached \$20.8 million. As a measure of the general fund's liquidity, it may be useful to compare fund balances to total fund revenues. Unassigned fund balance represents 37 percent of total general fund revenues, while the total general fund expenditures represent 39 percent of that same amount. The Board of Supervisors uses a guideline to keep an unassigned general fund balance at a minimum of 12% of the total governmental general fund revenues and component unit – school board operating revenues. The unassigned fund balance in the general fund exceeds this guideline by 48 percent or \$6.5 million.

Fund balance for the Capital Projects Fund was \$16.7 million for the fiscal year 2011; a significant portion of this amount is classified as *restricted* to indicate that it is not available for new spending. This fund decreased by \$27.2 million during the fiscal year due to expenditures incurred for new high school construction.

Financial Analysis of the County's Funds: (Continued)

Significant outlays in fiscal year 2011 included the following:

- The General Fund contributed \$13.7 million in operating funds to finance the Schools operations.
- The General Fund transferred \$1.1 thousand to the Capital Projects Fund to fund capital improvement projects for the County.
- The General Fund contributed \$262 thousand for the Other Post Employment Benefit (OPEB).

Proprietary Funds

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

Net assets of the Community Programs (*Parks & Recreation*) Fund at the end of the year were \$55 thousand, a decrease from the prior year of \$16 thousand or 23 percent. Charges for services decreased from the prior year by \$6 thousand. Operating expenses decreased from the prior year by \$4 thousand. Revenues and expenditures continue to decline because of low participation in recreational activities; the Community Programs made no capital outlay for the fiscal year.

Net assets of the Fork Union Sanitary District Fund totaled \$1.3 million a decrease from prior year of \$100 thousand or 7 percent. Charges for services increased from the prior year by \$21 thousand as result of volume of water used by commercial customers and operating expenses decreased by \$9 thousand from the prior year due no major repairs to system.

Net assets of the Sewer totaled \$3.1 million a decrease from prior year of \$.1 thousand or 3 percent. Charges for services decreased from the prior year by \$1.2 million and operating expenses increased \$23 thousand as result of depreciation from the capitalization of expanded infrastructure in fiscal year 2010.

General Fund Budgetary Highlights

Budget amendments resulted in an increase of \$1 million between the original budget and the final budget. Significant appropriations included:

- \$368 thousand for Sheriff's public safety grants;
- \$416 thousand to Education for operations; and
- \$168 thousand for Virginia Retirement System (VRS) to the constitutional officers.

Variances between the final amended budget and actual was \$3.2 million. The significant differences were:

- \$1.7 million for new high school debt service reserve;
- \$321 thousand where the Local Department of Social Services had budgeted funds for public assistance and purchased services but State funding was not available;
- \$246 thousand from educational services in the Schools;
- \$346 thousand from Sheriff's public safety grants;
- \$139 thousand in general governmental administration for VRS.

Capital Asset and Debt Administration

Capital assets

Table 3 provides information on changes in the capital assets of the governmental activities during fiscal year 2010.

Table 3

**Change in Capital Assets
Governmental Activities
(\$ in millions)**

	Balance July 1, 2010	Net Additions and Deletions	Balance June 30, 2011
Land and improvements	\$ 1.5	\$ -	\$ 1.5
Construction in progress - jointly owned	34.5	31.6	66.1
Construction in progress	0.6	0.1	0.7
Subtotal, capital assets not being depreciated	<u>\$ 36.6</u>	<u>\$ 31.7</u>	<u>\$ 68.3</u>
Buildings and improvements	\$ 16.6	\$ 1.4	\$ 18.0
Equipment	5.3	(0.1)	5.2
Jointly owned assets	11.0	(1.0)	10.0
Subtotal, capital assets being depreciated	<u>\$ 32.9</u>	<u>\$ 0.3</u>	<u>\$ 33.2</u>
Less: accumulated depreciation	<u>\$ 9.7</u>	<u>\$ 0.8</u>	<u>\$ 10.5</u>
Net capital assets being depreciated	<u>\$ 23.2</u>	<u>\$ (0.5)</u>	<u>\$ 22.7</u>
Governmental activities capital assets, net	<u><u>\$ 59.8</u></u>	<u><u>\$ 31.2</u></u>	<u><u>\$ 91.0</u></u>

The County's investment in capital assets for its governmental type activities as of June 30, 2011 totals \$91 million, net of accumulated depreciation. This represents an increase of \$31.2 million or 52 percent over the prior year. The investment in capital assets includes land, buildings, improvements, infrastructure (primarily water system), machinery and equipment, and construction in progress. State law grants the County a *tenancy in common* with the School Component Unit for School capital assets for which the County incurs an obligation payable over more than one fiscal year, under which the County reported net capital assets of \$7.8 million at year end.

Major capital asset events during the current fiscal year for the governmental activities were the capitalization the additional construction in progress of \$31.6 million for new high school.

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

Long-term debt

Table 4 provides an overview of the long-term obligations for the governmental activities.

Table 4

**Summary of Changes in Long-Term Debt
Governmental Activities
(\$ in millions)**

	Balance July 1, 2010	Net Additions and Deletions	Balance June 30, 2011
Capital leases	\$ 0.8	\$ (0.1)	\$ 0.7
Revenue bonds less deferred refunding	6.1	(0.3)	5.8
General obligations bonds plus premium less discount	83.9	(0.9)	83.0
Landfill post closure care cost	-	0.8	0.8
Compensated absences	0.5	-	0.5
Revenue note	2.7	-	2.7
Total long-term debt	<u><u>\$ 94.0</u></u>	<u><u>\$ (0.5)</u></u>	<u><u>\$ 93.5</u></u>

Capital Asset and Debt Administration: (Continued)

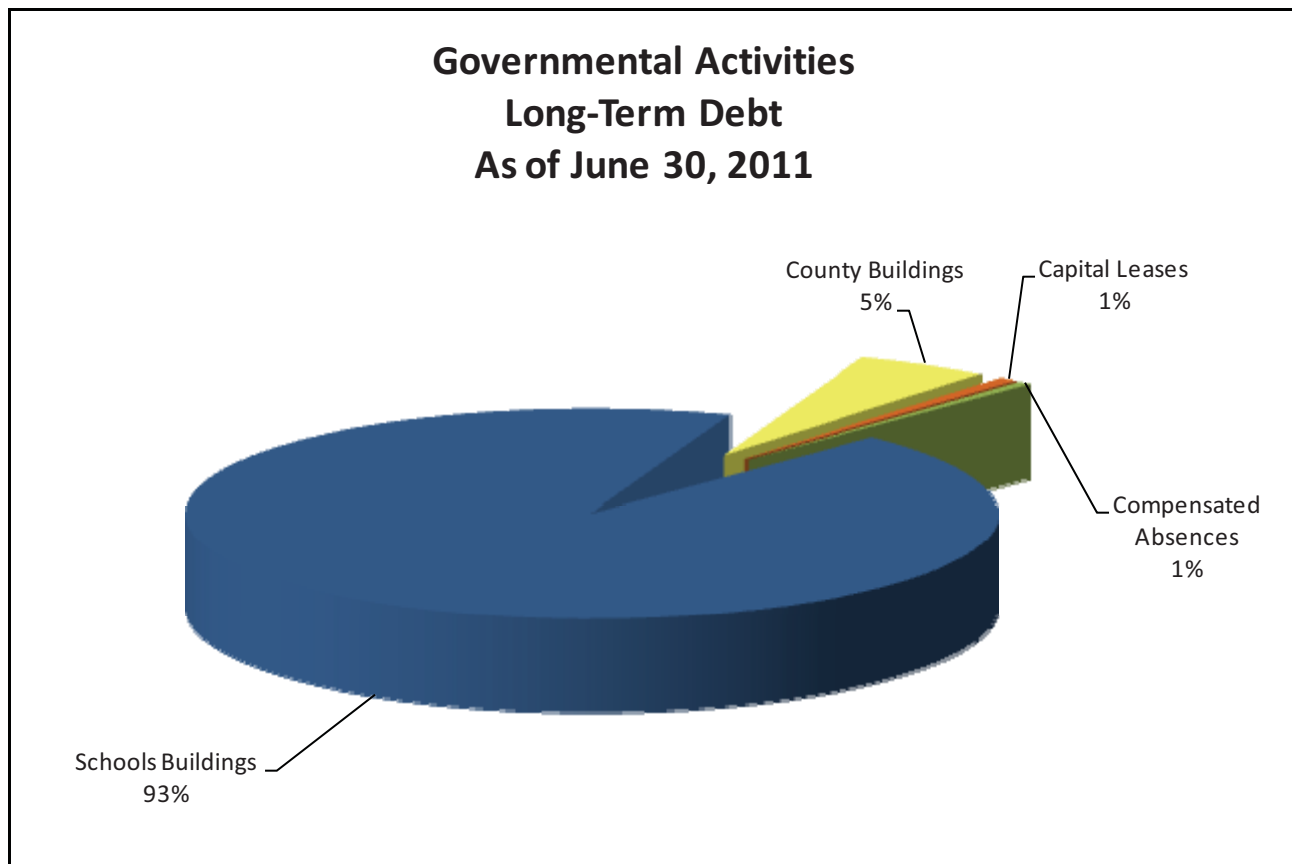
Long-term debt: (Continued)

At the end of the current fiscal year, the County had total bonded debt outstanding of \$88.8 million. This entire amount represents debt backed by the full faith and credit of the County.

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 percent of General Fund revenues. In fiscal year 2011, the County's debt to revenue ratio was 16.7 percent. The second ratio assessed by management is the net general obligation of debt to assessed value will not exceed 3.5 percent. This ratio measures the relationship between County's tax-supported debt to the taxable value of property in the County. In fiscal year 2011, this ratio was 2.4 percent.

On December 2010 the County refinanced a Public Facility's Note of \$2.7 million in the same instrument and amount.

The chart below illustrates long-term debt by type and percentage of each type relative to the total outstanding debt. Schools general obligations bonds represent the largest category of debt with 98 percent of the County's total governmental debt.



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

According to the Weldon Cooper Center for Public Service at the University of Virginia, Fluvanna County's population was estimated to be 25,691; this is a decrease of 961 or 4 percent over the prior year. Population estimates for the last ten years are provided in Table 12, Statistical Section of this report.

The local unemployment rate was 5.1 percent at June 30, 2011, which is .6 percent less than the 5.7 percent at June 30, 2010. The local unemployment rate compares favorably to the State's rate of 6.3 percent and national rate of 9.3 percent for the same period.

Inflation measured by the national consumer price index (CPI) for June was 3.6 percent higher than a year ago where the CPI for June 201 had a percentage change of 1.1 percent.

The 2009 per capita personal income (PCPI) for Fluvanna County was \$34,811. This PCPI reflected an increase of 2.8 percent from 2008. Fluvanna is ranked 43rd in the State and 79 percent compared to Commonwealth of Virginia's average of \$44,057 and 88 percent of the national average of \$39,635, as reported by the U. S. Department of Commerce Bureau of Economic Analysis.

According to Charlottesville Area Association of Realtors the median sale price in Fluvanna has continued to slowly decline over the past four years (through third quarter of 2011). Median sale price for the County was \$204,008, 87% of the Charlottesville MSA average.

Fiscal Year 2012 Budget and Rates

For the fiscal year ending June 30, 2012, the adopted budget is \$67.9 million which is an increase of \$900 thousand or 1.3 percent over the prior fiscal year 2010.

For fiscal year 2011-2012 the real estate tax rate increased from \$0.54 to \$0.57 per \$100 of assessed value.

The County will transfer to the component unit, Schools, \$14 million a increased by 2.2 percent from prior fiscal year.

Key factors that are expected to impact future budget include:

- Recovery of the economy.
- Reduction Federal and State funding.
- Debt Service for "New" High School.
- Operating cost for "New" High School.

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 Assets
At June 30, 2011

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	School Board
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 20,357,297	\$ 34,816	\$ 20,392,113	\$ 96,917
Restricted assets	21,239,066	-	21,239,066	-
Receivables (net of allowance for uncollectibles):				
Property taxes	1,803,459	-	1,803,459	-
Accounts receivable	151,915	38,572	190,487	-
Notes receivable	40,000	-	40,000	-
Prepaid expenses	35,080	-	35,080	-
Due from primary government	-	-	-	999,943
Internal balances	72,841	(72,841)	-	-
Due from other governments	2,485,167	258,300	2,743,467	1,025,096
Total Current Assets	<u>\$ 46,184,825</u>	<u>\$ 258,847</u>	<u>\$ 46,443,672</u>	<u>\$ 2,121,956</u>
Noncurrent Assets				
Capital assets (net of accumulated depreciation):				
Land	\$ 1,513,246	\$ 296,176	\$ 1,809,422	\$ 329,523
Buildings and improvements	13,620,456	2,879	13,623,335	8,602,212
Infrastructure	-	5,584,903	5,584,903	-
Equipment	1,311,932	96,942	1,408,874	801,676
Jointly owned assets	7,816,151	-	7,816,151	-
Construction in progress	66,813,176	-	66,813,176	-
Total capital assets	<u>\$ 91,074,961</u>	<u>\$ 5,980,900</u>	<u>\$ 97,055,861</u>	<u>\$ 9,733,411</u>
Other assets:				
Bond issue costs	\$ 777,900	\$ -	\$ 777,900	\$ -
Total Noncurrent Assets	<u>\$ 91,852,861</u>	<u>\$ 5,980,900</u>	<u>\$ 97,833,761</u>	<u>\$ 9,733,411</u>
Total Assets	<u>\$ 138,037,686</u>	<u>\$ 6,239,747</u>	<u>\$ 144,277,433</u>	<u>\$ 11,855,367</u>
LIABILITIES				
Current Liabilities				
Accounts payable and other current liabilities	\$ 5,894,009	\$ 50,900	\$ 5,944,909	\$ 2,030,133
Due to component unit	999,943	-	999,943	-
Unearned revenue	216,232	-	216,232	-
Accrued interest payable	707,738	-	707,738	-
Notes payable	-	40,000	40,000	-
Current portion of long-term obligations	2,353,809	92,660	2,446,469	96,425
Total Current Liabilities	<u>\$ 10,171,731</u>	<u>\$ 183,560</u>	<u>\$ 10,355,291</u>	<u>\$ 2,126,558</u>
Noncurrent Liabilities				
Noncurrent portion of long-term obligations	91,139,445	1,550,909	92,690,354	867,827
Total Liabilities	<u>\$ 101,311,176</u>	<u>\$ 1,734,469</u>	<u>\$ 103,045,645</u>	<u>\$ 2,994,385</u>
NET ASSETS				
Invested in capital assets, net of related debt	\$ 15,481,925	\$ 4,359,941	\$ 19,841,866	\$ 9,733,411
Unrestricted assets	21,244,585	145,337	21,389,922	(872,429)
Total Net Assets	<u>\$ 36,726,510</u>	<u>\$ 4,505,278</u>	<u>\$ 41,231,788</u>	<u>\$ 8,860,982</u>
Total Liabilities and Net Assets	<u>\$ 138,037,686</u>	<u>\$ 6,239,747</u>	<u>\$ 144,277,433</u>	<u>\$ 11,855,367</u>

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

COUNTY OF FLUVANNA, VIRGINIA

Statement of Activities
Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 2,266,965	\$ -	\$ 265,250	\$ -
Judicial administration	1,092,325	74,985	537,538	-
Public safety	4,875,996	196,820	1,133,897	141,554
Public works	1,324,088	102,391	7,926	-
Health and welfare	4,826,649	-	2,606,839	-
Education	10,796,609	-	-	-
Parks, recreation, and cultural	723,393	82,284	57,597	-
Community development	447,602	109,880	-	10,022
Interest on long-term debt	4,667,841	-	-	-
Total governmental activities	\$ 31,021,468	\$ 566,360	\$ 4,609,047	\$ 151,576
Business-type activities:				
Fork Union Sanitary District	\$ 368,737	\$ 301,071	\$ -	\$ -
Community Programs	45,710	30,134	-	-
Sewer	182,931	12,791	-	-
Total business-type activities	\$ 597,378	\$ 343,996	\$ -	\$ -
Total primary government	\$ 31,618,846	\$ 910,356	\$ 4,609,047	\$ 151,576
COMPONENT UNIT:				
School Board	\$ 36,634,494	\$ 974,008	\$ 21,124,066	\$ -

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 assets
 Net assets - beginning
 Net assets - ending

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Component Unit	
Governmental Activities	Business Type Activities	Total	School Board	
\$ (2,001,715)	\$ -	\$ (2,001,715)	\$ -	-
(479,802)	-	(479,802)	-	-
(3,403,725)	-	(3,403,725)	-	-
(1,213,771)	-	(1,213,771)	-	-
(2,219,810)	-	(2,219,810)	-	-
(10,796,609)	-	(10,796,609)	-	-
(583,512)	-	(583,512)	-	-
(327,700)	-	(327,700)	-	-
(4,667,841)	-	(4,667,841)	-	-
\$ (25,694,485)	\$ -	\$ (25,694,485)	\$ -	-
\$ -	\$ (67,666)	\$ (67,666)	\$ -	-
-	(15,576)	(15,576)	-	-
-	(170,140)	(170,140)	-	-
\$ -	\$ (253,382)	\$ (253,382)	\$ -	-
\$ -	\$ (253,382)	\$ (25,947,867)	\$ -	-
\$ -	\$ -	\$ -	\$ (14,536,420)	-
\$ 24,510,584	\$ -	\$ 24,510,584	\$ -	-
1,061,791	-	1,061,791	-	-
1,290,455	-	1,290,455	-	-
667,940	-	667,940	-	-
244,066	-	244,066	-	-
236,955	-	236,955	-	-
3,152,927	-	3,152,927	-	-
307,436	-	307,436	16,292	-
247,590	-	247,590	387,152	-
-	-	-	14,394,360	-
(867,924)	867,924	-	-	-
\$ 30,851,820	\$ 867,924	\$ 31,719,744	\$ 14,797,804	-
\$ 5,157,335	\$ 614,542	\$ 5,771,877	\$ 261,384	-
31,569,175	3,890,736	35,459,911	8,599,598	-
\$ 36,726,510	\$ 4,505,278	\$ 41,231,788	\$ 8,860,982	-

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Fund Financial Statements

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Balance Sheet - Governmental Funds
At June 30, 2011

	Governmental Funds		Total Governmental Funds
	General	Capital Projects	
ASSETS			
Cash and cash equivalents	\$ 20,357,297	\$ -	\$ 20,357,297
Cash in custody of others		21,239,066	21,239,066
Receivables (Net of allowance for uncollectibles):			
Taxes, including penalties	1,803,459	-	1,803,459
Accounts	142,783	9,132	151,915
Notes receivable	40,000		40,000
Prepaid items	35,080		35,080
Due from other funds	72,841	188,564	261,405
Due from other governmental units	2,336,566	148,601	2,485,167
Total assets	<u>\$ 24,788,026</u>	<u>\$ 21,585,363</u>	<u>\$ 46,373,389</u>
LIABILITIES			
Accounts payable	\$ 1,045,969	\$ 4,848,040	\$ 5,894,009
Due to component unit School Board	999,943	-	999,943
Due to other funds	188,564	-	188,564
Deferred revenue	1,770,502	10,000	1,780,502
Total liabilities	<u>\$ 4,004,978</u>	<u>\$ 4,858,040</u>	<u>\$ 8,863,018</u>
FUND BALANCES			
Nonspendable	\$ 35,080	\$ -	\$ 35,080
Restricted	78,938	16,544,058	16,622,996
Committed	7,077,296	183,265	7,260,561
Assigned	63,698	-	63,698
Unassigned	13,528,036	-	13,528,036
Total fund balances	<u>\$ 20,783,048</u>	<u>\$ 16,727,323</u>	<u>\$ 37,510,371</u>
Total liabilities and fund balances	<u>\$ 24,788,026</u>	<u>\$ 21,585,363</u>	

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

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 assets includes those capital assets among the assets of the County as a whole.	\$ 91,074,961
Bond issuance costs net of amortization	777,900
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(707,738)
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 deferred revenues in the governmental funds and thus are not included in the fund balance.	1,564,270
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 assets.	(93,493,254)
Net assets of General Government Activities	<u>\$ 36,726,510</u>

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, 2011

	Governmental Funds		Total Governmental Funds
	General	Capital Projects	
Revenues:			
General property taxes	\$ 24,333,649	\$ -	\$ 24,333,649
Other local taxes	3,501,207	-	3,501,207
Permits, privilege fees and regulatory licenses	347,774	-	347,774
Fines and forfeitures	60,363	-	60,363
Revenue from use of money and property	51,225	256,211	307,436
Charges for services	158,223	-	158,223
Miscellaneous	205,458	42,132	247,590
Recovered costs	211,610	6,667	218,277
Intergovernmental:			
Commonwealth	6,761,028	-	6,761,028
Federal	1,000,946	151,576	1,152,522
Total revenues	<u>\$ 36,631,483</u>	<u>\$ 456,586</u>	<u>\$ 37,088,069</u>
Expenditures:			
Current:			
General government administration	\$ 2,006,876	\$ 276,988	\$ 2,283,864
Judicial administration	924,825	-	924,825
Public safety	4,559,133	992,517	5,551,650
Public works	1,444,944	-	1,444,944
Health and welfare	4,858,939	-	4,858,939
Education	13,669,970	27,504,235	41,174,205
Parks, recreation, and cultural	607,528	21,654	629,182
Community development	442,140	11,686	453,826
Nondepartmental	383,995	-	383,995
Debt service:			
Principal retirement	1,436,343	-	1,436,343
Interest and other fiscal charges	4,748,216	-	4,748,216
Total expenditures	<u>\$ 35,082,909</u>	<u>\$ 28,807,080</u>	<u>\$ 63,889,989</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 1,548,574</u>	<u>\$ (28,350,494)</u>	<u>\$ (26,801,920)</u>
Other financing sources (uses):			
Transfers in	\$ 15,450	\$ 1,142,137	\$ 1,157,587
Transfers (out)	(1,193,257)	(10,427)	(1,203,684)
Refunded public facility note redeemed	-	(2,670,000)	(2,670,000)
Issuance of refunding public facility note	-	2,704,077	2,704,077
Total other financing sources (uses)	<u>\$ (1,177,807)</u>	<u>\$ 1,165,787</u>	<u>\$ (12,020)</u>
Changes in fund balances	\$ 370,767	\$ (27,184,707)	\$ (26,813,940)
Fund balances at beginning of year	<u>20,412,281</u>	<u>43,912,030</u>	<u>64,324,311</u>
Fund balances at end of year	<u>\$ 20,783,048</u>	<u>\$ 16,727,323</u>	<u>\$ 37,510,371</u>

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, 2011

		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	\$	(26,813,940)
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	\$ 32,943,073	
Depreciation expense	<u>(1,031,421)</u>	31,911,652
Transfer of joint tenancy assets from Primary Government to the Component Unit		(731,336)
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 deferred taxes.		176,935
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 assets. A summary of items supporting this adjustment is as follows:		
Proceeds from debt issued	\$ (2,704,077)	
Principal retired on school general obligation bonds	501,859	
Principal retired on public facility bonds	333,000	
Principal retired on note payable	2,670,000	
Principal retired on capital lease obligations	105,666	
Principal retired on state literary fund loans	495,818	
Deferred amount on refunding	(9,978)	
Landfill postclosure costs	(846,177)	
Amortization of bond premium	<u>27,988</u>	574,099
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 accrued leave	\$ (22,440)	
Change in interest payable	<u>62,365</u>	<u>39,925</u>
Change in net assets of governmental activities	\$	<u><u>5,157,335</u></u>

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

Statement of Net Assets
Proprietary Funds
At June 30, 2011

	Fork Union Sanitary District	Community Programs Fund	Landfill	Sewer	Totals
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 19,991	\$ 14,825	\$ -	\$ -	\$ 34,816
Accounts receivable	37,858	-	-	714	38,572
Due from other governments	-	-	-	258,300	258,300
Total Current Assets	<u>\$ 57,849</u>	<u>\$ 14,825</u>	<u>\$ -</u>	<u>\$ 259,014</u>	<u>\$ 331,688</u>
Noncurrent Assets					
Capital assets:					
Land and construction in progress	\$ 11,736	\$ -	\$ -	\$ 284,440	\$ 296,176
Other capital assets, net of depreciation	2,021,100	43,474	-	3,620,150	5,684,724
Total Noncurrent Assets	<u>\$ 2,032,836</u>	<u>\$ 43,474</u>	<u>\$ -</u>	<u>\$ 3,904,590</u>	<u>\$ 5,980,900</u>
Total Assets	<u>\$ 2,090,685</u>	<u>\$ 58,299</u>	<u>\$ -</u>	<u>\$ 4,163,604</u>	<u>\$ 6,312,588</u>
LIABILITIES					
Current Liabilities					
Accounts payable and accrued expenses	\$ 26,814	\$ 3,209	\$ -	\$ 20,877	\$ 50,900
Note payable	40,000	-	-	-	40,000
Due to other funds	-	-	-	72,841	72,841
Current portion of long-term obligations	32,023	-	-	60,637	92,660
Total Current Liabilities	<u>\$ 98,837</u>	<u>\$ 3,209</u>	<u>\$ -</u>	<u>\$ 154,355</u>	<u>\$ 256,401</u>
Noncurrent Liabilities					
Noncurrent portion of long-term obligations	645,180	-	-	905,729	1,550,909
Total Liabilities	<u>\$ 744,017</u>	<u>\$ 3,209</u>	<u>\$ -</u>	<u>\$ 1,060,084</u>	<u>\$ 1,807,310</u>
NET ASSETS					
Invested in capital assets, net of related debt	\$ 1,371,876	\$ 43,474	\$ -	\$ 2,944,591	\$ 4,359,941
Unrestricted assets	(25,208)	11,616	-	158,929	145,337
Total Net Assets	<u>\$ 1,346,668</u>	<u>\$ 55,090</u>	<u>\$ -</u>	<u>\$ 3,103,520</u>	<u>\$ 4,505,278</u>
Total Liabilities and Net Assets	<u>\$ 2,090,685</u>	<u>\$ 58,299</u>	<u>\$ -</u>	<u>\$ 4,163,604</u>	<u>\$ 6,312,588</u>

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

Statement of Revenues, Expenses and Changes in Net Assets --
 Proprietary Funds
 Year Ended June 30, 2011

	Fork Union Sanitary District	Community Programs Fund	Landfill	Sewer	Totals
Operating revenues:					
Charges for services	\$ 301,071	\$ 30,134	\$ -	\$ 12,791	\$ 343,996
Total operating revenues	\$ 301,071	\$ 30,134	\$ -	\$ 12,791	\$ 343,996
Operating expenses:					
Personal services	\$ 106,507	\$ -	\$ -	\$ 37,856	\$ 144,363
Fringe benefits	48,222	-	-	16,613	64,835
Contractual services	10,818	-	-	19,590	30,408
Other charges	69,917	35,476	-	12,258	117,651
Depreciation	98,048	10,234	-	96,614	204,896
Total operating expenses	\$ 333,512	\$ 45,710	\$ -	\$ 182,931	\$ 562,153
Operating income (loss)	\$ (32,441)	\$ (15,576)	\$ -	\$ (170,140)	\$ (218,157)
Nonoperating revenues (expenses):					
Interest expense	\$ (35,225)	\$ -	\$ -	\$ -	\$ (35,225)
Total nonoperating revenues (expenses)	\$ (35,225)	\$ -	\$ -	\$ -	\$ (35,225)
Income (loss) before contributions and transfers	\$ (67,666)	\$ (15,576)	\$ -	\$ (170,140)	\$ (253,382)
Capital contributions and construction grants	\$ -	\$ -	\$ 821,827	\$ 0	\$ 821,827
Transfers					
Transfers in	\$ -	\$ -	\$ -	\$ 51,120	\$ 51,120
Transfers (out)	-	-	(5,023)	-	(5,023)
Total transfers	\$ -	\$ -	\$ (5,023)	\$ 51,120	\$ 46,097
Change in net assets	\$ (67,666)	\$ (15,576)	\$ 816,804	\$ (119,020)	\$ 614,542
Net assets at beginning of year	1,414,334	70,666	(816,804)	3,222,540	3,890,736
Net assets at end of year	\$ 1,346,668	\$ 55,090	\$ -	\$ 3,103,520	\$ 4,505,278

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

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2011

	Fork Union Sanitary District	Community Programs Fund	Landfill	Sewer	Totals
Cash flows from operating activities:					
Receipts from customers and users	\$ 292,601	\$ 30,134	\$ -	\$ 15,773	\$ 338,508
Payments to suppliers	(82,360)	(26,659)	(11,615)	(110,881)	(231,515)
Payments to employees (including fringe benefits)	(154,729)	-	-	(54,469)	(209,198)
Net cash provided (used) by operating activities	\$ 55,512	\$ 3,475	\$ (11,615)	\$ (149,577)	\$ (102,205)
Cash Flows From Noncapital Financing Activities:					
Transfers in	\$ -	\$ -	\$ -	\$ 51,120	\$ 51,120
Transfers (out)	-	-	(5,023)	-	(5,023)
Increase / (decrease) in due to other funds	-	-	-	72,841	72,841
Net cash provided (used) by noncapital financing activities	\$ -	\$ -	\$ (5,023)	\$ 123,961	\$ 118,938
Cash flows from capital and related financing activities:					
Construction and acquisition of capital assets	\$ -	\$ -	\$ -	\$ -	\$ -
Interest expense	(35,225)	-	-	-	(35,225)
Retirement of indebtedness	(28,446)	-	-	(60,000)	(88,446)
Net cash provided (used) by capital and related financing activities	\$ (63,671)	\$ -	\$ -	\$ (60,000)	\$ (123,671)
Cash flows from investing activities:					
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -
Increase (decrease) in cash and cash equivalents	\$ (8,159)	\$ 3,475	\$ (16,638)	\$ (85,616)	\$ (106,938)
Cash and cash equivalents at beginning of year	28,150	11,350	16,638	85,616	141,754
Cash and cash equivalents at end of year	\$ 19,991	\$ 14,825	\$ -	\$ -	\$ 34,816
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (32,441)	\$ (15,576)	\$ -	\$ (170,140)	\$ (218,157)
Adjustments to reconcile net loss to net cash provided used by operations:					
Depreciation	\$ 98,048	\$ 10,234	\$ -	\$ 96,614	\$ 204,896
Changes in operating assets and liabilities:					
(Increase)/decrease in accounts receivable	(8,470)	-	(11,615)	2,982	(17,103)
(Decrease) in accounts payable and accrued expenses	(1,625)	8,817	-	(79,033)	(71,841)
Total adjustments	\$ 87,953	\$ 19,051	\$ (11,615)	\$ 20,563	\$ 115,952
Net cash provided used by operating activities	\$ 55,512	\$ 3,475	\$ (11,615)	\$ (149,577)	\$ (102,205)

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

Statement of Fiduciary Net Assets
 Fiduciary Funds
 At June 30, 2011

	Other Post - Employment Benefits Trust	Agency Fund
ASSETS		
Cash and cash equivalents	\$ 961,872	\$ 91,638
Total assets	\$ 961,872	\$ 91,638
LIABILITIES		
Amounts held for social services clients	\$ -	\$ 91,638
Total liabilities	\$ -	\$ 91,638
NET ASSETS		
Restricted - Held in trust for OPEB	\$ 961,872	\$ -
Total liabilities	\$ 961,872	\$ -

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

Statement of Changes in Fiduciary Net Assets
 Fiduciary Funds
 For the Year Ended June 30, 2011

	Other Post - Employment Benefits Trust
ADDITIONS	
Contributions:	
Employer	\$ 262,000
Total contributions	<u>\$ 262,000</u>
Investment earnings:	
Interest	\$ 117,643
Total investment earnings	<u>\$ 117,643</u>
Total additions	<u>\$ 379,643</u>
Change in net assets	\$ 379,643
Net assets - beginning	582,229
Net assets - ending	<u><u>\$ 961,872</u></u>

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

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements At June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The County of Fluvanna, Virginia is governed by an elected six 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 Assets 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 Assets

The Statement of Net Assets is designed to display financial position of the primary government (government and business-type activities) and its discretely presented component unit. Governments report all capital assets in the government-wide Statement of Net Assets and report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net assets of a government are broken down into three categories: 1) invested in capital assets, net of related debt; 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.

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2011 (Continued)

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 unit. 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 Unit:

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.

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

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2011 (Continued)

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 County applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements.

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 deferred 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.

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2011 (Continued)

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

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

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.

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 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.

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2011 (Continued)

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

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

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.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Enterprise funds consist of Fork Union Sanitary District (F.U.S.D.), Community Programs (Parks and Recreation), Landfill, and Sewer.

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).

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2011 (Continued)

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

D. Budgets and Budgetary Accounting: (continued)

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 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 \$298,293 at June 30, 2011 and is comprised of the following:

Fork Union Sanitary District	\$	5,159
Sewer		130
Property Taxes		<u>293,004</u>
Total	\$	<u><u>298,293</u></u>

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.

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2011 (Continued)

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

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, 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.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives 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. Interest attributable to capitalized assets as of June 30, 2011 was \$10,299,137.

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

<u>Assets</u>	<u>Years</u>
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 Assets. 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.

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2011 (Continued)

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

K. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. 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, as well as bond issuance costs, 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Fund Balances

Financial Policies

The Board of Supervisors meets on a monthly basis to manage and review cash financial activities and to insure 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.

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, and long-term receivables.

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.

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2011 (Continued)

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

L. Fund Balances: (Continued)

The Board of Supervisors is authorized to assign amounts for specific purposes. The Board of Supervisors is also authorized to commit amounts for purposes. The Board of Supervisors is also authorized to commit amount for purposes by way of formal resolution approved by the board. The following is detail of County's Fund Balances:

Category	General Fund	Capital Projects Fund	Component Unit School Board Cafeteria Fund
Nonspendable:			
Prepaid Expenses	\$ 35,080	\$ -	\$ -
Total Nonspendable	<u>\$ 35,080</u>	<u>\$ -</u>	<u>\$ -</u>
Restricted:			
Social Services - Revenue Maximization	\$ 78,938	\$ -	\$ -
Unexpended Bond Proceeds	-	16,544,058	-
Total Restricted	<u>\$ 78,938</u>	<u>\$ 16,544,058</u>	<u>\$ -</u>
Committed:			
Capital Projects:			
Heritage Trail	\$ 31,355	\$ -	\$ -
Fork union community plan	83,761	-	-
PG Active Recreation Plan	1,800	-	-
Pleasant grove house renovations	127,873	-	-
Human Services Bldg	302,331	-	-
Western Trailhead	24,779	-	-
Kents Store Firehouse Bldg	11,793	-	-
Financial Software	213,203	-	-
Fork Union Firehouse Bldg	276,791	-	-
Economic Development Reserve	43,138	-	-
Radio Communication Study	2,043	-	-
Telecommunications	34,327	-	-
Administration Vehicles	38,000	-	-
School Buses	80,000	-	-
Ambulance Rechasis Vehicle	100,000	-	-
Replacement of Co Bldg HVAC	375,000	-	-
E911 Radio	3,500,000	-	-
Sheriff Vehicles	220,000	-	-
Round About @ Rt 15 & 53	285,000	-	-
New High School	-	183,265	-
Education	246,102	-	-
Debt Service	1,080,000	-	-
Total Committed	<u>\$ 7,077,296</u>	<u>\$ 183,265</u>	<u>\$ -</u>
Assigned:			
Encumbrances	\$ 63,698	\$ -	\$ -
Cafeteria	-	-	91,823
Total Assigned	<u>\$ 63,698</u>	<u>\$ -</u>	<u>\$ 91,823</u>

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2011 (Continued)

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

M. Net Assets

Net assets are the difference between assets and liabilities. Net assets invested in capital assets represent capital assets, less accumulated depreciation less any outstanding debt related to the acquisition, construction or improvement of those assets.

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 assets, 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 assets of the County. The corresponding capital assets are reported as assets of the Component Unit-School Board (title holder), thereby increasing its net assets.

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.

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.

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2011 (Continued)

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, 2011 were rated by Standard & Poor's and the ratings are presented below using Standard & Poor's rating scale.

Rated Debt Investments' Values			
Investment Type	Fair Value	AAA	AA+
Commercial Paper	\$ 561,649	\$ -	\$ 561,649
Money Market Mutual Funds	21,236,709	21,236,709	-
Total	<u>\$ 21,798,358</u>	<u>\$ 21,236,709</u>	<u>\$ 561,649</u>

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	\$ 21,236,709	\$ 21,236,709
Commerical Paper	561,649	561,649
Total	<u>\$ 21,798,358</u>	<u>\$ 21,798,358</u>

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.

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2011 (Continued)

NOTE 3 - DUE FROM OTHER GOVERNMENTAL UNITS:

Receivables due from other governmental units consist of the following at June 30, 2011:

	Primary Government	Component Unit School Board
Commonwealth of Virginia:		
Local sales tax	\$ 187,295	\$ -
Communication tax	132,925	-
Public assistance and welfare administration	26,029	-
State sales tax	-	523,973
PPTRA	1,438,261	-
Shared expenses	140,382	-
Comprehensive services	256,535	-
VDOT	100,000	-
Other	20,993	8,758
Federal Government:		
School grants	-	492,365
Public assistance and welfare administration	24,346	-
Homeland Security	141,554	-
Criminal Justice Grants	6,010	-
Environmental Protection Agency	258,300	-
Other	10,837	-
Totals	\$ 2,743,467	\$ 1,025,096

NOTE 4 - INTERFUND OBLIGATIONS/TRANSFERS:

Interfund obligations at June 30, 2011, consisted of the following:

Fund	Receivables	Payables
General Fund	\$ 72,841	\$ 188,564
Capital Projects	188,564	-
Sewer	-	72,841
Total	\$ 261,405	\$ 261,405

The purpose of interfund balances is to cover cash overdrafts at year-end.

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2011 (Continued)

NOTE 4 - INTERFUND OBLIGATIONS/TRANSFERS: (continued)

Interfund transfers for the year ended June 30, 2011, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government		
General Fund	\$ 15,450	\$ 1,193,257
Sewer	51,120	-
Landfill	-	5,023
Capital Improvements Fund	1,142,137	10,427
	<u>1,208,707</u>	<u>10,427</u>
Total	\$ <u>1,208,707</u>	\$ <u>1,208,707</u>

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:

<u>Fund</u>	<u>Due from Primary Government</u>	<u>Due to Component Unit</u>
Primary Government - General Fund	\$ -	\$ 999,943
Component Unit - School Board	999,943	-
	<u>999,943</u>	<u>-</u>
Total	\$ <u>999,943</u>	\$ <u>999,943</u>

The purpose of the interfund obligations is to report the balance of local appropriations unspent at year-end due back to the respective funds.

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2011 (Continued)

NOTE 6 - CAPITAL ASSETS:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2011:

	Beginning Balance July 1, 2010	Additions	Deletions	Ending Balance June 30, 2011
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,513,246	\$ -	\$ -	\$ 1,513,246
Construction in progress-jointly owned assets	34,537,882	31,555,307	-	66,093,189
Construction in progress	646,671	1,291,428	1,218,112	719,987
 Total capital assets not being depreciated	 \$ 36,697,799	 \$ 32,846,735	 \$ 1,218,112	 \$ 68,326,422
Capital assets being depreciated:				
Buildings	\$ 16,590,527	\$ 1,289,955	\$ 9,734	\$ 17,870,748
Equipment	5,261,151	24,495	8,739	5,276,907
Jointly owned assets	11,049,299	-	997,677	10,051,622
 Total capital assets being depreciated	 \$ 32,900,977	 \$ 1,314,450	 \$ 1,016,150	 \$ 33,199,277
Less accumulated depreciation for:				
Buildings	\$ 3,796,090	\$ 463,936	\$ 9,734	\$ 4,250,292
Equipment	3,657,520	316,194	8,739	3,964,975
Jointly owned assets	2,250,521	251,291	266,341	2,235,471
 Total accumulated depreciation	 \$ 9,704,131	 \$ 1,031,421	 \$ 284,814	 \$ 10,450,738
 Total capital assets being depreciated, net	 \$ 23,196,846	 \$ 283,029	 \$ 731,336	 \$ 22,748,539
 Governmental activities capital assets, net	 \$ 59,894,645	 \$ 33,129,764	 \$ 1,949,448	 \$ 91,074,961

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, 2011, the School component unit capital assets financed by the outstanding County guaranteed debt with a book value of \$73,909,340 were reported in the Primary Government as tenant in common with the School Board.

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2011 (Continued)

NOTE 6 - CAPITAL ASSETS: (continued)

	Beginning Balance July 1, 2010	Additions	Deletions	Ending Balance June 30, 2011
Business-type Activities:				
<u>Fork Union Sanitary District:</u>				
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	\$ 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	\$ 14,979	\$ 221	\$ -	\$ 15,200
Infrastructure	1,036,113	78,046	-	1,114,159
Equipment	86,462	19,781	-	106,243
Total accumulated depreciation	\$ 1,137,554	\$ 98,048	\$ -	\$ 1,235,602
Total capital assets being depreciated, net	\$ 2,119,148	\$ (98,048)	\$ -	\$ 2,021,100
Fork Union Sanitary District capital assets, net	<u>\$ 2,130,884</u>	<u>\$ (98,048)</u>	<u>\$ -</u>	<u>\$ 2,032,836</u>
<u>Community Programs Fund:</u>				
Capital assets being depreciated:				
Equipment	\$ 159,153	\$ -	\$ -	\$ 159,153
Total capital assets being depreciated	\$ 159,153	\$ -	\$ -	\$ 159,153
Less accumulated depreciation for:				
Equipment	\$ 105,445	\$ 10,234	\$ -	\$ 115,679
Total accumulated depreciation	\$ 105,445	\$ 10,234	\$ -	\$ 115,679
Total capital assets being depreciated, net	\$ 53,708	\$ (10,234)	\$ -	\$ 43,474
Community Programs capital assets, net	<u>\$ 53,708</u>	<u>\$ (10,234)</u>	<u>\$ -</u>	<u>\$ 43,474</u>

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2011 (Continued)

NOTE 6 - CAPITAL ASSETS: (continued)

	Beginning Balance July 1, 2010	Additions	Deletions	Ending Balance June 30, 2011
Business-type Activities: (continued)				
<u>Landfill Fund:</u>				
Capital assets being depreciated:				
Land improvements	\$ 86,211	\$ -	\$ 86,211	\$ -
Total capital assets being depreciated	\$ 86,211	\$ -	\$ 86,211	\$ -
Less accumulated depreciation for:				
Land improvements	\$ 14,368	\$ -	\$ 14,368	\$ -
Total accumulated depreciation	\$ 14,368	\$ -	\$ 14,368	\$ -
Total capital assets being depreciated, net	\$ 71,843	\$ -	\$ 71,843	\$ -
Landfill capital assets, net	\$ 71,843	\$ -	\$ 71,843	\$ -
<u>Sewer Fund:</u>				
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	\$ 147,815	\$ 96,615	\$ -	\$ 244,430
Total accumulated depreciation	\$ 147,815	\$ 96,615	\$ -	\$ 244,430
Total capital assets being depreciated, net	\$ 3,716,765	\$ (96,615)	\$ -	\$ 3,620,150
Sewer capital assets, net	\$ 4,001,205	\$ (96,615)	\$ -	\$ 3,904,590
Business-type activities capital assets, net	\$ 6,257,640	\$ (204,897)	\$ 71,843	\$ 5,980,900

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2011 (Continued)

NOTE 6 - CAPITAL ASSETS: (continued)

	Beginning Balance July 1, 2010	Additions	Deletions	Ending Balance June 30, 2011
Discretely Presented Component-Unit School Board:				
Capital assets, not being depreciated:				
Land	\$ 329,523	\$ -	\$ -	\$ 329,523
Total capital assets not being depreciated	\$ 329,523	\$ -	\$ -	\$ 329,523
Capital assets being depreciated:				
Buildings	\$ 9,234,279	\$ -	\$ -	\$ 9,234,279
Equipment	4,352,021	89,392	-	4,441,413
Jointly owned assets	7,845,567	997,677	-	8,843,244
Total capital assets being depreciated	\$ 21,431,867	\$ 1,087,069	\$ -	\$ 22,518,936
Less accumulated depreciation for:				
Buildings	\$ 8,770,475	\$ 704,836	\$ -	\$ 9,475,311
Equipment	3,480,783	158,954	-	3,639,737
Total accumulated depreciation	\$ 12,251,258	\$ 863,790	\$ -	\$ 13,115,048
Total capital assets being depreciated, net	\$ 9,180,609	\$ 223,279	\$ -	\$ 9,403,888
School Board capital assets, net	\$ 9,510,132	\$ 223,279	\$ -	\$ 9,733,411

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2011 (Continued)

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	\$ 110,435
Judicial administration	163,179
Public safety	343,525
Public works	39,124
Health and welfare	19,927
Education	251,291
Parks, recreation and cultural	103,940
Total	<u>\$ 1,031,421</u>

Business-Type Activities:

Fork Union Sanitary District	<u>\$ 98,048</u>
Community Programs	<u>\$ 10,234</u>
Landfill	<u>\$ -</u>
Sewer	<u>\$ 96,615</u>

Component Unit School Board	<u>\$ 597,449</u> (1)
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(1) Depreciation Expense	\$ 597,449
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Accumulated depreciation on joint tenancy asset transfer	<u>266,341</u>
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Total additions to accumulated depreciation	<u>\$ 863,790</u>
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COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2011 (Continued)

NOTE 7 - LONG-TERM OBLIGATIONS:

The following is a summary of changes in long-term obligation transactions for the fiscal year ended June 30, 2011:

	<u>Amounts Payable at July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts Payable at June 30, 2011</u>	<u>Amounts Due Within One Year</u>
Governmental Funds:					
Public facility note	\$ 2,670,000	\$ 2,704,077	\$ 2,670,000	\$ 2,704,077	\$ -
School general obligation bonds	79,751,876	-	501,859	79,250,017	1,344,131
Premium on general obligation bonds	484,717	-	27,988	456,729	27,887
Discount on general obligation bonds	(507,149)	-	-	(507,149)	(31,697)
Public facility bonds	6,306,100	-	333,000	5,973,100	348,600
Less deferred amount on refunding	(159,640)	-	(9,978)	(149,662)	(9,978)
Landfill closure and post-closure costs	-	897,840	51,663	846,177	31,340
Capital lease obligation	769,043	-	105,666	663,377	110,177
Literary fund loans	4,242,423	-	495,818	3,746,605	482,351
Compensated absences	487,543	144,326	121,886	509,983	50,998
Total governmental funds	<u>\$ 94,044,913</u>	<u>\$ 3,746,243</u>	<u>\$ 4,297,902</u>	<u>\$ 93,493,254</u>	<u>\$ 2,353,809</u>

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

	<u>Amounts Payable at July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts Payable at June 30, 2011</u>	<u>Amounts Due Within One Year</u>
Enterprise Funds:					
Compensated absences payable	\$ 29,826	\$ 240	\$ 7,457	\$ 22,609	\$ 2,261
Water facility bonds	689,406	-	28,446	660,960	30,399
Sewer revenue bonds	1,020,000	-	60,000	960,000	60,000
Landfill closure and post-closure costs	887,305	-	887,305	-	-
Total Enterprise Funds	<u>\$ 2,626,537</u>	<u>\$ 240</u>	<u>\$ 983,208</u>	<u>\$ 1,643,569</u>	<u>\$ 92,660</u>
Total Primary Government	<u>\$ 96,671,450</u>	<u>\$ 3,746,483</u>	<u>\$ 5,281,110</u>	<u>\$ 95,136,823</u>	<u>\$ 2,446,469</u>

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2011 (Continued)

NOTE 7 - LONG-TERM OBLIGATIONS: (continued)

Primary Government

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

Year	Literary Fund Loans		General Obligation Bonds		Public Facility Revenue Refunding Bond		Public Facility Revenue Bond	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 482,351	\$ 115,781	\$ 1,344,131	\$ 4,194,868	\$ 74,800	\$ 88,142	\$ 273,700	\$ 159,936
2013	475,593	99,585	2,080,484	4,127,117	74,600	84,938	285,100	148,638
2014	309,851	83,660	2,222,684	4,044,084	79,300	81,637	296,900	136,866
2015	309,851	74,364	2,316,773	3,957,634	83,900	78,136	309,100	124,606
2016	309,851	65,069	2,427,011	3,857,114	88,300	74,442	321,800	111,844
2017	309,851	55,773	2,545,056	3,755,132	92,500	70,564	335,100	98,554
2018	309,851	46,478	2,570,736	3,661,120	96,500	66,510	349,100	84,714
2019	309,851	37,182	2,661,143	3,556,788	100,300	62,289	363,500	70,296
2020	309,851	27,887	2,766,834	3,437,097	104,000	57,906	378,400	55,280
2021	309,851	18,591	2,788,139	3,313,291	107,500	53,370	394,100	39,650
2022	309,853	9,296	2,904,442	3,189,989	110,700	48,689	410,300	23,368
2023	-	-	3,026,073	3,055,020	113,700	43,876	164,000	6,416
2024	-	-	3,172,128	2,899,096	121,500	38,831	-	-
2025	-	-	3,333,030	2,725,538	124,000	33,565	-	-
2026	-	-	3,504,210	2,541,702	720,400	15,453	-	-
2027	-	-	3,312,143	2,355,956	-	-	-	-
2028	-	-	3,115,000	2,167,206	-	-	-	-
2029	-	-	3,315,000	1,966,269	-	-	-	-
2030	-	-	3,525,000	1,756,925	-	-	-	-
2031	-	-	3,740,000	1,538,975	-	-	-	-
2032	-	-	3,970,000	1,307,675	-	-	-	-
2033	-	-	4,215,000	1,062,125	-	-	-	-
2034	-	-	4,490,000	789,750	-	-	-	-
2035	-	-	4,790,000	488,150	-	-	-	-
2036	-	-	5,115,000	166,238	-	-	-	-
Totals	\$ 3,746,605	\$ 633,666	\$ 79,250,017	\$ 65,914,859	\$ 2,092,000	\$ 898,348	\$ 3,881,100	\$ 1,060,168

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2011 (Continued)

NOTE 7 - LONG-TERM OBLIGATIONS: (continued)

Primary Government: (Continued)

Year	Public Facility		Capital Leases		Revenue Bonds			
	Revenue Note				Water		Sewer System	
	Principal	Interest	Principal	Interest	Facilities Bond		Revenue Bond	
					Principal	Interest	Principal	Interest
2012	\$ -	\$ 46,578	\$ 110,177	\$ 27,284	\$ 30,299	\$ 29,221	\$ 60,000	\$ -
2013	2,704,077	42,995	114,882	22,579	31,691	27,829	60,000	-
2014	-	-	91,604	17,671	33,147	26,373	60,000	-
2015	-	-	95,322	13,953	34,670	24,850	60,000	-
2016	-	-	99,191	10,084	36,263	23,257	60,000	-
2017	-	-	48,767	6,058	37,928	21,592	60,000	-
2018	-	-	50,708	4,117	39,671	19,849	60,000	-
2019	-	-	52,726	2,098	41,493	18,027	60,000	-
2020	-	-	-	-	43,400	16,120	60,000	-
2021	-	-	-	-	45,393	14,127	60,000	-
2022	-	-	-	-	47,479	12,041	60,000	-
2023	-	-	-	-	49,660	9,860	60,000	-
2024	-	-	-	-	51,941	7,579	60,000	-
2025	-	-	-	-	54,327	5,193	60,000	-
2026	-	-	-	-	56,823	2,697	60,000	-
2027	-	-	-	-	26,775	377	60,000	-
Totals	\$ 2,704,077	\$ 89,573	\$ 663,377	\$ 103,844	\$ 660,960	\$ 258,992	\$ 960,000	\$ -

Refunding of Public Facility Revenue Note:

The \$7,500,000 Public Facility Revenue Note issued in December 7, 2007 to help pay for the new high school had a balance outstanding of \$2,670,000 that was due on January 15, 2011. On December 1, 2010 the County issued a \$2,704,077 Public Facility Revenue Note to pay this balance off. There was no economic gain or loss on this transaction.

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2011 (Continued)

NOTE 7 - LONG-TERM OBLIGATIONS: (continued)

Detail of Long-Term Obligations

	<u>Amount Outstanding</u>	<u>Amounts Due Within One Year</u>
<i><u>Public Facility Bonds:</u></i>		
\$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%.	\$ 2,272,800	\$ 166,200
\$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%.	2,092,000	74,800
Less deferred amount on refunding	(149,662)	(9,978)
 \$1,900,000 Public Facility Revenue Bond Series 2007 payable in various principal installments ranging from \$88,300 to \$164,100 beginning January 15, 2009, interest payable semiannually at 3.91%.	 1,608,300	 107,600
Total public facility bonds	\$ 5,823,438	\$ 338,622
<i><u>Public Facility Note:</u></i>		
\$2,704,077 Public Facility Revenue Note Series 2010 principal payable in one lump sum on January 1, 2013. Interest payable semiannually beginning July 1, 2011 at 1.59%.	\$ 2,704,077	\$ -
<i><u>School General Obligation Bonds:</u></i>		
\$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.	\$ 594,850	\$ 114,456
\$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.	281,935	44,686

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2011 (Continued)

NOTE 7 - LONG-TERM OBLIGATIONS: (continued)

Detail of Long-Term Obligations: (continued)

	<u>Amount Outstanding</u>	<u>Amounts Due Within One Year</u>
<i><u>School General Obligation Bonds: (continued)</u></i>		
\$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%.	\$ 450,000	\$ 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%.	4,978,232	299,489
\$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%	67,525,000	700,000
Premium on School Bonds 2008A	456,729	27,887
\$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%.	5,420,000	135,500
Discount on School Bonds 2009A	<u>(507,149)</u>	<u>(31,697)</u>
Total school general obligation bonds	\$ <u>79,199,597</u>	\$ <u>1,340,321</u>
<i><u>State Literary Fund Loans:</u></i>		
\$3,500,000, issued June 15, 1992 due in annual installments of \$172,500 through June 15, 2011, final payment due June 15, 2012 in the amount of \$165,742, interest at 4%.	\$ 338,242	\$ 172,500
\$6,197,023, issued July 15, 2001 due in principal annual installments of \$309,851 through July 15, 2021, interest at 3%.	<u>3,408,363</u>	<u>309,851</u>
Total state literary fund loans	\$ <u>3,746,605</u>	\$ <u>482,351</u>

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2011 (Continued)

NOTE 7 - LONG-TERM OBLIGATIONS: (continued)

Detail of Long-Term Obligations: (continued)

	<u>Amount Outstanding</u>	<u>Amounts Due Within One Year</u>
<u>Capital Leases:</u>		
\$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.	\$ 241,521	\$ 44,475
\$217,963 capital lease dated December 22, 2002 payable in annual payments of principal and interest in the amount of \$28,186 through December 26, 2012. Interest payable annually at 4.97%. Lease is for Tanker Truck.	52,432	25,580
\$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.	369,424	40,122
Total capital leases	\$ 663,377	\$ 110,177
Landfill closure liability	\$ 846,177	\$ 31,340
Compensated absences	\$ 509,983	\$ 50,998
Total	\$ 93,493,254	\$ 2,353,809
<u>Enterprise Funds:</u>		
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.	\$ 660,960	\$ 30,399
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.	960,000	60,000
Compensated absences	22,609	2,261
Total Enterprise Obligations	\$ 1,643,569	\$ 92,660
Total Primary Government	\$ 95,136,823	\$ 2,446,469

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2011 (Continued)

NOTE 7 - LONG-TERM OBLIGATIONS: (continued)

Component Unit School Board

The following is a summary of long-term obligations for the fiscal year ended June 30, 2011:

	Amounts Payable at July 1, 2010	Increases	Decreases	Amounts Payable at June 30, 2011	Amounts Due Within One Year
Compensated absences payable	\$ 1,004,454	\$ 210,911	\$ 251,113	\$ 964,252	\$ 96,425
Total	<u>\$ 1,004,454</u>	<u>\$ 210,911</u>	<u>\$ 251,113</u>	<u>\$ 964,252</u>	<u>\$ 96,425</u>

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 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 have service credits before July 1, 2010 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 10 years of service credit or age 50 with at least five years of service credit.
- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 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.

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2011 (Continued)

NOTE 8 - DEFINED BENEFIT PENSION PLAN: (continued)

A. Plan Description:

- 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. 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.

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 report may be obtained from the VRS Web site at <http://www.varetire.org/Pdf/Publications/2010-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. 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 2011 were 10.57% and 5.52% of annual covered payroll.

The School Board's contributions for professional employees were \$2,094,436, \$2,203,478, and \$2,227,174 to the teacher cost-sharing pool for the fiscal years ended June 30, 2010, 2009 and 2008 respectively and these contributions represented 8.93%, 8.81%, and 8.81% respectively, of current covered payroll.

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2011 (Continued)

NOTE 8 - DEFINED BENEFIT PENSION PLAN: (Continued)

C. Annual Pension Cost

For fiscal year 2011, the County's annual pension cost of \$558,946 was equal to the County's required and actual contributions.

For fiscal year 2011, the County School Board's annual pension cost for the Board's non-professional employees was \$107,190 which was equal to the Board's required and actual contributions.

Three Year Trend Information for the County and School Board

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC) (1)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
County:			
June 30, 2011	\$ 558,946	100%	\$ -
June 30, 2010	479,024	100%	-
June 30, 2009	499,625	100%	-
School Board			
Non-Professional:			
June 30, 2011	\$ 107,190	100%	\$ -
June 30, 2010	129,790	100%	-
June 30, 2009	131,036	100%	-

(1) Employer portion only

The FY2011 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees 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. 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 County and 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 payroll on an open basis. The remaining amortization period at June 30, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years.

D. Funded Status and Funding Progress

As of June 30, 2010, the most recent actuarial valuation date, the County's plan was 76.38% funded. The actuarial accrued liability for benefits was \$16,820,969, and the actuarial value of assets was \$12,848,487, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,972,482. The covered payroll (annual payroll of active employees covered by the plan) was \$5,569,325, and ratio of the UAAL to the covered payroll was 71.33%.

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2011 (Continued)

NOTE 8 - DEFINED BENEFIT PENSION PLAN: (Continued)

D. Funded Status and Funding Progress: (Continued)

As of June 30, 2010, the most recent actuarial valuation date, the County School Board's plan was 82.34% funded. The actuarial accrued liability for benefits was \$4,870,931, and the actuarial value of assets was \$4,010,577, resulting in an unfunded actuarial accrued liability (UAAL) of \$860,354. The covered payroll (annual payroll of active employees covered by the plan) was \$1,995,180, and ratio of UAAL to the covered payroll was 43.12%.

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 - CLAIMS, JUDGMENTS AND 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	\$ 509,983
Enterprise Funds	\$ 22,609
Component Unit School Board	\$ 964,252

NOTE 10 - 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 employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2011 (Continued)

NOTE 11 - DEFERRED REVENUE - GOVERNMENTAL FUNDS:

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Deferred revenue totaling \$1,780,502 is comprised of the following:

- A. Deferred property tax revenues totaled \$1,708,627.
- B. Bama Works Grant \$10,000.
- C. Proffers for litter pick-up \$60,090
- D. Advanced notes funding for Secure Our Schools Grant \$1,785.

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, 2011, 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 \$846,177 reported as a landfill closure and postclosure care liability at June 30, 2011, 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 2011. 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.

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2011 (Continued)

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
Linda P. Higginbotham, Clerk of the School Board	\$ 10,000
William P. "Jay" Scudder, County Administrator	\$ 2,000
Joseph Chesser, Supervisor	\$ 2,500
Shaun V. Kenney, Supervisor	\$ 2,500
Chris S. Fairchild, Supervisor	\$ 2,500
Donald W. Weaver, Supervisor	\$ 2,500
John Gooch, Supervisor	\$ 2,500
Mozell Booker, Supervisor	\$ 2,500

Continental Insurance Company - Surety:

Social Services Department employees - blanket bond	\$ 100,000
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The Travelers - Surety:

Manager, Fork Union Sanitary District	\$ 10,500
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NOTE 16 - CONSTRUCTION COMMITMENTS:

At June 30, 2011 the County has several major projects under construction which are summarized below:

<u>Project</u>	<u>Contract Amounts</u>	<u>Expenditures as of June 30, 2011</u>	<u>Contract Balance</u>
High School	\$ 62,709,485	\$ 51,647,721	\$ 11,061,764
Human Services Building	292,600	63,050	229,550
Fork Union Fire Station	237,290	187,940	49,350
Total	<u>\$ 63,239,375</u>	<u>\$ 51,898,711</u>	<u>\$ 11,340,664</u>

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2011 (Continued)

NOTE 17 - 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, 2011 the County contributed \$262,000 to the Trust Fund. There have been no expenses allocated to the Trust Fund during the fiscal year ended June 30, 2011.

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 18-OTHER POST-EMPLOYMENT BENEFITS PROGRAM:

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 estimated pay as you go cost for OPEB benefits is \$84,156 for fiscal year 2011. 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.

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2011 (Continued)

NOTE 18—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (Continued)

County: (Continued)

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

For 2011, the County's expected cash payment of \$84,156 is equal to the ARC. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 are as follows:

Fiscal Year Ended	Annual Pension Cost	Percentage of Annual OPEB Cost Contributed	Net Pension Obligation
June 30, 2011	\$ 84,156	100%	\$ -
June 30, 2010	\$ 84,156	100%	\$ -
June 30, 2009	\$ 98,798	100%	\$ -

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2011 is as follows:

Actuarial accrued liability (AAL)	\$ 585,404
Actuarial value of plan assets	62,792
Unfunded actuarial accrued liability	522,612
Funded ratio (actuarial value of plan assets / AAL)	10.73%
Covered payroll (active plan members)	N/A
UAAL as a percentage of covered payroll	N/A

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.

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.

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2011 (Continued)

NOTE 18—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (Continued)

County: (Continued)

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

Cost Method

The projected unit credit (PUC) cost method was used for this valuation. The objective of this method is to fund each participant's benefits under the plan as they would accrue. Under this method the total value of the benefit to which each participant is expected to become entitled is broken down into units, each associated with a year of past or future credited service.

Interest Assumptions

In the July 1, 2009, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 7.0 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 9 percent initially, reduced by decrements to an ultimate rate of 5 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, 2009, was thirty years.

	<u>Funded</u>
Discount rate	7.0%
Payroll growth	N/A

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.

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2011 (Continued)

NOTE 18-OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (Continued)

School Board: (Continued)

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 \$278,928 for fiscal year 2011. 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 2011, the School Board's expected cash payment of \$278,928 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 2011 are as follows:

Fiscal Year Ended	Annual Pension Cost	Percentage of Annual OPEB Cost Contributed	Net Pension Obligation
June 30, 2011	\$ 278,928	100%	\$ -
June 30, 2010	278,928	100%	-
June 30, 2009	253,963	100%	-

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2011 is as follows:

Actuarial accrued liability (AAL)	\$ 2,086,200
Actuarial value of plan assets	223,770
Unfunded actuarial accrued liability	1,862,430
Funded ratio (actuarial value of plan assets / AAL)	10.73%
Covered payroll (active plan members)	N/A
UAAL as a percentage of covered payroll	N/A

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.

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2011 (Continued)

NOTE 18—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (Continued)

School Board: (Continued)

C. Annual Required Contribution (ARC): (Continued)

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 entry age normal cost method is used to determine the Plan's liabilities and costs. Under this cost method, the actuarial present value of projected benefits of every active Participant as if the Plan's provisions on the valuation date had always been in effect, is determined as a level percentage of expected annual earnings for each future year of expected service. A normal cost for each year from the assumed entry date is determined by applying this level of percentage of pay to the assumed earnings for that year (or if benefits are not pay related, the level amount for each year).

Under this method, inactive participants have no normal cost, and their actuarial liability is the present value of the plan benefits to which they and their beneficiaries are entitled. The Plan's total annual normal cost and actuarial liability are the sum of the individual participant amounts.

An experience gain or loss is a decrease or increase in the unfunded actuarial liability attributable to actual experience that differed from that expected by the actuarial assumptions. Such gains or losses are explicitly recognized under this method.

Interest Assumptions

In the July 1, 2009, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 7.0 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 9 percent initially, reduced by decrements to an ultimate rate of 5 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, 2009, was thirty years.

Funded

Discount rate	7.0%
Payroll growth	N/A

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2011 (Continued)

NOTE 19—VRS HEALTH INSURANCE CREDIT OTHER POST-EMPLOYMENT 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.

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 2011 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 2011, the County's contribution of \$5,288 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 2011 and the two preceding years are as follows:

Fiscal Year Ended	Annual Pension Cost	Percentage of Annual OPEB Cost Contributed	Net Pension Obligation
June 30, 2009	\$ 9,758	100%	\$ -
June 30, 2010	\$ 9,349	100%	\$ -
June 30, 2011	\$ 5,288	100%	\$ -

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2011 (Continued)

NOTE 19–VRS HEALTH INSURANCE CREDIT OTHER POST-EMPLOYMENT BENEFITS: (CONTINUED)

D. Funded Status and Funding Progress

The funded status of the plan as of September 30, 2010, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$	100,837
Actuarial value of plan assets		60,799
Unfunded actuarial accrued liability		40,038
Funded ratio (actuarial value of plan assets / AAL)		60.29%
Covered payroll (active plan members)		5,569,325
UAAL as a percentage of covered payroll		0.72%

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 7.5% 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, 2010 was 27 years.

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.

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2011 (Continued)

NOTE 19–VRS HEALTH INSURANCE CREDIT OTHER POST-EMPLOYMENT BENEFITS: (CONTINUED)

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

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 1.04% of annual covered payroll. The School Board's contribution to VRS for the year ended June 30, 2011, was \$140,724, and equaled the required contributions for each year.

NOTE 20–RESTRICTED ASSETS:

Restricted assets at June 30, 2011 consist of the following:

	<u>Governmental Activities</u>
Cash for Capital Projects - New High School	\$ <u>21,239,066</u>
Total	\$ <u><u>21,239,066</u></u>

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.

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Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual - General Fund
 Year Ended June 30, 2011

	General Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
General property taxes	\$ 22,824,394	\$ 22,824,394	\$ 24,333,649	\$ 1,509,255
Other local taxes	3,215,205	3,215,205	3,501,207	286,002
Permits, privilege fees and regulatory licenses	332,294	332,294	347,774	15,480
Fines and forfeitures	20,914	20,914	60,363	39,449
Revenue from use of money and property	40,500	40,500	51,225	10,725
Charges for services	50,123	149,123	158,223	9,100
Miscellaneous	155,864	257,916	205,458	(52,458)
Recovered costs	122,229	168,464	211,610	43,146
Intergovernmental:				
Commonwealth	6,847,629	6,851,387	6,761,028	(90,359)
Federal	1,124,836	1,231,601	1,000,946	(230,655)
Total revenues	\$ 34,733,988	\$ 35,091,798	\$ 36,631,483	\$ 1,539,685
Expenditures:				
Current:				
General government administration	\$ 1,978,313	\$ 2,146,042	\$ 2,006,876	\$ 139,166
Judicial administration	966,240	986,686	924,825	61,861
Public safety	4,536,895	4,905,170	4,559,133	346,037
Public works	1,467,315	1,581,961	1,444,944	137,017
Health and welfare	5,170,336	5,180,245	4,858,939	321,306
Education	13,500,011	13,916,072	13,669,970	246,102
Parks, recreation, and cultural	612,258	622,962	607,528	15,434
Community development	504,856	522,334	442,140	80,194
Nondepartmental	550,245	441,211	383,995	57,216
Debt service:				
Principal retirement	1,503,178	1,503,178	1,436,343	66,835
Interest and other fiscal charges	6,450,331	6,450,331	4,748,216	1,702,115
Total expenditures	\$ 37,239,978	38,256,192	35,082,909	3,173,283
Excess (deficiency) of revenues over expenditures	\$ (2,505,990)	\$ (3,164,394)	\$ 1,548,574	\$ 4,712,968
Other financing sources (uses):				
Transfers in	\$ -	\$ -	\$ 15,450	\$ (15,450)
Transfers (out)	(250,562)	(2,351,841)	(1,193,257)	1,158,584
Total other financing sources (uses)	\$ (250,562)	\$ (2,351,841)	\$ (1,177,807)	\$ 1,143,134
Changes in fund balances	\$ (2,756,552)	\$ (5,516,235)	\$ 370,767	\$ 5,887,002
Fund balances at beginning of year	2,756,552	5,516,235	20,412,281	14,896,046
Fund balances at end of year	\$ -	\$ -	\$ 20,783,048	\$ 20,783,048

Required Supplementary Information
Schedule of Funding Progress

VIRGINIA RETIREMENT SYSTEM:**COUNTY:**

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)
6/30/2010	\$ 12,848,487	\$ 16,820,969	\$ 3,972,482	76.38%	\$ 5,569,325	71.33%
6/30/2009	12,421,768	15,169,725	2,747,957	81.89%	5,660,150	48.55%
6/30/2008	11,787,805	13,395,729	1,607,924	88.00%	5,329,695	30.17%

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

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)
6/30/2010	\$ 4,010,577	\$ 4,870,931	\$ 860,354	82.34%	\$ 1,995,180	43.12%
6/30/2009	3,820,350	4,300,992	480,642	88.82%	2,018,118	23.82%
6/30/2008	3,558,317	3,860,843	302,526	92.16%	1,797,502	16.83%

OTHER POST EMPLOYMENT BENEFITS:**COUNTY:**

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)
7/1/2009	\$ 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

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)
7/1/2009	\$ 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:**

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)
9/30/2010	\$ 60,799	\$ 100,837	\$ 40,038	60.29%	\$ 5,569,325	0.72%
9/30/2009	48,698	98,571	49,873	49.40%	5,660,150	0.88%
9/30/2008	55,814	117,901	62,087	47.34%	5,329,695	1.16%

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, 2011

	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Revenues:				
Revenue from use of money	\$ -	\$ -	\$ 256,211	\$ 256,211
Miscellaneous	-	120,575	42,132	(78,443)
Recovered costs	-	-	6,667	6,667
Intergovernmental:				
Federal	-	2,447,466	151,576	(2,295,890)
Total revenues	\$ -	\$ 2,568,041	\$ 456,586	\$ (2,111,455)
Expenditures:				
General government administration:				
Financial management software	\$ -	\$ 427,031	\$ 213,828	\$ 213,203
Human services building	-	365,491	63,160	302,331
Total general government administration	\$ -	\$ 792,522	\$ 276,988	\$ 515,534
Public safety:				
Radio communication study	\$ -	\$ 28,500	\$ 26,457	\$ 2,043
Kent store firehouse building	-	777,641	765,848	11,793
Fork union firehouse building	-	1,750,989	200,212	1,550,777
Total public safety	\$ -	\$ 2,557,130	\$ 992,517	\$ 1,564,613
Education:				
High school construction	\$ -	\$ 43,527,419	\$ 27,504,235	\$ 16,023,184
Total education	\$ -	\$ 43,527,419	\$ 27,504,235	\$ 16,023,184

Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2011

	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Parks, recreation, and cultural:				
Western trailhead	\$ -	\$ 186,415	\$ 1,104	\$ 185,311
Mill park	-	167,315	-	167,315
Pleasant grove house renovations	-	658,974	9,132	649,842
Carysbrook softball concession	-	10,000	-	10,000
Pleasant grove active recreation plan	-	13,218	11,418	1,800
Total parks,recreation, and cultural	\$ -	\$ 1,035,922	\$ 21,654	\$ 1,014,268
Community development:				
Fork union community plan	\$ -	\$ 431,010	\$ 11,686	\$ 419,324
Telecommunication study	-	34,327	-	34,327
Economic Development	200,000	43,138	-	43,138
Total community development	\$ 200,000	\$ 508,475	\$ 11,686	\$ 496,789
Total expenditures	\$ 200,000	\$ 48,421,468	\$ 28,807,080	\$ 19,614,388
Excess (deficiency) of revenues over expenditures	\$ (200,000)	\$ (45,853,427)	\$ (28,350,494)	\$ 17,502,933
Other financing sources (uses):				
Transfers in	\$ 200,000	\$ 2,290,948	\$ 1,142,137	\$ (1,148,811)
Refunded public facility note redeemed	-	-	(2,670,000)	(2,670,000)
Issuance of refunding public facility note	-	-	2,704,077	2,704,077
Transfers (out)	-	-	(10,427)	(10,427)
Total other financing sources (uses)	\$ 200,000	\$ 2,290,948	\$ 1,165,787	\$ (1,125,161)
Changes in fund balances	\$ -	\$ (43,562,479)	\$ (27,184,707)	\$ 16,377,772
Fund balance at beginning of the year	-	43,562,479	43,912,030	349,551
Fund balance at end of the year	\$ -	\$ -	\$ 16,727,323	\$ 16,727,323

Statement of Fiduciary Net Assets -
Agency Fund
At June 30, 2011

	<u>Special Welfare Fund</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ <u>91,638</u>
Total assets	\$ <u><u>91,638</u></u>
<u>LIABILITIES</u>	
Amounts held for social services clients	\$ <u>91,638</u>
Total liabilities	\$ <u><u>91,638</u></u>

Agency Fund
Statement of Changes in Assets and Liabilities-Agency Fund
Year Ended June 30, 2011

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ <u>68,580</u>	\$ <u>55,436</u>	\$ <u>32,378</u>	\$ <u>91,638</u>
Liabilities:				
Amounts held for social services clients	\$ <u>68,580</u>	\$ <u>55,436</u>	\$ <u>32,378</u>	\$ <u>91,638</u>
Total liabilities	\$ <u>68,580</u>	\$ <u>55,436</u>	\$ <u>32,378</u>	\$ <u>91,638</u>

Discretely Presented Component Unit-School Board

Combining Balance Sheet - Discretely Presented Component Unit - School Board
At June 30, 2011

	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 96,917	\$ 96,917
Accounts receivable	-	-	-
Due from other governmental units	1,025,096		1,025,096
Due from other funds	-	36,973	36,973
Due from primary government	999,943	-	999,943
Total assets	<u>\$ 2,025,039</u>	<u>\$ 133,890</u>	<u>\$ 2,158,929</u>
LIABILITIES			
Accrued liabilities	\$ 1,988,066	\$ 42,067	\$ 2,030,133
Due to other funds	36,973	-	36,973
Total liabilities	<u>\$ 2,025,039</u>	<u>\$ 42,067</u>	<u>\$ 2,067,106</u>
FUND BALANCES			
Assigned	\$ -	\$ 91,823	\$ 91,823
Total fund balances	<u>\$ -</u>	<u>\$ 91,823</u>	<u>\$ 91,823</u>
Total liabilities and fund balances	<u>\$ 2,025,039</u>	<u>\$ 133,890</u>	

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

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 assets includes those capital assets among the assets of the School Board as a whole.

9,733,411

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 assets.

(964,252)

Net assets of General Government Activities

\$ 8,860,982

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
 Governmental Funds - Discretely Presented Component Unit - School Board
 Year Ended June 30, 2011

	School Operating Fund	School Cafeteria Fund	Total
Revenues:			
Revenue from use of money and property	\$ 16,292	\$ -	\$ 16,292
Charges for services	-	974,008	974,008
Miscellaneous	387,152	-	387,152
Recovered costs	572,621	-	572,621
Intergovernmental:			
County contribution to School Board	13,663,024	-	13,663,024
Commonwealth	16,929,321	14,696	16,944,017
Federal	3,693,620	486,429	4,180,049
Total revenues	\$ <u>35,262,030</u>	\$ <u>1,475,133</u>	\$ <u>36,737,163</u>
Expenditures:			
Current:			
Education	\$ <u>35,262,030</u>	\$ <u>1,477,230</u>	\$ <u>36,739,260</u>
Total expenditures	\$ <u>35,262,030</u>	\$ <u>1,477,230</u>	\$ <u>36,739,260</u>
Changes in fund balances	\$ -	\$ (2,097)	\$ (2,097)
Fund balances at beginning of year	-	93,920	93,920
Fund balances at end of year	\$ <u>-</u>	\$ <u>91,823</u>	\$ <u>91,823</u>

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, 2011

		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	\$	(2,097)
Assets purchased by the primary government on behalf of the School Board		-
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 additions	\$ 89,392	
Depreciation expense	<u>(597,449)</u>	(508,057)
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 accrued leave.		
		40,202
Transfer of joint tenancy assets from Primary Government to the Component Unit		<u>731,336</u>
Change in net assets of governmental activities	\$	<u><u>261,384</u></u>

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, 2011

	School Operating Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
Revenue from use of money and property	\$ -	\$ -	\$ 16,292	\$ 16,292
Charges for services	-	-	-	-
Miscellaneous	193,872	216,372	387,152	170,780
Recovered costs	361,269	361,269	572,621	211,352
Intergovernmental:				
County contribution to School Board	13,493,065	13,909,126	13,663,024	(246,102)
Commonwealth	18,029,779	18,029,779	16,929,321	(1,100,458)
Federal	2,184,126	3,158,944	3,693,620	534,676
Total revenues	\$ 34,262,111	\$ 35,675,490	\$ 35,262,030	\$ (413,460)
Expenditures:				
Current:				
Instruction	\$ 26,266,771	\$ 27,587,187	\$ 27,353,584	\$ 233,603
Administration, attendance, and health	1,272,766	1,220,400	1,211,330	9,070
Pupil transportation	2,556,451	2,418,828	2,414,924	3,904
Operation and maintenance	3,103,549	3,351,702	3,346,208	5,494
School food service costs	-	-	-	-
Technology	1,062,574	1,097,373	935,984	161,389
Total expenditures	\$ 34,262,111	\$ 35,675,490	\$ 35,262,030	\$ 413,460
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	\$ -	\$ -
Net changes in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	\$ -	\$ -	\$ -	\$ -

Exhibit 19

School Cafeteria Fund			
Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -
1,375,191	1,375,191	974,008	(401,183)
-	-	-	-
-	-	-	-
-	-	-	-
20,085	20,085	14,696	(5,389)
344,754	344,754	486,429	141,675
\$ 1,740,030	\$ 1,740,030	\$ 1,475,133	\$ (264,897)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
1,740,030	1,740,030	1,477,230	262,800
-	-	-	-
\$ 1,740,030	\$ 1,740,030	\$ 1,477,230	\$ 262,800
\$ -	\$ -	\$ (2,097)	\$ (2,097)
\$ -	\$ -	\$ (2,097)	\$ (2,097)
-	-	93,920	93,920
\$ -	\$ -	\$ 91,823	\$ 91,823

Supporting Schedules

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Governmental Funds and Discretely Presented Component Unit
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2011

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	\$ 16,108,582	\$ 16,108,582	\$ 16,745,940	\$ 637,358
Real and personal public service corporation taxes	2,846,596	2,846,596	3,080,155	233,559
Personal property taxes	3,537,594	3,537,594	4,111,791	574,197
Mobile home taxes	10,821	10,821	12,865	2,044
Machinery and tools taxes	4,696	4,696	4,338	(358)
Penalties	236,105	236,105	277,873	41,768
Interest	80,000	80,000	100,687	20,687
Total general property taxes	\$ 22,824,394	\$ 22,824,394	\$ 24,333,649	\$ 1,509,255
Other local taxes:				
Local sales and use taxes	\$ 1,036,963	\$ 1,036,963	\$ 1,061,791	\$ 24,828
Consumer utility taxes	1,272,000	1,272,000	1,290,455	18,455
Gross receipts tax - utilities	96,000	96,000	115,934	19,934
Motor vehicle licenses	427,242	427,242	667,940	240,698
Bank stock taxes	38,000	38,000	44,638	6,638
Recordation taxes	275,000	275,000	244,066	(30,934)
Tax on wills	70,000	70,000	76,383	6,383
Total other local taxes	\$ 3,215,205	\$ 3,215,205	\$ 3,501,207	\$ 286,002
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 7,294	\$ 7,294	\$ 16,721	\$ 9,427
Building permits	100,000	100,000	150,797	50,797
Recreation program fees	100,000	100,000	70,409	(29,591)
Other permits, fees, and licenses	125,000	125,000	109,847	(15,153)
Total permits, privilege fees and regulatory licenses	\$ 332,294	\$ 332,294	\$ 347,774	\$ 15,480
Fines and Forfeitures:				
Court and other fines and forfeitures	\$ 20,914	\$ 20,914	\$ 60,363	\$ 39,449
Revenue from use of money and property:				
Revenue from use of money	\$ 15,000	\$ 15,000	\$ 24,830	\$ 9,830
Revenue from use of property	25,500	25,500	26,395	895
Total revenue from use of money and property	\$ 40,500	\$ 40,500	\$ 51,225	\$ 10,725
Charges for services:				
Charges for Commonwealth Attorney	\$ 600	\$ 600	\$ 626	\$ 26
Charges for library	6,600	6,600	11,875	5,275
Law library fees	1,500	1,500	1,758	258
Planning and community development	325	325	33	(292)
Courthouse maintenance fees	7,000	7,000	7,166	166
Courthouse security	29,410	29,410	28,432	(978)
Landfill fees	-	99,000	102,391	3,391
Other charges for services	4,088	4,088	5,942	1,854
Excess fees of clerk	600	600	-	(600)
Total charges for services	\$ 50,123	\$ 149,123	\$ 158,223	\$ 9,100

Governmental Funds and Discretely Presented Component Unit
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2011 (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	\$ 155,864	\$ 257,916	\$ 205,458	\$ (52,458)
Total miscellaneous revenue	\$ 155,864	\$ 257,916	\$ 205,458	\$ (52,458)
Recovered costs:				
Miscellaneous	\$ 122,229	\$ 168,464	\$ 211,610	\$ 43,146
Total recovered costs	\$ 122,229	\$ 168,464	\$ 211,610	\$ 43,146
Total revenue from local sources	\$ 26,761,523	\$ 27,008,810	\$ 28,869,509	\$ 1,860,699
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers tax	\$ 36,484	\$ 36,484	\$ 36,788	\$ 304
Mobile home titling taxes	15,239	15,239	7,736	(7,503)
Recordation taxes	104,946	104,946	111,833	6,887
PPTRA	2,996,570	2,996,570	2,996,570	-
Total noncategorical aid	\$ 3,153,239	\$ 3,153,239	\$ 3,152,927	\$ (312)
Categorical aid:				
Shared expenses:				
Commonwealth's Attorney	\$ 245,077	\$ 245,077	\$ 246,434	\$ 1,357
Sheriff	920,254	920,254	950,975	30,721
Commissioner of the Revenue	100,815	100,815	103,491	2,676
Treasurer	117,704	117,704	116,142	(1,562)
Registrar/electoral board	38,000	38,000	42,763	4,763
Clerk of the Circuit Court	222,236	222,236	262,007	39,771
Total shared expenses	\$ 1,644,086	\$ 1,644,086	\$ 1,721,812	\$ 77,726
Other categorical aid:				
Litter control	\$ 8,246	\$ 8,246	\$ 7,926	\$ (320)
Health	5,527	5,527	5,000	(527)
Library grant	54,568	57,725	52,597	(5,128)
Public assistance and welfare administration	575,611	575,611	557,882	(17,729)
Comprehensive services act	1,212,636	1,212,636	1,094,957	(117,679)
Fire funds	56,103	56,103	57,670	1,567
Victim/witness coordinator grant	5,354	7,274	7,274	-
Two for life	22,000	25,681	25,681	-
Other categorical aid	110,259	105,259	77,302	(27,957)
Total other categorical aid	\$ 2,050,304	\$ 2,054,062	\$ 1,886,289	\$ (167,773)
Total categorical aid	\$ 3,694,390	\$ 3,698,148	\$ 3,608,101	\$ (90,047)
Total revenue from the Commonwealth	\$ 6,847,629	\$ 6,851,387	\$ 6,761,028	\$ (90,359)

Governmental Funds and Discretely Presented Component Unit
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2011 (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 the federal government:				
Categorical aid:				
Criminal justice grants	\$ -	\$ 114	\$ 103	\$ (11)
Victim/witness coordinator grant	21,415	21,823	21,823	-
Commission for arts grant	-	5,000	5,000	-
Dept. motor vehicles grant	-	29,623	24,465	(5,158)
USDOJ bullet proof vest grant	-	-	555	555
Homeland security program grant	-	71,620	-	(71,620)
ARRA public assistance and welfare administration	-	-	36,913	36,913
Public assistance and welfare administration	1,103,421	1,103,421	912,087	(191,334)
Total revenue from the federal government	\$ 1,124,836	\$ 1,231,601	\$ 1,000,946	\$ (230,655)
Total General Fund	\$ 34,733,988	\$ 35,091,798	\$ 36,631,483	\$ 1,539,685
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 256,211	\$ 256,211
Miscellaneous revenue:				
Miscellaneous	-	120,575	42,132	(78,443)
Recovered costs:				
Miscellaneous	-	-	6,667	6,667
Total revenue from local sources	\$ -	\$ 120,575	\$ 305,010	\$ 184,435
Revenue from the federal government:				
Categorical aid:				
EPA grant	\$ -	\$ -	\$ -	\$ -
ARRA homeland security	-	1,415,540	141,554	(1,273,986)
Transportation grant	-	1,031,926	10,022	(1,021,904)
Total revenue from the federal government	\$ -	\$ 2,447,466	\$ 151,576	\$ (2,295,890)
Total Capital Projects Fund	\$ -	\$ 2,568,041	\$ 456,586	\$ (2,111,455)
Grand Total Revenues -- Primary Government	\$ 34,733,988	\$ 37,659,839	\$ 37,088,069	\$ (571,770)

Governmental Funds and Discretely Presented Component Unit
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2011 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Component Unit -- School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property	\$ -	\$ -	\$ 16,292	\$ 16,292
Miscellaneous revenue:				
Miscellaneous	193,872	216,372	387,152	170,780
Recovered costs:				
Piedmont Regional Education Program	361,269	361,269	572,621	211,352
Total revenue from local sources	\$ 555,141	\$ 577,641	\$ 976,065	\$ 398,424
Intergovernmental revenue:				
County contribution to School Board	\$ 13,493,065	\$ 13,909,126	\$ 13,663,024	\$ (246,102)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,947,369	\$ 2,947,369	\$ 3,067,855	\$ 120,486
Basic school aid	10,163,344	10,163,344	9,357,539	(805,805)
Governor's school	416,045	416,045	398,501	(17,544)
Special education - SOQ	936,277	936,277	914,574	(21,703)
Fringe benefits	913,215	913,215	892,048	(21,167)
Special education tuition	632,799	632,799	450,162	(182,637)
Textbooks	121,163	121,163	118,354	(2,809)
Remedial education	131,448	131,448	161,546	30,098
Alternative education	201,787	201,787	208,712	6,925
Composite index	432,740	432,740	399,009	(33,731)
Vocational education - SOQ	322,854	322,854	315,370	(7,484)
Other state funds	810,738	810,738	645,651	(165,087)
Total categorical aid	\$ 18,029,779	\$ 18,029,779	\$ 16,929,321	\$ (1,100,458)
Total revenue from the Commonwealth	\$ 18,029,779	\$ 18,029,779	\$ 16,929,321	\$ (1,100,458)
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 368,000	\$ 368,000	\$ 824,795	\$ 456,795
ARRA Title I - assessments	-	-	24,645	24,645
Title II - part A	113,994	113,994	116,314	2,320
Adult literacy	-	-	17,102	17,102
Title VI-B - special education	672,435	672,435	673,513	1,078
Title II - D	10,000	10,000	3,980	(6,020)
ARRA flow through	366,062	366,062	520,480	154,418
ARRA preschool	12,325	12,325	12,326	1
Preschool handicapped	37,118	37,118	19,733	(17,385)

Governmental Funds and Discretely Presented Component Unit
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2011 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Component Unit -- School Board: (Continued)				
School Operating Fund: (Continued)				
Revenue from the federal government: (Continued)				
Vocational education	\$ 44,381	\$ 44,381	\$ 41,298	\$ (3,083)
Ed jobs	-	785,702	774,944	(10,758)
Title V - A	10,458	10,458	-	(10,458)
Title I assess	11,697	11,697	-	(11,697)
ARRA School improvement	-	-	24,736	24,736
Drug free schools	-	-	3,618	3,618
School improvement	537,500	537,500	-	(537,500)
AP grants	156	156	-	(156)
ARRA state fiscal stabilization fund	-	189,116	636,136	447,020
Total revenue from the federal government	\$ 2,184,126	\$ 3,158,944	\$ 3,693,620	\$ 534,676
Total School Operating Fund	\$ 34,262,111	\$ 35,675,490	\$ 35,262,030	\$ (413,460)
School Cafeteria Fund:				
Charges for services:				
Cafeteria sales	\$ 1,375,191	\$ 1,375,191	\$ 974,008	\$ (401,183)
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	20,085	20,085	14,696	(5,389)
Revenue from the federal government:				
Categorical aid:				
School food program grant	344,754	344,754	486,429	141,675
Total School Cafeteria Fund	\$ 1,740,030	\$ 1,740,030	\$ 1,475,133	\$ (264,897)
Grand Total Revenues -- Component Unit -- School Board	\$ 36,002,141	\$ 37,415,520	\$ 36,737,163	\$ (678,357)

General Fund - Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2011

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government:				
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 134,964	\$ 134,865	\$ 139,500	\$ (4,635)
General and financial administration:				
County administrator	\$ 447,195	\$ 433,822	\$ 352,931	\$ 80,891
County attorney	98,000	155,276	155,275	1
Commissioner of the revenue	312,371	321,117	316,668	4,449
Information technology	155,041	179,390	164,899	14,491
Treasurer	422,283	464,460	448,674	15,786
Finance department	266,051	277,803	266,433	11,370
Total general and financial administration	\$ 1,700,941	\$ 1,831,868	\$ 1,704,880	\$ 126,988
Board of Elections:				
Electoral board general registrar	\$ 142,408	\$ 179,309	\$ 162,496	\$ 16,813
Total board of elections	\$ 142,408	\$ 179,309	\$ 162,496	\$ 16,813
Total general government administration	\$ 1,978,313	\$ 2,146,042	\$ 2,006,876	\$ 139,166
Judicial administration:				
Courts:				
Circuit court	\$ 41,415	\$ 41,415	\$ 25,571	\$ 15,844
General district and juvenile relations court	7,580	9,080	7,582	1,498
Juvenile court service unit	3,408	3,408	2,458	950
Clerk of the circuit court	541,025	546,515	521,016	25,499
Total courts	\$ 593,428	\$ 600,418	\$ 556,627	\$ 43,791
Commonwealth's attorney:				
Commonwealth's attorney	\$ 372,812	\$ 386,268	\$ 368,198	\$ 18,070
Total judicial administration	\$ 966,240	\$ 986,686	\$ 924,825	\$ 61,861
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,098,573	\$ 2,178,983	\$ 2,098,880	\$ 80,103
Narcotics task force	64,619	71,685	71,685	-
Drug forfeiture	-	-	19,486	(19,486)
K-9 unit	-	-	15,016	(15,016)
Public safety grants	8,525	214,435	35,667	178,768
Total law enforcement and traffic control	\$ 2,171,717	\$ 2,465,103	\$ 2,240,734	\$ 224,369

General Fund - Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2011 (continued)

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Public Safety: (Continued)				
Fire and rescue services:				
Forest warden	\$ 9,053	\$ 9,053	\$ 9,053	\$ -
Volunteer fire and rescue	478,346	492,760	487,749	5,011
Emergency Medical Services Council	16,095	16,095	16,095	-
Total fire and rescue services	\$ 503,494	\$ 517,908	\$ 512,897	\$ 5,011
Correction and detention:				
Care of prisoners	\$ 768,484	\$ 768,484	\$ 716,019	\$ 52,465
Total correction and detention	\$ 768,484	\$ 768,484	\$ 716,019	\$ 52,465
Inspections:				
Building	\$ 237,659	\$ 240,809	\$ 223,094	\$ 17,715
Other protection:				
Animal control	\$ 177,662	\$ 199,312	\$ 203,463	\$ (4,151)
E-911	672,653	708,328	657,700	50,628
Legal aid service	3,563	3,563	3,563	-
Offender aid and restoration	1,663	1,663	1,663	-
Total other protection	\$ 855,541	\$ 912,866	\$ 866,389	\$ 46,477
Total public safety	\$ 4,536,895	\$ 4,905,170	\$ 4,559,133	\$ 346,037
Public works:				
Sanitation and waste removal:				
Landfill	\$ 41,000	\$ 141,191	\$ 119,467	\$ 21,724
Landfill post closure cost	35,000	35,000	27,988	7,012
Litter control	33,446	33,446	5,040	28,406
Total sanitation and waste removal	\$ 109,446	\$ 209,637	\$ 152,495	\$ 57,142
Maintenance of general buildings and grounds:				
Facilities	\$ 631,909	\$ 645,662	\$ 645,192	\$ 470
Public works	225,960	226,662	218,557	8,105
General services	500,000	500,000	428,700	71,300
Total maintenance of general buildings and grounds	\$ 1,357,869	\$ 1,372,324	\$ 1,292,449	\$ 79,875
Total public works	\$ 1,467,315	\$ 1,581,961	\$ 1,444,944	\$ 137,017
Health and welfare:				
Health:				
Local health department	\$ 250,441	\$ 250,441	\$ 251,788	\$ (1,347)
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, 2011 (continued)

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Health and Welfare: (Continued)				
Welfare:				
Public assistance and welfare administration	\$ 2,406,292	\$ 2,415,499	\$ 2,146,159	\$ 269,340
Comprehensive services act program	2,094,188	2,094,890	2,041,584	53,306
Jefferson area board on aging	118,750	118,750	118,750	-
JAUNT, Inc.	91,883	91,883	91,883	-
Shelter for help in emergency	8,550	8,550	8,550	-
Sexual assault resource agency	950	950	950	-
Fluvanna housing foundation	18,810	18,810	18,810	-
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	1,425	1,425	1,425	-
Youth advisory council	380	380	373	7
Piedmont workforce network	3,325	3,325	3,325	-
Monticello area community action agency	43,292	43,292	43,292	-
Total welfare	\$ 4,839,145	\$ 4,849,054	\$ 4,526,401	\$ 322,653
Total health and welfare	\$ 5,170,336	\$ 5,180,245	\$ 4,858,939	\$ 321,306
Education:				
Contributions to community colleges	\$ 6,946	\$ 6,946	\$ 6,946	\$ -
Contribution to Component Unit School Board	13,493,065	13,909,126	13,663,024	246,102
Total education	\$ 13,500,011	\$ 13,916,072	\$ 13,669,970	\$ 246,102
Parks, recreation and cultural:				
Parks and recreation:				
Parks and recreation	\$ 384,755	\$ 386,789	\$ 368,310	\$ 18,479
Total parks and recreation	\$ 384,755	\$ 386,789	\$ 368,310	\$ 18,479
Cultural enrichment:				
Cultural arts	\$ 9,500	\$ 10,000	\$ 10,000	\$ -
County museum	475	475	475	-
Total cultural enrichment	\$ 9,975	\$ 10,475	\$ 10,475	\$ -
Library:				
Regional library	\$ 217,528	\$ 225,698	\$ 228,743	\$ (3,045)
Total parks, recreation and cultural	\$ 612,258	\$ 622,962	\$ 607,528	\$ 15,434

General Fund - Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2011 (continued)

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Community development:				
Planning and community development:				
Planning commission	\$ 26,909	\$ 33,158	\$ 22,276	\$ 10,882
Zoning board	4,150	-	-	-
Economic development	56,040	56,340	18,980	37,360
County planner	298,748	302,578	280,601	21,977
Plan development	2,500	11,000	4,000	7,000
Small business development center	2,375	2,375	2,375	-
Leadership development program	713	713	713	-
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	\$ 429,165	\$ 443,894	\$ 366,675	\$ 77,219
Environmental management:				
Soil and water conservation district	\$ 15,200	\$ 15,200	\$ 15,200	\$ -
Total environmental management	\$ 15,200	\$ 15,200	\$ 15,200	\$ -
Cooperative extension program:				
Cooperative extension service	\$ 60,491	\$ 63,240	\$ 60,265	\$ 2,975
Total community development	\$ 504,856	\$ 522,334	\$ 442,140	\$ 80,194
Nondepartmental:				
Miscellaneous	\$ 288,245	\$ 179,211	\$ 121,995	\$ 57,216
Contribution to OPEB trust fund	262,000	262,000	262,000	-
Total nondepartmental	\$ 550,245	\$ 441,211	\$ 383,995	\$ 57,216
Debt service:				
Principal retirement	\$ 1,503,178	\$ 1,503,178	\$ 1,436,343	\$ 66,835
Interest and fiscal charges	6,450,331	6,450,331	4,748,216	1,702,115
Total debt service	\$ 7,953,509	\$ 7,953,509	\$ 6,184,559	\$ 1,768,950
Total General Fund Expenditures	\$ 37,239,978	\$ 38,256,192	\$ 35,082,909	\$ 3,173,283

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Statistical Section

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These tables contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

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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 Assets by Component
Last Nine Fiscal Years
(accrual basis of accounting)

	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt	\$ 3,394,423	\$ 6,956,005	\$ 7,615,852	\$ 8,848,034
Restricted	301,877	225,718	215,888	95,195
Unrestricted	<u>13,887,018</u>	<u>13,811,149</u>	<u>13,439,095</u>	<u>16,282,205</u>
Total governmental activities net assets	<u>\$ 17,583,318</u>	<u>\$ 20,992,872</u>	<u>\$ 21,270,835</u>	<u>\$ 25,225,434</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 591,726	\$ 540,511	\$ 496,399	\$ 577,246
Restricted	443,115	446,460	652,977	825,453
Unrestricted	<u>194,280</u>	<u>225,175</u>	<u>(102,232)</u>	<u>(80,310)</u>
Total business-type activities net assets	<u>\$ 1,229,121</u>	<u>\$ 1,212,146</u>	<u>\$ 1,047,144</u>	<u>\$ 1,322,389</u>
Primary government				
Invested in capital assets, net of related debt	\$ 3,986,149	\$ 7,496,516	\$ 8,112,251	\$ 9,425,280
Restricted	744,992	672,178	868,865	920,648
Unrestricted	<u>14,081,298</u>	<u>14,036,324</u>	<u>13,336,863</u>	<u>16,201,895</u>
Total primary government net assets	<u>\$ 18,812,439</u>	<u>\$ 22,205,018</u>	<u>\$ 22,317,979</u>	<u>\$ 26,547,823</u>

Note: Accrual-basis financial information is available back to fiscal year 2003 when the County implemented GASB 34.

Table 1

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 8,820,288	\$ 8,715,583	\$ 9,453,382	\$ 12,884,537	\$ 15,481,925
-	-	3,922,469	12,966	-
<u>17,352,326</u>	<u>19,637,501</u>	<u>15,327,034</u>	<u>18,671,672</u>	<u>21,244,585</u>
<u>\$ 26,172,614</u>	<u>\$ 28,353,084</u>	<u>\$ 28,702,885</u>	<u>\$ 31,569,175</u>	<u>\$ 36,726,510</u>
\$ 2,834,924	\$ 3,431,925	\$ 3,572,328	\$ 4,548,235	\$ 4,359,941
1,009,433	-	-	-	-
<u>(396,731)</u>	<u>(728,810)</u>	<u>(945,709)</u>	<u>(657,499)</u>	<u>145,337</u>
<u>\$ 3,447,626</u>	<u>\$ 2,703,115</u>	<u>\$ 2,626,619</u>	<u>\$ 3,890,736</u>	<u>\$ 4,505,278</u>
\$ 11,655,212	\$ 12,147,508	\$ 13,025,710	\$ 17,432,772	\$ 19,841,866
1,009,433	-	3,922,469	12,966	-
<u>16,955,595</u>	<u>18,908,691</u>	<u>14,381,325</u>	<u>18,014,173</u>	<u>21,389,922</u>
<u>\$ 29,620,240</u>	<u>\$ 31,056,199</u>	<u>\$ 31,329,504</u>	<u>\$ 35,459,911</u>	<u>\$ 41,231,788</u>

Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses									
Governmental activities:									
General government administration	\$ 1,243,903	\$ 1,253,226	\$ 1,650,941	\$ 1,876,265	\$ 2,158,182	\$ 2,212,493	\$ 2,349,221	\$ 2,088,545	\$ 2,266,965
Judicial administration	761,871	776,509	829,676	969,016	1,106,540	1,140,519	1,160,816	1,111,127	1,092,325
Public Safety	2,997,683	3,157,159	4,056,943	4,427,947	3,885,133	4,374,838	4,738,756	5,458,590	4,875,996
Public works	684,334	770,854	796,359	878,458	1,214,823	1,484,129	1,405,843	1,506,088	1,324,088
Health and welfare	3,460,761	3,442,859	4,364,965	4,390,337	4,723,667	4,790,192	5,007,658	4,955,292	4,826,649
Education	6,530,466	8,304,113	12,059,052	13,403,847	14,463,598	15,276,510	16,408,027	16,020,958	10,796,609
Parks, recreation and cultural	648,408	763,112	695,784	853,116	790,866	872,307	909,931	741,582	723,393
Community development	728,258	337,043	356,903	408,255	457,810	453,556	606,155	509,233	447,602
Interest on long-term debt	772,555	582,099	591,538	648,514	853,223	1,090,223	1,046,588	637,891	4,667,841
Total governmental activities expenses	\$ 17,828,239	\$ 19,386,974	\$ 25,402,161	\$ 27,855,755	\$ 29,653,842	\$ 31,694,767	\$ 33,632,995	\$ 33,029,306	\$ 31,021,468
Business-type activities:									
Community Programs	\$ 96,608	\$ 101,512	\$ 103,581	\$ 19,779	\$ 43,989	\$ 62,667	\$ 60,912	\$ 50,157	\$ 45,710
Water	328,592	305,324	342,629	321,998	460,964	405,108	445,563	379,109	368,737
Sewer	-	-	-	-	-	33,015	139,834	159,433	182,931
Landfill	354,750	531,272	466,396	559,611	826,973	1,588,412	264,311	165,517	-
Total business-type activities expenses	\$ 779,950	\$ 938,108	\$ 912,606	\$ 901,388	\$ 1,331,926	\$ 2,089,202	\$ 910,620	\$ 754,216	\$ 597,378
Total primary government expenses	\$ 18,608,189	\$ 20,325,082	\$ 26,314,767	\$ 28,757,143	\$ 30,985,768	\$ 33,783,969	\$ 34,543,615	\$ 33,783,522	\$ 31,618,846
Program Revenues									
Governmental activities:									
Charges for services:									
General government administration	\$ -	\$ 81,004	\$ 98,260	\$ 166,588	\$ -	\$ -	\$ -	\$ -	\$ -
Judicial administration	66,260	130,754	114,280	167,650	125,397	68,352	83,773	69,546	74,985
Public safety	176,579	205,381	174,905	166,066	148,865	131,542	183,433	133,186	196,820
Public works	5,662	-	-	-	-	-	-	-	102,391
Parks, recreation and cultural	5,750	5,285	5,801	110,090	161,565	139,337	109,084	93,476	82,284
Community development	71,286	18,910	8,284	27,229	173,001	137,721	140,484	145,684	109,880
Operating grants and contributions	4,201,602	3,959,533	4,254,662	4,594,724	4,737,759	4,878,357	4,753,650	4,586,272	4,609,047
Capital grants and contributions	166,352	143,706	170,363	2,174,437	406,080	185,706	348,260	743,377	151,576
Total governmental activities program revenues	\$ 4,693,491	\$ 4,544,573	\$ 4,826,555	\$ 7,406,784	\$ 5,752,667	\$ 5,541,015	\$ 5,618,684	\$ 5,771,541	\$ 5,326,983
Business-type activities:									
Charges for services:									
Community Programs	\$ 73,020	\$ 96,953	\$ 115,952	\$ 25,191	\$ 35,299	\$ 49,505	\$ 49,339	\$ 36,172	\$ 30,134
Water	294,526	355,701	277,788	295,050	315,046	328,873	320,562	279,980	301,071
Sewer	-	-	-	-	-	1,778	59,830	1,223,327	12,791
Landfill	381,097	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	\$ 748,643	\$ 917,788	\$ 835,770	\$ 977,335	\$ 2,152,392	\$ 844,874	\$ 554,426	\$ 1,895,531	\$ 343,996
Total primary government program revenues	\$ 5,442,134	\$ 5,462,361	\$ 5,662,325	\$ 8,384,119	\$ 7,905,059	\$ 6,385,889	\$ 6,173,110	\$ 7,667,072	\$ 5,670,979
Net (expense) / revenue									
Governmental activities	\$ (13,134,748)	\$ (14,842,401)	\$ (20,575,606)	\$ (20,448,971)	\$ (23,901,175)	\$ (26,153,752)	\$ (28,014,311)	\$ (27,257,765)	\$ (25,694,485)
Business-type activities	(31,307)	(20,320)	(76,836)	75,947	820,466	(1,244,328)	(356,194)	1,141,315	(253,382)
Total primary government net expense	\$ (13,166,055)	\$ (14,862,721)	\$ (20,652,442)	\$ (20,373,024)	\$ (23,080,709)	\$ (27,398,080)	\$ (28,370,505)	\$ (26,116,450)	\$ (25,947,867)

Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Revenues and Other									
Changes in Net Assets									
Governmental activities:									
Taxes									
Property taxes	\$ 11,609,997	\$ 12,353,034	\$ 14,226,876	\$ 17,142,347	\$ 17,752,214	\$ 21,008,065	\$ 21,534,695	\$ 22,880,842	\$ 24,510,584
Local sales and use taxes	2,810,086	868,289	790,835	876,163	944,465	1,070,306	1,062,461	1,062,633	1,061,791
Taxes on recordation and wills	-	-	400,795	501,235	467,307	377,965	277,611	241,505	244,066
Motor vehicle licenses taxes	-	398,447	424,029	425,872	376,200	368,629	373,002	438,089	667,940
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
Other local taxes	-	824,412	564,512	595,716	365,473	217,929	210,213	197,684	236,955
Unrestricted grants and contributions	2,823,051	2,790,504	3,252,990	3,301,337	3,416,980	3,171,261	3,166,206	3,145,750	3,152,927
Unrestricted revenues from use of money and property	509,162	63,417	278,144	226,914	857,089	863,366	525,726	445,339	307,436
Miscellaneous	117,039	15,225	63,778	20,285	335,513	362,539	207,765	528,475	247,590
Transfers	(50,000)	-	(30,000)	136,137	(291,384)	(475,340)	(279,246)	(122,802)	(867,924)
Total governmental activities	\$ 17,819,335	\$ 18,251,954	\$ 21,005,627	\$ 24,283,783	\$ 25,410,000	\$ 28,334,222	\$ 28,364,112	\$ 30,124,055	\$ 30,851,820
Business-type activities:									
Unrestricted revenues from use of money and property	\$ 4,627	\$ 3,345	\$ 6,517	\$ 22,476	\$ 36,996	\$ 24,477	\$ 452	\$ -	\$ -
Transfers	50,000	-	30,000	(136,137)	291,384	475,340	279,246	122,802	867,924
Total business-type activities	\$ 54,627	\$ 3,345	\$ 36,517	\$ (113,661)	\$ 328,380	\$ 499,817	\$ 279,698	\$ 122,802	\$ 867,924
Total primary government	\$ 17,873,962	\$ 18,255,299	\$ 21,042,144	\$ 24,170,122	\$ 25,738,380	\$ 28,834,039	\$ 28,643,810	\$ 30,246,857	\$ 31,719,744
Change in Net Assets									
Governmental activities	\$ 4,684,587	\$ 3,409,553	\$ 430,021	\$ 3,834,812	\$ 1,508,825	\$ 2,180,470	\$ 349,801	\$ 2,866,290	\$ 5,157,335
Business-type activities	23,320	(16,975)	(40,319)	(37,714)	1,148,846	(744,511)	(76,496)	1,264,117	614,542
Total primary government	\$ 4,707,907	\$ 3,392,578	\$ 389,702	\$ 3,797,098	\$ 2,657,671	\$ 1,435,959	\$ 273,305	\$ 4,130,407	\$ 5,771,877

Note: Accrual-basis financial information is available back to fiscal year 2003 when the County implemented GASB 34.

COUNTY OF FLUVANNA, VIRGINIA

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Reserved	219,881	301,877	411,677	283,527
Restricted	-	-	-	-
Unreserved, designated for capital projects	-	-	-	-
Unreserved, designated for high school debt service	-	-	-	-
Unreserved, designated for subsequent expenditures	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unreserved, undesignated	9,515,128	7,984,130	7,637,629	7,486,780
Unassigned	-	-	-	-
Total general fund	<u>\$ 9,735,009</u>	<u>\$ 8,286,007</u>	<u>\$ 8,049,306</u>	<u>\$ 7,770,307</u>
All other governmental funds				
Reserved for Capital Projects	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Unreserved, reported in:				
Capital projects funds	-	-	(287,393)	(261,771)
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (287,393)</u>	<u>\$ (261,771)</u>

The County implemented 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

2006	2007	2008	2009	2010	2011
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,080
110,269	78,938	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
-	-	-	-	-	63,698
8,645,692	8,982,217	6,846,383	15,346,007	15,032,678	-
-	-	-	-	-	13,528,036
<u>\$ 8,755,961</u>	<u>\$ 9,061,155</u>	<u>\$ 18,799,034</u>	<u>\$ 22,417,164</u>	<u>\$ 20,412,281</u>	<u>\$ 20,783,048</u>
\$ -	\$ 3,553,451	\$ 9,071,275	\$ 67,190,334	\$ 43,912,030	\$ -
-	-	-	-	-	16,544,058
-	-	-	-	-	183,265
<u>(398,886)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (398,886)</u>	<u>\$ 3,553,451</u>	<u>\$ 9,071,275</u>	<u>\$ 67,190,334</u>	<u>\$ 43,912,030</u>	<u>\$ 16,727,323</u>

COUNTY OF FLUVANNA, VIRGINIA

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2002	2003	2004	2005
Revenues				
General property taxes	\$ 10,027,527	\$ 11,118,921	\$ 11,985,006	\$ 13,913,702
Other local taxes	2,285,870	2,810,086	3,029,774	3,213,839
Permits, privilege fees and regulatory licenses	294,990	236,955	286,385	273,165
Fines and forfeitures	36,493	40,895	4,153	24,496
Revenue from use of money and property	856,777	509,162	63,417	278,144
Charges for services	18,260	47,687	150,796	103,869
Miscellaneous	109,028	117,038	15,225	63,778
Recovered costs	-	12,810	12,038	6,271
Intergovernmental:				
Contribution from School Board	-	484,332	-	-
Commonwealth	6,407,003	6,090,380	5,801,934	6,363,759
Federal	-	1,100,625	1,091,809	1,314,256
Total revenues	\$ 20,035,948	\$ 22,568,891	\$ 22,440,537	\$ 25,555,279
Expenditures				
General government administration	\$ 1,103,402	\$ 1,219,216	\$ 1,304,476	\$ 1,540,692
Judicial administration	677,921	601,752	615,062	692,038
Public safety	2,466,176	2,790,993	3,002,473	3,455,390
Public works	620,597	684,322	740,550	786,948
Health and welfare	2,836,547	3,419,535	3,414,233	4,303,490
Education	6,832	9,940,741	11,087,704	11,397,534
Parks, recreation and cultural	675,644	640,218	617,689	655,250
Community development	381,741	419,536	325,589	352,449
Capital projects	31,592	2,386,947	414,027	1,287,338
Nondepartmental	-	-	-	-
Debt service				
Principal	30,000	568,481	531,518	534,603
Interest and other fiscal charges	155,678	767,540	623,917	646,488
Bond Issuance Costs	-	-	-	-
Total expenditures	\$ 8,986,130	\$ 23,439,281	\$ 22,677,238	\$ 25,652,220
Excess of revenues over (under) expenditures	\$ 11,049,818	\$ (870,390)	\$ (236,701)	\$ (96,941)
Other financing sources (uses)				
Transfers in	\$ (937,564)	\$ 2,415,209	\$ 108,712	\$ 1,510,334
Transfers out	(9,987,204)	(2,465,209)	(108,712)	(1,540,334)
Bonds issued	-	-	-	-
Early retirement of indebtedness	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-
Issuance of capital leases	-	-	-	-
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	\$ (10,924,768)	\$ (50,000)	\$ -	\$ (30,000)
Net change in fund balances	\$ 125,050	\$ (920,390)	\$ (236,701)	\$ (126,941)
Debt service as a percentage of noncapital expenditures				
	0.98%	6.35%	5.19%	4.85%

Table 4

2006	2007	2008	2009	2010	2011
\$ 15,341,412	\$ 17,550,665	\$ 21,261,041	\$ 21,348,203	\$ 22,881,694	\$ 24,333,649
3,456,763	3,339,588	3,404,331	3,208,966	3,246,451	3,501,207
437,914	476,668	399,327	424,842	361,142	347,774
82,323	21,594	17,895	36,545	27,752	60,363
226,914	857,089	863,366	525,726	445,339	307,436
117,386	110,566	59,730	55,387	52,998	158,223
20,285	335,513	362,539	207,764	528,475	247,590
18,965	168,970	220,734	215,758	252,899	218,277
-	46,045	248,648	-	-	-
7,824,255	7,065,830	7,053,225	7,004,314	6,860,079	6,761,028
2,229,074	1,477,182	1,182,099	1,263,803	1,615,320	1,152,522
\$ 29,755,291	\$ 31,449,710	\$ 35,072,935	\$ 34,291,308	\$ 36,272,149	\$ 37,088,069
\$ 1,847,681	\$ 1,964,112	\$ 1,999,645	\$ 2,178,358	\$ 1,998,758	\$ 2,283,864
830,530	940,159	991,983	991,921	941,916	924,825
4,333,143	5,264,255	4,841,652	4,610,938	6,132,985	5,551,650
2,074,486	1,278,835	1,668,794	1,530,900	1,435,000	1,444,944
4,421,708	4,720,466	4,814,963	4,934,848	4,928,507	4,858,939
12,410,194	13,736,102	15,774,008	18,395,167	37,947,333	41,174,205
856,134	1,173,154	2,307,236	2,088,594	689,922	629,182
406,666	463,347	490,571	623,204	531,699	453,826
-	-	-	-	-	-
-	45,450	88,617	380,835	509,718	383,995
561,972	1,083,734	1,150,687	1,394,882	1,476,141	1,436,343
484,439	838,181	939,119	2,867,392	4,923,406	4,748,216
-	-	-	777,900	-	-
\$ 28,226,953	\$ 31,507,795	\$ 35,067,275	\$ 40,774,939	\$ 61,515,385	\$ 63,889,989
\$ 1,528,338	\$ (58,085)	\$ 5,660	\$ (6,483,631)	\$ (25,243,236)	\$ (26,801,920)
\$ 1,367,417	\$ 2,237,244	\$ 910,587	\$ 6,370,065	\$ 976,518	\$ 1,157,587
(1,231,279)	(2,528,628)	(1,260,263)	(6,649,311)	(1,099,320)	(1,203,684)
8,832,057	4,195,000	9,400,000	67,525,000	5,420,000	2,704,077
(7,500,000)	-	(1,500,000)	-	(4,830,000)	(2,670,000)
(2,529,552)	-	-	525,066	-	-
-	412,000	170,415	-	(507,149)	-
-	-	-	450,000	-	-
\$ (1,061,357)	\$ 4,315,616	\$ 7,720,739	\$ 68,220,820	\$ (39,951)	\$ (12,020)
\$ 466,981	\$ 4,257,531	\$ 7,726,399	\$ 61,737,189	\$ (25,283,187)	\$ (26,813,940)
3.71%	6.62%	6.34%	14.37%	23.95%	24.98%

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
2002	\$ 1,205,051,542	\$ 127,313,302	\$ 3,502,650	\$ 2,146,467	\$ 140,095,898	\$ 1,478,109,859	\$ 7.12	\$ 1,606,641,151	92.00%
2003	1,267,333,061	142,226,232	3,181,700	2,248,824	156,891,453	1,571,881,270	6.98	1,950,224,901	80.60%
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%

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 & Overlapping Rates
	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	
2002	0.71	3.70	0.71	2.00	7.12
2003	0.64	3.70	0.64	2.00	6.98
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

(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 2011			
Taxpayer	Type Business	2011 Assessed Valuation	% of Total Assessed Valuation
Tenaska Virginia Partners, LP	Utility/Electric	314,496,976	8.25%
Virginia Electric and Power	Utility/Electric	118,428,540	3.11%
Central Va. Electric Co-op	Utility/Electric	34,012,035	0.89%
Aqua Resources	Utility/Water	21,013,941	0.55%
Central Telephone of Virginia	Utility/Water	11,928,524	0.31%
Colonial Pipeline Co.	Utility/Gas	10,550,289	0.28%
Transcontinental Gas Pipeline	Utility/Gas	10,188,749	0.27%
CSX Transportation	Railroad	8,686,698	0.23%
East Coast Transport	Commercial Property	5,564,622	0.15%
Virginia Properties LLC	Commercial Property	5,490,300	0.14%
		<u>\$ 540,360,674</u>	<u>14.17%</u>

Fiscal Year 2002			
Taxpayer	Type Business	2002 Assessed Valuation	% of Total Assessed Valuation
Virginia Electric & Power	Utility/Electric	91,843,775	6.21%
Central Va. Electric Co-op	Utility/Electric	16,008,935	1.08%
Central Telephone Co. of Va	Utility/Telephone	12,922,869	0.87%
Colonial Pipeline Co.	Utility/Gas	8,281,123	0.56%
Transcontinental Gas Pipeline	Utility/Gas	6,249,392	0.42%
Williams Com.	Utility/Gas	5,873,763	0.40%
Lake Monticello Service Co.	Utility/Water	5,457,724	0.37%
CSX Transportation Inc	Railroad	4,877,300	0.33%
Alltel Com.	Utility/Telephone	1,164,145	0.08%
Charlottesville Cell	Utility/Telephone	921,735	0.06%
		<u>\$ 61,756,986</u>	<u>4.18%</u>

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year (2)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2002	\$ 12,734,112	\$ 12,166,211	95.54%	\$ 529,002	\$ 12,695,213	99.69%
2003	13,906,887	13,317,866	95.76%	239,523	13,557,389	97.49%
2004	15,013,364	14,123,660	94.07%	248,988	14,372,648	95.73%
2005	16,598,696	15,908,764	95.84%	279,320	16,188,084	97.53%
2006	19,426,926	18,299,002	94.19%	241,002	18,540,004	95.43%
2007	30,368,234 (3)	27,813,792	91.59%	858,923 (3)	28,672,715	94.42%
2008	23,963,600	23,110,441	96.44%	913,491	24,023,932	100.25%
2009	24,173,299	19,998,028	82.73%	775,588	20,773,616	85.94%
2010	25,271,025	24,399,808	96.55%	657,288	25,057,096	99.15%
2011	27,322,612	22,860,700	83.67%	-	22,860,700	83.67%

Source: Commissioner of Revenue, County Treasurer's office

- Notes: (1) Increase in delinquent tax collections attributed to \$721,233 in PPTRA collections received during year for prior year taxes.
 (2) Exclusive of the penalties and interest.
 (3) 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			
2002	\$ 6,166,410	\$ 8,205,232	\$ 8,560,200	\$ 109,717	\$ 953,456	\$ 23,995,015	4.49%	\$ 1,077
2003	5,817,085	7,709,881	8,569,268	54,151	953,721	23,104,106	4.04%	995
2004	5,495,418	7,214,530	8,521,866	37,026	1,194,700	22,463,540	3.53%	942
2005	5,130,666	6,719,179	8,387,431	18,992	1,189,588	21,445,856	3.02%	861
2006	11,284,594	6,223,828	-	-	791,892	18,300,314	2.50%	739
2007	14,701,638	5,728,476	-	617,625	1,971,586	23,019,325	2.74%	875
2008	14,683,236	5,233,125	7,500,000	629,104	1,883,808	29,929,273	3.48%	1,094
2009	81,455,801	4,737,774	7,500,000	932,008	1,792,254	96,417,837	11.19%	3,654
2010	86,057,976	4,242,423	2,670,000	769,043	1,709,406	95,448,848	10.56%	3,581
2011	85,223,117	3,746,605	2,704,077	663,377	1,620,960	93,958,136	9.91%	3,657

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		Less Business Type Activities	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
			General Obligation Bonds			
2002	\$	23,885,298	\$ 953,456	\$ 22,931,842	1.49%	\$ 1,036
2003		23,049,955	953,721	22,096,234	1.34%	1,042
2004		22,426,514	1,194,700	21,231,814	1.22%	1,035
2005		21,426,864	1,189,588	20,237,276	0.80%	1,054
2006		18,300,314	791,892	17,508,422	0.66%	1,008
2007		22,401,700	1,971,586	20,430,114	0.58%	776
2008		29,300,169	1,883,808	27,416,361	0.74%	1,002
2009		95,485,829	1,792,254	93,693,575	2.56%	3,550
2010		94,679,805	1,709,406	92,970,399	2.48%	3,488
2011		93,294,759	1,620,960	91,673,799	2.40%	3,568

(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, VIRGINIADebt Policy Information
Last Ten Fiscal Years

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Total net debt applicable to debt limits (1)	\$ 91,673,799	\$ 92,970,399	\$ 93,693,575	\$ 27,416,361
Ratio of net debt to assessed taxable property value (2)	2.40%	2.48%	2.52%	0.74%
Debt limit per policy for property value	3.50%	3.50%	3.50%	3.50%
Total general governmental revenue (3)	37,088,069	36,272,149	34,291,308	35,072,935
Debt service to general governmental revenues (3)	16.68%	6.87%	7.40%	5.96%
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.

Table 11

	<u>2007</u>		<u>2006</u>		<u>2005</u>		<u>2004</u>		<u>2003</u>		<u>2002</u>
\$	20,430,114	\$	17,508,422	\$	20,237,276	\$	21,231,814	\$	22,096,234	\$	22,931,842
	0.58%		0.66%		0.84%		1.28%		1.41%		1.55%
	4.00%		4.00%		4.00%		4.00%		4.00%		4.00%
	31,449,710		29,755,291		25,555,279		22,440,537		22,568,891		20,035,948
	6.11%		4.76%		6.24%		6.88%		7.73%		6.92%
	10.00%		10.00%		10.00%		10.00%		10.00%		10.00%

Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2002	22,274	\$ 534,108,000	\$ 23,979	3,287	3.30%
2003	23,221	570,953,000	24,588	3,336	3.40%
2004	23,835	628,202,000	26,356	3,395	3.10%
2005	24,900	700,287,000	28,124	3,590	3.60%
2006	24,751	730,287,000	29,530	3,670	2.30%
2007	26,311	766,801,350	29,144	3,686	2.40%
2008	27,359	805,141,418 (1),(2)	29,429	3,850	3.20%
2009	26,389	845,398,488 (1),(2)	32,036	3,736	6.10%
2010	26,652	887,668,413	33,306	3,761	5.70%
2011	25,691	932,051,833	36,279	3,703	5.10%

Source: Weldon Cooper Center, Annual school report - prepared by the School Board, www.fedstats.gov.

(1) According to the Economic Resource Center (VEC) this information is not available for localities with a population less than 65,000.

(2) Projection based on 5% inflation.

Principal Employers
Current Year and Nine Years Ago

Fiscal Year 2011			
Employer	Employees	Rank	% of Total County Employment
Fluvanna County Public Schools	490	1	3.57%
Fluvanna Correctional Center	480	2	3.49%
Fork Union Military Academy	190	3	1.38%
County of Fluvanna	129	4	0.94%
S&N Locating Services, LLC	100	5	0.73%
Dominion Virginia Power	50	6	0.36%
Karlise In Home Care LLC	50	7	0.36%
Food Lion	50	8	0.36%
Lake Monticello Owners	50	9	0.36%
Dominos Pizza	50	10	0.36%
	<u>1,639</u>		<u>11.93%</u>

Fiscal Year 2002			
Employer	Employees	Rank	% of Total County Employment
Fluvanna County Public Schools	500	1	4.50%
Fluvanna Correctional Center	250	2	2.25%
Thomasville Furniture Industry	250	3	2.25%
Fork Union Military Academy	100	4	0.90%
Lake Monticello Owners	100	5	0.90%
County of Fluvanna	100	6	0.90%
Dominion Virginia Power	99	7	0.89%
Food Lion Inc	50	8	0.45%
Friendship Camp	50	9	0.45%
Correctional Medical Services	50	10	0.45%
Totals	<u>1,549</u>		<u>13.95%</u>

Source: Virginia Employment Commission.
VEC provides a range for the FY2000 top 10 employers.

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

Function	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government	28	28	28	28	33	28	24	24	24	22	21
Judicial administration	9	12	11	13	14	12	12	12	12	12	12
Public safety											
Sheriffs department	29	37	45	43	49	55	51	54	53	53	39
Fire & rescue	0	0	0	0	0	0	0	0	0	0	0
Building inspections	3	3	4	3	3	3	3	4	4	4	3
Animal control	1	1	1	1	1	1	1	2	2	2	2
Public works											
General maintenance	5	8	12	13	13	17	18	18	18	18	18
Landfill	1	4	5	6	5	3	4	4	3	3	0
Engineering	1	1	1	1	1	1	1	1	1	1	0
Health and welfare											
Department of social services	22	22	26	27	29	28	26	21	25	25	22
Culture and recreation											
Parks and recreation	9	5	7	7	5	5	5	7	7	7	5
Museum	0	0	0	0	0	0	0	0	0	0	0
Library	3	3	3	3	3	3	3	6	6	6	3
Community development											
Planning	2	3	4	4	4	4	5	5	5	5	4
Totals	<u>113</u>	<u>127</u>	<u>147</u>	<u>149</u>	<u>160</u>	<u>160</u>	<u>153</u>	<u>158</u>	<u>160</u>	<u>158</u>	<u>129</u>

Source: County Payroll Records.

Operating Indicators by Function
Last Six Fiscal Years

Function	2006	2007	2008	2009	2010	2011
Public safety						
Sheriffs department:						
Physical arrests	844	1121	1735	1625	1985	2246
Traffic violations	n/a	n/a	n/a	n/a	n/a	n/a
Civil papers received	7034	7131	6021	7115	7911	7179
E911:						
Emergency Calls	22,428	24,048	26,000	24058	21158	25507
Fire calls:						
Number of calls answered	1980	1608	1859	1958	1981	963
Building inspections:						
Permits issued	658	698	478	439	385	415
Animal control:						
Number of calls answered	1376	1806	1973	n/a	1852	1952
Public works						
Facilities Service Requests	2840	3420	4500	5280	6000	6950
Landfill:						
Refuse collected (tons/day)	42.84	53.38	27.79	8.88	6.98	7.23
Recycling (tons/day)	0.345	3.477	3.09	n/a	0.62	0.45
Health and welfare						
Department of Social Services:						
Adoption Cases	93	105	87	91	159	154
Adult Services	643	680	649	638	665	765
Child Protective Services Cases	337	187	208	314	262	285
Family Services Cases	1262	1387	1163	1326	1186	1127
Foster Care Cases	308	346	386	376	264	296
VIEW Cases	91	107	143	153	245	229
Auxiliary Grant Cases	121	115	88	76	75	43
General Relief Cases	132	95	96	51	61	30
Medicaid Cases	10680	14257	14687	12618	19122	20930
SLH Applications	51	45	37	27	0	0
SNAP Cases	8676	8361	9615	11512	16463	19341
TANF Cases	341	263	364	404	587	622
Caseload	22735	25948	27523	27586	39089	43822
Culture and recreation						
Parks and recreation:						
Recreation hall permits issued	0	0	0	0	0	0
After-school program participants	98	162	172	180	190	100
Youth sports participants	994	1030	1078	1128	1200	1300
Community development						
Planning:						
Zoning permits issued	330	421	295	246	227	185
Component Unit - School Board						
Education:						
School age population enrolled	3670	3686	3850	3736	3761	3703
Number of teachers	280	291	315	311	303	286
Local expenditures per pupil	\$ 8,053	\$ 8,885	\$ 9,773	\$ 9,967	\$ 9,999	\$ 9,249

Source: Individual county departments

Note: Information not available prior to fiscal year 2006

Capital Asset Statistics by Function
Last Seven Fiscal Years

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

Source: Individual county departments.

Note: Information not available prior to fiscal year 2005

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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 Board of Supervisors
County of Fluvanna
Palmyra, Virginia**

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Fluvanna, Virginia, as of and for the year ended June 30, 2011, which collectively comprise the County of Fluvanna, Virginia's basic financial statements and have issued our report thereon dated December 9, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Fluvanna, Virginia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the County of Fluvanna, Virginia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Fluvanna, Virginia's internal control over financial reporting.

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 County's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Fluvanna, Virginia's financial statements are free of 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*.

We noted certain matters that we reported to management of the County of Fluvanna, Virginia, in a separate letter dated December 9, 2011.

This report is intended solely for the information and use of the Board of Supervisors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Robinson, Farnell, Cox Associates

Charlottesville, Virginia
December 9, 2011

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

**To The Honorable Members of Board of Supervisors
County of Fluvanna
Palmyra, Virginia**

Compliance

We have audited the County of Fluvanna, Virginia's Compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The County of Fluvanna, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of County of Fluvanna, Virginia's management. Our responsibility is to express an opinion on County of Fluvanna, Virginia's compliance based on our audit.

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 the 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. Our audit does not provide a legal determination of the County of Fluvanna, Virginia's compliance with those requirements.

In our opinion, the County of Fluvanna, Virginia complied, in all material respects, with the 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, 2011.

Internal Control Over Compliance

Management of the County of Fluvanna, Virginia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County of Fluvanna, Virginia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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.

Internal Control Over Compliance: (Continued)

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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the audit committee, and Board of Supervisors, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Robinson, Farnell, Cox Associates

Charlottesville, Virginia

December 9, 2011

COUNTY OF FLUVANNA, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2011

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Pass-through Entity Identifying Number	Federal CFDA Number	Federal Expendi- tures
PRIMARY GOVERNMENT:			
<u>DEPARTMENT OF AGRICULTURE:</u>			
<u>Pass through payments:</u>			
Department of Social Services:			
ARRA-State administrative matching grants for the supplemental nutrition assistance program (SNAP Cluster)	0010109/0010110/0040109/0040110	10.561	\$ 6,728
State administrative matching grants for the supplemental nutrition assistance program (SNAP Cluster)	0010109/0010110/0040109/0040110	10.561	166,515
Total Department of Agriculture			\$ 173,243
<u>U. S. DEPARTMENT OF JUSTICE, OFFICE OF JUSTICE PROGRAMS,</u>			
<u>BUREAU OF JUSTICE ASSISTANCE:</u>			
<u>Pass through payments:</u>			
Department of Justice:			
Edward Byrne Memorial justice assistance grant program	N/A	16.592	\$ 103
Bulletproof vest partnership program	N/A	16.607	557
Crime victim assistance	09VAGX0007	16.575	21,823
Total Department of Justice			\$ 22,483
<u>DEPARTMENT OF TRANSPORTATION:</u>			
<u>Pass through payments:</u>			
Virginia Department of Transportation:			
State and community highway safety	SC-2010 50145-3765	20.600	\$ 8,613
Alcohol open container requirements	154AL 11 5134	20.607	15,852
Highway planning and construction	N/A	20.205	10,022
Total Department of Transportation			\$ 34,487
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>			
<u>Pass Through Payments:</u>			
Department of Social Services:			
Promoting safe and stable families	0950109/0950110	93.556	\$ 16,417
Temporary assistance for needy families	0400109/0400110	93.558	133,739
Refugee and entrant assistance - state administered programs	0500109/0500110	93.566	321
Low-income home energy assistance	0600409/0600410	93.568	9,247
Child care and development block grant (Child Care Cluster)	0770109/0770110	93.575	103,585
Child care mandatory and matching funds of the child care and development fund			
Cand development fund (Child Care Cluster)	0760109/0760110	93.596	81,054
ARRA-Child care and development block grant (Child Care Cluster)	0740109/0780109	93.713	23,174
Chafee education and training vouchers	9160108/9160109	93.599	1,600
Child welfare services - state grants	0900109	93.645	728
Foster care-title IV-E	1100109/1100110	93.658	\$ 155,043
ARRA-Foster care-title IV-E	1100109/1100110	93.658	5,116
			\$ 160,159
Adoption assistance	1120109/1120110	93.659	\$ 34,170
ARRA - Adoption assistance	1120109/1120110	93.659	1,895
			\$ 36,065
Social services block grant	1000109/1000110	93.667	98,651
Chafee foster care independence program	915108/9150109/9150110	93.674	5,242
Children's health insurance program	0540109/0540110	93.767	4,500
Medical assistance program	1200109/1200110	93.778	101,273
Total Department of Health and Human Services			\$ 775,755

COUNTY OF FLUVANNA, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Units
Year Ended June 30, 2011 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program Title	Pass-through Entity Identifying Number	Federal CFDA Number	Federal Expendi- tures
PRIMARY GOVERNMENT: (CONTINUED)			
<u>National Endowment for the Arts:</u>			
<u>Pass through payments:</u>			
<u>Virginia commission for the arts</u>			
Promotion of the arts - partnership agreements	99910-10-0440	45.025	\$ 5,000
<u>DEPARTMENT OF HOMELAND SECURITY</u>			
<u>Pass through payments:</u>			
<u>Virginia Department of Emergency Management</u>			
ARRA-Assistance to firefighters grant	N/A	97.115	\$ 141,554
Total Department of Homeland Security			\$ 141,554
Total Primary Government			\$ 1,152,522
COMPONENT UNIT-SCHOOL BOARD:			
<u>DEPARTMENT OF AGRICULTURE:</u>			
<u>Pass through payments:</u>			
Department of Agriculture and Consumer Services:			
Food distribution (Child Care Cluster)	N/A	10.555	\$ 61,567
Department of Education:			
National school lunch program (Child Care Cluster)	10.555/2009/2010	10.555	345,776
			407,343
National school breakfast program (Child Care Cluster)	10.553/2009/2010	10.553	\$ 74,051
Total Department of Agriculture			\$ 481,394
<u>DEPARTMENT OF EDUCATION:</u>			
<u>Pass through payments:</u>			
Department of Education:			
Title 1 grants to local educational agencies (Title I Cluster)	S010A080046	84.010	\$ 824,793
ARRA-Title 1 grants to local educational agencies (Title I Cluster)	S389A090046	84.389	24,645
Special education - grants to states (Special Education Cluster)	H027A090107	84.027	673,513
ARRA-Special education - grants to states (Special Education Cluster)	H391A090107	84.391	520,480
Career and technical education - basic grants to states	V048A070046	84.048	41,298
Adult education - basic grants to states	N/A	84.002	17,102
Special education - preschool grant (Special Education Cluster)	H173A090112	84.173	19,733
ARRA-Special education - preschool grant (Special Education Cluster)	H392A090112	84.392	12,326
School improvement grants	S377A080047	84.377	24,736
Safe and drug - free schools and communities - state grants	Q186A090048	84.186	3,618
ARRA-State fiscal stabilization fund - education state grants	S394A090047	84.394	636,136
Education technology state grants	S318X090046	84.318	3,980
ARRA-Education Jobs Fund	S410A100047	84.410	779,981
Improving teacher quality - state grants	S367A080044	84.367	116,314
Total Department of Education			\$ 3,698,655
Total Component Unit School Board			\$ 4,180,049
Total Expenditures of Federal Awards			\$ 5,332,571

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, 2011

Note 1 - General

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, 2011. 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 assets, or cash flows of the County of Fluvanna, Virginia.

Note 2 - Basis of Accounting

(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 - 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	\$ 1,000,946
Capital Projects Fund	<u>151,576</u>
Total primary government	<u>\$ 1,152,522</u>

Component Unit Public Schools:

School Operating Fund	\$ 3,693,620
School Cafeteria Fund	<u>486,429</u>
Total component unit public schools	<u>\$ 4,180,049</u>

Total federal expenditures per basic financial statements	<u>\$ 5,332,571</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u>\$ 5,332,571</u>
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COUNTY OF FLUVANNA, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
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 auditor's report issued on compliance for major programs:	Unqualified
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
84.027/84.173/84.391/84.392	Special Education Cluster
84.394	ARRA-State Fiscal Stabilization Fund - education state grants
84.410	ARRA - Education Jobs Fund
97.115	ARRA-Assistance to Firefighters Grant

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.