



**County of Fluvanna,
Virginia**

Comprehensive Annual Financial Report

**Fiscal Year Ended
June 30, 2015**

*A great place to live,
learn, work, and play!*

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

Prepared By:

Department of Finance
County of Fluvanna, Virginia
Eric Dahl
Director of Finance

COUNTY OF FLUVANNA, VIRGINIA
Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2015

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COUNTY OF FLUVANNA

"Responsive & Responsible Government"

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

BOARD OF SUPERVISORS

Mozell H. Booker, Chair
Fork Union District

Robert Ullenbruch, Vice Chair
Palmyra District

Mike Sheridan
Columbia District

Donald W. Weaver
Cunningham District

Tony O'Brien
Rivanna District

STAFF

Steven M. Nichols
County Administrator
snichols@fluvannacounty.org

Kelly Belanger Harris
Clerk to the Board
kharris@fluvannacounty.org

December 7, 2015

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

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, 2015. The *Code of Virginia* requires that local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. This report has been prepared by the Department of Finance in accordance with the standards of financial reporting as prescribed by the Governmental Accounting Standards Board (GASB), the Financial Accounting Standards Board (FASB) where applicable, and the Auditor of Public Accounts (APA).

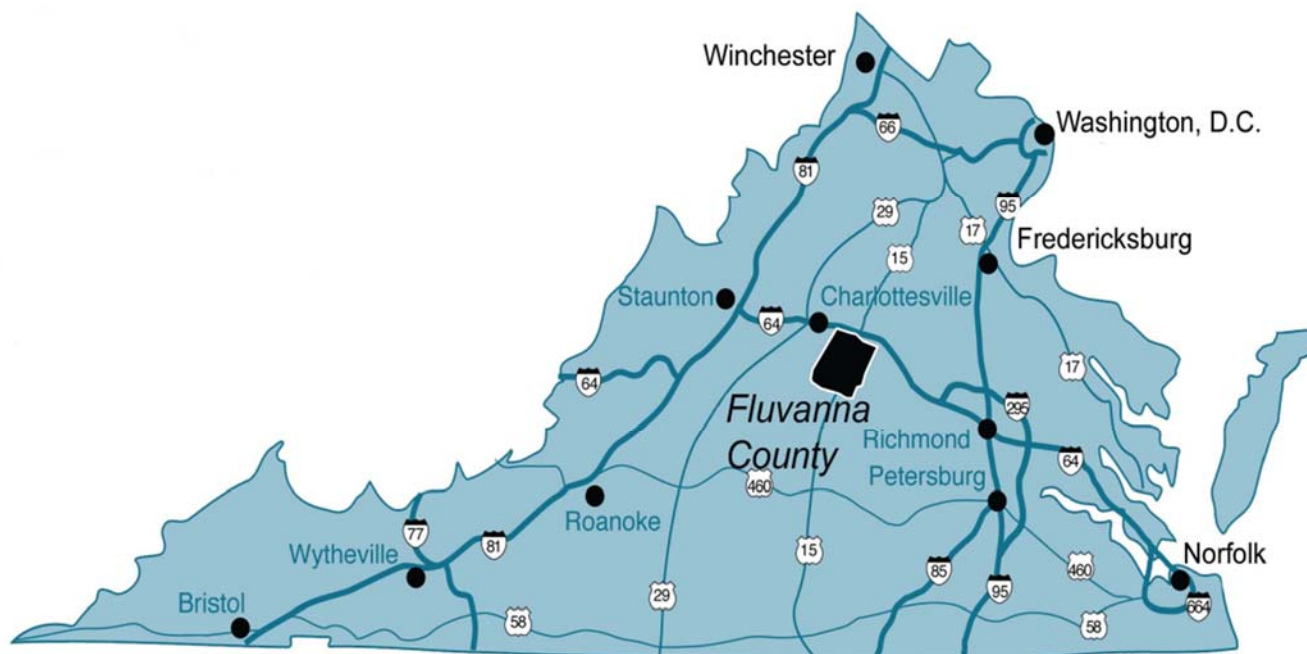
This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and fairness of presentation of all of the information presented in this report. To provide a reasonable basis for making these representations,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

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

The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended June 30, 2015 are fairly presented in all material respects, in conformity with GAAP. The auditors' report is presented as the first component of the financial section of this report.

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

PROFILE OF THE COUNTY



PROFILE OF THE COUNTY (CONTINUED)

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

Fluvanna County is centrally located in the heart of Virginia, 120 miles south of Washington, D.C., 60 miles west of Richmond, Virginia, and 25 miles southeast of Charlottesville, Virginia. The location of the County can be described as the Piedmont Plateau Physiographic Province and is characterized by gently rolling hills. The County encompasses a land area of 282 square miles. Two U.S. primary and two State primary routes traverse the County. The County is bounded, in effect, by Interstate 64 to the north and by the James River to the south. The Rivanna River, the Commonwealth's first designated "Scenic River", bisects the county and joins the James at the historic town of Columbia. Agriculture remains important in Fluvanna's economy. Two-thirds of the county's land is forested with most open land devoted to farming and grazing.

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

The departments of the Board of Supervisors, County Administrator, County Attorney, Commissioner of the Revenue, Treasurer, Information Technology, Finance, Registrar, and Human Resources 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 County residents.

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

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

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

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

PROFILE OF THE COUNTY (CONTINUED)

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

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

The School Board administers its own appropriations within the categories defined by the Commonwealth of Virginia. The Board of Supervisors' financial accountability over the School Board is also limited to approving transfers to the education funds and authorizing school debt issuances. The Fluvanna County Public Schools is the single largest service provided by the County. The elected School Board is composed of five members who represent the five electoral districts. The School Board appoints a Superintendent to administer the policies of the School Board. The school system is comprised of one high school, one middle school, and three elementary schools. The combined enrollment as of June 2015 totaled 3,547 students. The Fluvanna High School Completion Rate is 91.2% (VA On-Time Graduation Rate) with 72% of graduates seeking higher education.

Virginia law requires the County to maintain a balanced budget in each fiscal year. The annual budget serves as the foundation of the County's financial planning and control. These budgetary controls ensure compliance with provisions embodied in the annual appropriated budget approved by the Board of Supervisors. Activities of the general fund and capital projects fund are included in the annual appropriated budget. All agencies and departments of the County are required to submit requests for appropriation to the County Administrator by the date established in the budget calendar. The County Administrator uses these requests as the starting point for developing a proposed budget. Then, the County Administrator presents the proposed budget to the Board who begin 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 placing legal restrictions on expenditures at the fund and function level.

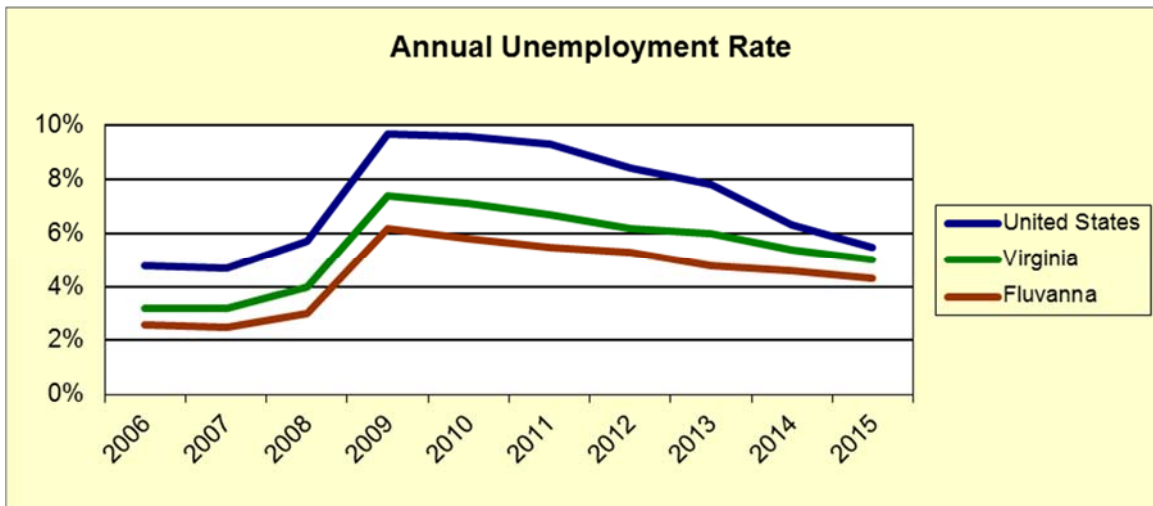
When necessary, the Board of Supervisors approves amendments to the adopted budget in accordance with 15.2-2507, Code of Virginia of 1950, as amended. Budgetary compliance is monitored and reported at the department level. The budget is implemented through appropriations that the Board makes annually,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

FACTORS AFFECTING FINANCIAL CONDITION

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

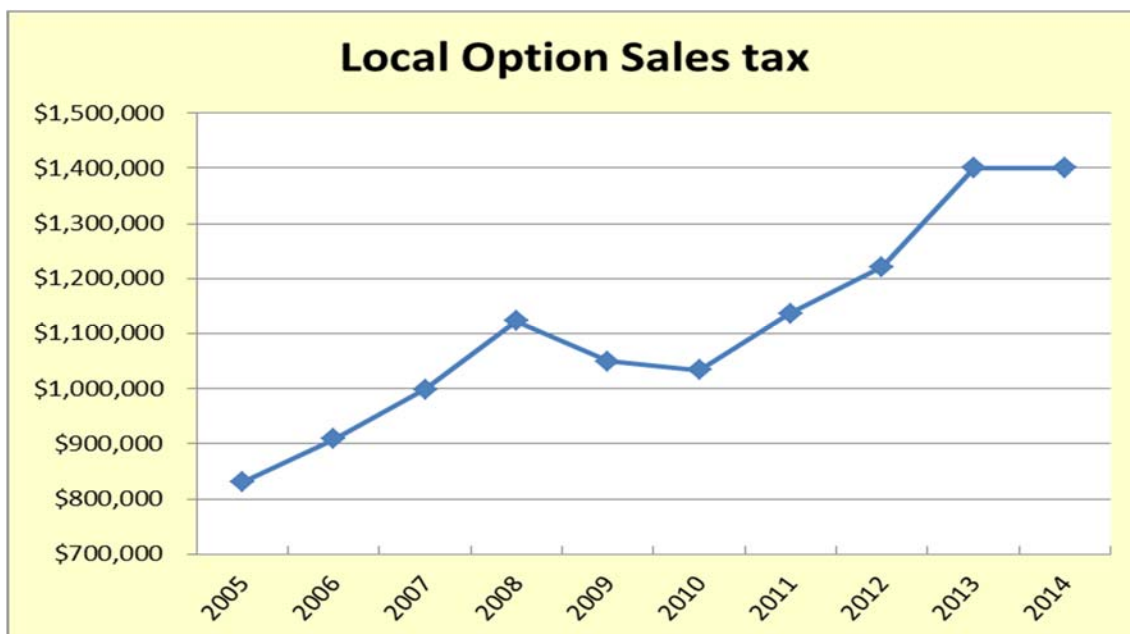
Local Economy

Based on available economic data, the local unemployment rate was 4.3% at June 30, 2015, 0.3% lower than the 4.6% at June 30, 2014. The local unemployment rate compares favorably to the state and national rate of 5.0% and 5.5%, respectively. The predominant industries are government, education, administrative and support services, health care, and retail trade. As seen in the chart below, while unemployment in Fluvanna County continues to compare favorably to the state and national numbers, unemployment remains higher than at pre-recession levels.



Source: Virginia Employment Commission, Local Area Unemployment Statistics

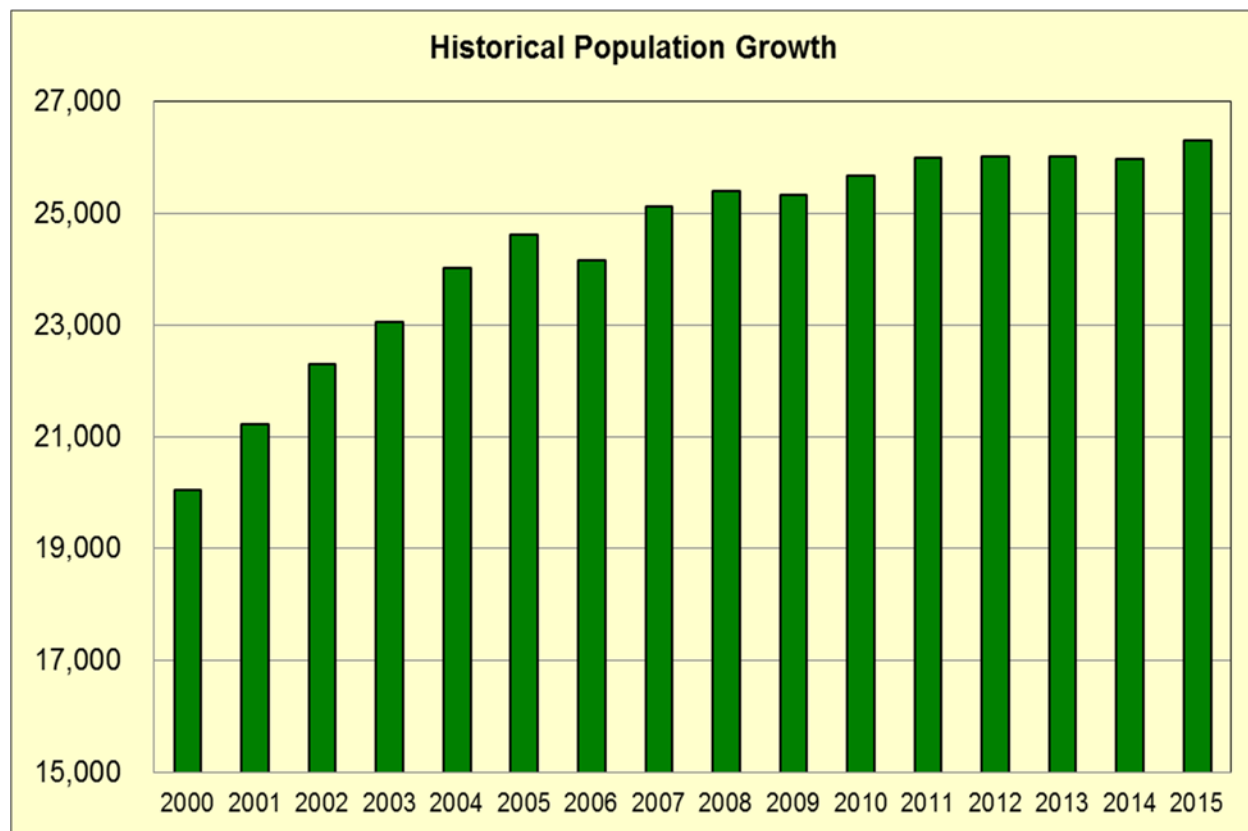
Sales tax revenue can also be an indicator of the overall condition of the County's economy. As seen in the chart below, there has been strong growth in sales tax revenue in Fluvanna County over the past ten years. The effects of the recession are seen in 2009 and 2010; however, local option sales tax revenue has increased 28.7% from 2010 to 2013. In 2014, sales tax revenue has remained unchanged from the 2013 levels.



Source: Virginia Department of Taxation

FACTORS AFFECTING FINANCIAL CONDITION

The population growth in the County has increased over the years due to competitively priced housing, a rural setting, and approximation to major urban centers including Charlottesville, Richmond, and Washington, D.C. Fluvanna County saw an increase of 28.2% between the 2000 and the 2010 census. However, population growth has moderated from 2010 to 2015 at a rate of 6.8%.



Source: Weldon Cooper Center for Public Service

The County received their first formal public credit ratings in July 2008. Standard & Poor's provided a rating of AA- with remarks of "strong wealth and income levels, developing local economy has access to the Charlottesville core based statistical area, and solid financial performance with positive operating results and strong reserves." Moody's provided a rating of Aa2 (recalibration of ratings under the Global Scale) with remarks of "favorable location along Interstate 64 between the major employment centers of Charlottesville (G.O. rated Aaa) and Richmond (G.O. rated Aa3/stable outlook) is expected to support ongoing growth, albeit at more moderate levels." In March 2012, Standard & Poor's affirmed its AA- rating with a stable outlook. In May 2014, Standard & Poor's upgraded its rating for the County from AA- to AA with a stable outlook.

Financial Policies

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

MAJOR INITIATIVES

For fiscal year 2015, 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:

Pleasant Grove Manor House Rehabilitation and Western Trailhead Project

Pleasant Grove Park 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 the interior for Parks & Recreation office space, Welcome Center and Museum 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 conjunction, the Western Trailhead project included construction of an adjoining Comfort Station and parking lot for both the Western Trailhead and the Pleasant Grove House. In collaboration with the Fluvanna Historical Society, funds totaling \$879,761 were raised through Federal, State, and Private grants including a County appropriation of \$495,000. Rehabilitation and construction began in July 2013 and the project was completed in fall 2014.

Municipal Software

In fiscal year 2010, the Board of Supervisors appropriated \$427,000 for the purchase of a financial management software and hardware system. 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. The VA Tax module went live August 2014. To date, all purchased modules have been implemented for the County.

In fiscal year 2014, the Board of Supervisors appropriated \$185,000 for the purchase of the same financial management software and hardware for the School Board. Project implementation began in October 2014. The financial module including general ledger, budgeting, purchasing, and accounts payable went live July 2015. Completion of implementation for the School Board is targeted for summer of 2016.

Fork Union Streetscape Enhancement Project

In fiscal year 2007 and subsequently in fiscal year 2009, the County was awarded 2 VDOT Transportation Enhancement grants in the amount of \$385,000 and the Board of Supervisors appropriated \$96,760 cash from fund balance as a match. A contract for this project was awarded in February 2015 and anticipated completion is September 2015.

E911 Radio Communications System

In fiscal year 2012, the Board of Supervisors appropriated \$3.5 million cash from fund balance for the planning of a new E911 Radio Communication System. In fiscal year 2013, the Board of Supervisors appropriated an additional \$4.0 million cash from fund balance towards the project. A contract was awarded in June 2015 for \$6.6 million. The scheduled completion date for the project is December 2016.

MAJOR INITIATIVES (CONTINUED)

Middle School Renovation

In fiscal year 2015, the Board of Supervisors appropriated \$5.1 million for the renovation of Fluvanna Middle School. The project was funded with long-term debt issued through the Virginia Public School Authority. The project will include a new HVAC system, roofing, new dropped ceilings and LED lighting, gymnasium flooring and other improvements. This project was awarded in spring 2015 and is scheduled for completion in the summer of 2016.

Zion Crossroads Water and Sewer System

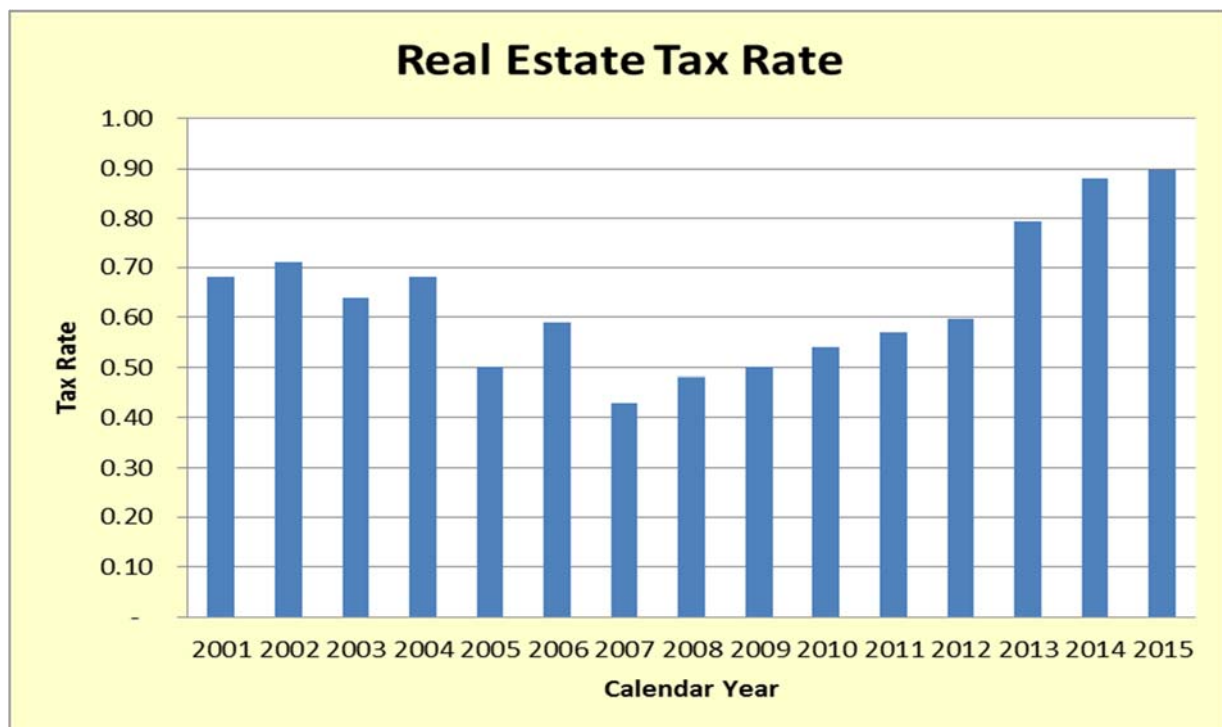
In fiscal year 2014, the Board of Supervisors appropriated \$575,000 cash from fund balance for the design of the Zion Crossroads Water and Sewer System. In fiscal year 2015, the Board of Supervisors appropriated an additional \$4.1 million towards the project, with the anticipated funding source to be long-term debt. Funding for the design of this project is under review, with a project completion date TBD.

James River Water Authority (JRWA) Water System

In fiscal year 2014, the Board of Supervisors appropriated \$175,000 cash from fund balance for initial permitting and design costs of the JRWA Water System. In fiscal year 2015, \$2.8 million was appropriated towards the project design and construction, with the anticipated funding source to be long-term debt. In the same fiscal year, the Board of Supervisors appropriated an additional \$362,500 cash from fund balance for the project. The permitting for this project began in the spring of 2014, with project approvals and completion date TBD.

PROSPECTS FOR THE FUTURE

For the fiscal year 2016, the Board of Supervisors approved an operating budget of \$68.3 million inclusive of a General Fund budget of \$43.4 million and a school fund budget of \$37.3 million. The Board of Supervisors elected to increase the real estate tax rate to \$0.899 per \$100 of assessed value for calendar year 2015. Below is a historical real estate tax rate graph for the County.



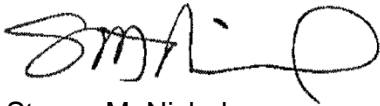
Awards and Acknowledgments

The Governmental Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting (CAFR) to the County of Fluvanna for its comprehensive annual financial report for the fiscal year ended June 30, 2014. This is the eighth year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The preparation of this report could not have been accomplished without the cooperation and dedication of the staff of the Fluvanna County Finance Department, Robinson Farmer Cox Associates, and all County agencies and departments that assisted and contributed to the preparation of this Report. Credit also must be given to the Board of Supervisors for their unwavering support for maintaining the highest standards of professionalism in the management of Fluvanna County's finances.

Respectfully submitted,



Steven M. Nichols
County Administrator



Eric M. Dahl
Director of Finance

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COUNTY OF FLUVANNA, VIRGINIA
DIRECTORY OF PRINCIPAL OFFICIALS
June 30, 2015

Board of Supervisors

Mozell H. Booker, Chair Fork Union District
Robert Ullenbruch, Vice Chair Palmyra District
John M. Sheridan Columbia District
Anthony P. O'Brien Rivanna District
Donald W. Weaver Cunningham District
Kelly Belanger Harris Clerk

Constitutional Officers

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

County Administrative Officials

Steven M. Nichols County Administrator

School Board

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

School Administrative Officials

Gena Keller Superintendent of Schools
Chuck Winkler Assistant Superintendent of Administration

Social Services Board

Kathy Brent, Chair Columbia District
Tom E. Payne, Vice Chair Palmyra District
Linda Y. Mitchell Cunningham District
Deborah T. Johnson Fork Union District
Leonard Gardner Rivanna District
Robert Ullenbruch Board of Supervisor's Representative

Social Services Administrative Official

Kimberly Mabe Director of Social Services

Other Officials

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

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Government Finance Officers Association

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

Presented to

**County of Fluvanna
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

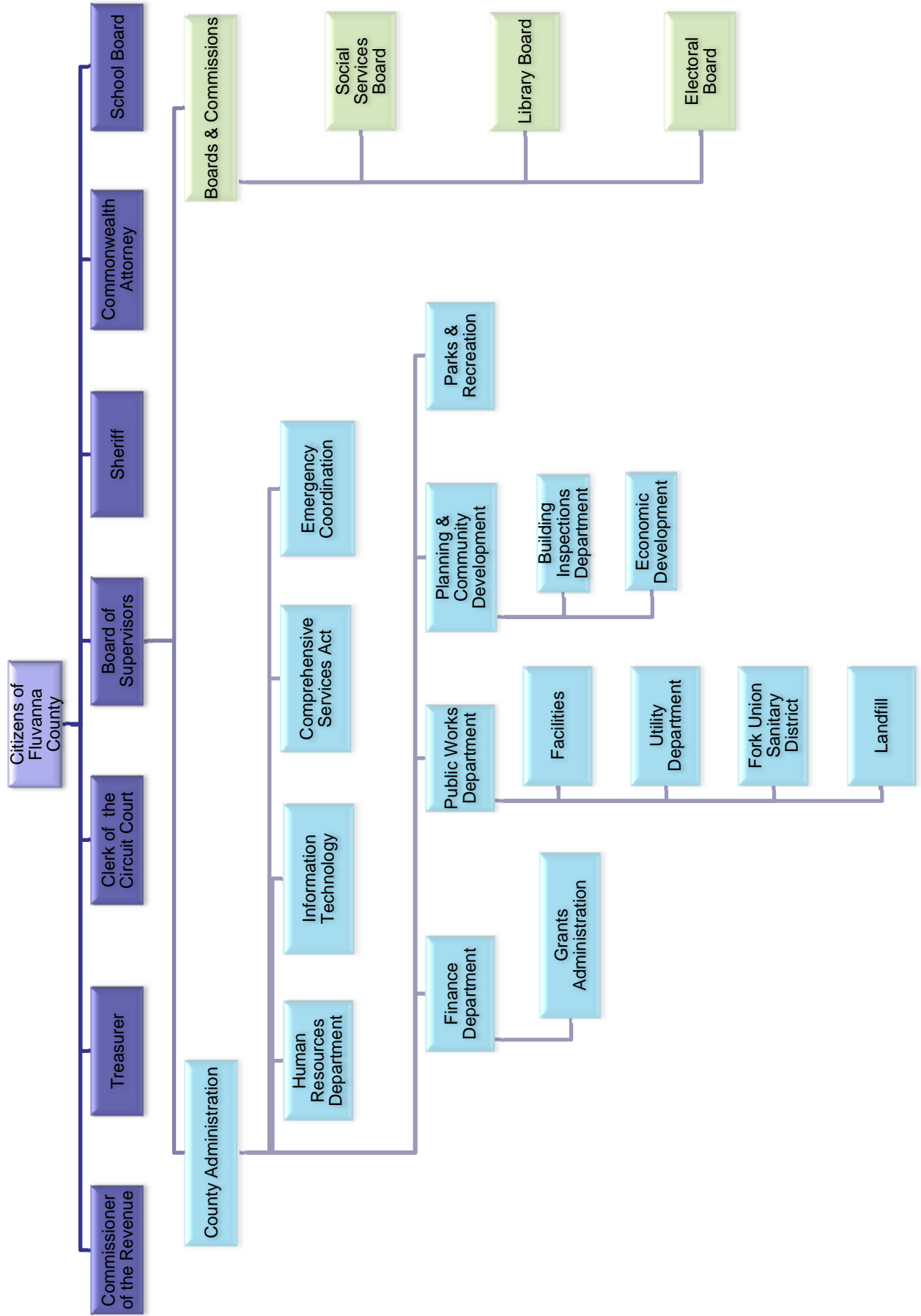
June 30, 2014

A handwritten signature in black ink, reading "Jeffrey R. Egan". The signature is written in a cursive, flowing style.

Executive Director/CEO

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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**

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 20 to the financial statements, in 2015, the County adopted new accounting guidance, GASB Statement Nos. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 21-30, 117, and 118-123 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2015, on our consideration of the County of Fluvanna, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Fluvanna, Virginia's internal control over financial reporting and compliance.

Robinson, Hannul, Cox Associates

Charlottesville, Virginia
December 7, 2015

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The management of the County of Fluvanna, Virginia presents the following discussion and analysis as an overview of the County's financial activities for the fiscal year ended June 30, 2015. We encourage readers to read this discussion and analysis in conjunction with the transmittal letter in the Introductory Section of this report, and the County's financial statements which follow this discussion and analysis.

Financial Highlights

- The assets and deferred outflows of the County exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$44.0 million (net position). Of this amount, \$21.1 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net position increased by \$1.7 million, of which the governmental activities increased by \$1.7 million and business-type activities remained unchanged.
- As of the close of fiscal year 2015, the County's governmental funds reported combined ending fund balances of \$26.6 million (Exhibit 3). Approximately 41.3% of this amount (\$11.0 million) is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unrestricted fund balance (the total of committed, assigned, and unassigned components of fund balance) for the general fund was \$21.8 million, or approximately 54.7% of total general fund expenditures.
- The County's total long-term obligations decreased by \$200,000 during fiscal year 2015. This net decrease was the result of principal payments on existing debt, new debt issuance, debt retirements/refundings and recognition of a net pension liability for fiscal year 2015.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components:

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

Overview of the Financial Statements: (Continued)

Government-Wide Financial Statements

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

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

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

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

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

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

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

Fund Financial Statements

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

Overview of the Financial Statements: (Continued)

Fund Financial Statements: (Continued)

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

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

Proprietary funds – The County maintains two types of Proprietary Funds: enterprise and internal service. Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its water and sewer programs. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer activities, which are considered to be major funds of the County. Internal service funds are an accounting device used to accumulate and allocate for the County's healthcare activities.

Fiduciary funds – The County is the trustee, or fiduciary, for the County's *agency funds*. It is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net 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.

Government-wide Overall Financial Analysis

Statement of Net Position

Table 1 summarizes the Statement of Net Position (Exhibit 1 in the Financial Section of the CAFR) for the primary government as of June 30, 2015 and 2014.

Table 1

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

	Primary Government					
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 47.7	40.6	\$ 0.4	0.3	\$ 48.1	\$ 40.9
Capital assets	101.5	102.9	5.2	5.4	106.7	108.3
Total assets	\$ 149.2	\$ 143.5	\$ 5.6	\$ 5.7	\$ 154.8	\$ 149.2
Total deferred outflows of resources	16.6	16.7	-	-	16.6	16.7
Long-term liabilities outstanding	\$ 100.2	98.0	\$ 1.2	1.5	\$ 101.4	\$ 99.5
Other liabilities	9.1	7.2	0.3	0.2	9.4	7.4
Total liabilities	\$ 109.3	\$ 105.2	\$ 1.5	\$ 1.7	\$ 110.8	\$ 106.9
Total deferred inflows of resources	16.6	14.7	-	-	16.6	14.7
Net position:						
New investment in capital assets	\$ 18.9	18.2	\$ 4.0	4.0	\$ 22.9	\$ 22.2
Unrestricted	21.0	22.1	0.1	0.2	21.1	22.3
Total net position	\$ 39.9	\$ 40.3	\$ 4.1	\$ 4.2	\$ 44.0	\$ 44.5
Implementation of GASB 68	-	(2.1)	-	(0.1)	-	(2.2)
Total net position (as restated in 2014)	<u>\$ 39.9</u>	<u>\$ 38.2</u>	<u>\$ 4.1</u>	<u>\$ 4.1</u>	<u>\$ 44.0</u>	<u>\$ 42.3</u>

As noted earlier, net position over time may serve as a useful indicator of a County's financial position. The County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$44.0 million at the close of the most recent fiscal year. The County's overall net position increased \$1.7 million from the prior year. The reasons for this overall increase are discussed in the following sections for governmental and business-type activities.

The County's investment in capital assets of \$22.9 million, or 52.1% of total net position, reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens, like schools, libraries, law enforcement, fire and emergency medical services. Consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities (i.e., the County's investment in capital assets is of a permanent nature, as assets acquired are generally not sold or otherwise disposed of during their useful life).

The remaining \$21.1 million balance of net position is unrestricted and may be used to meet the County's ongoing obligations to citizens and creditors.

Government-wide Overall Financial Analysis: (Continued)

Statement of Activities

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

Table 2

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

	Primary Government					
	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 0.6	\$ 0.5	\$ 0.4	\$ 0.3	\$ 1.0	\$ 0.8
Operating grants and contributions	4.9	4.8	-	-	4.9	4.8
Capital grants and contributions	0.3	0.9	-	-	0.3	0.9
General revenues:						
General property taxes	30.8	28.6	-	-	30.8	28.6
Other local taxes	3.0	2.9	-	-	3.0	2.9
Use of money and property	0.1	0.1	-	-	0.1	0.1
C/VA non-categorical aid	4.0	4.0	-	-	4.0	4.0
Other general revenues	0.1	0.3	-	-	0.1	0.3
Total revenues	\$ 43.8	\$ 42.1	\$ 0.4	\$ 0.3	\$ 44.2	\$ 42.4
Expenses:						
General government						
administration	\$ 2.9	\$ 2.1	\$ -	\$ -	\$ 2.9	\$ 2.1
Judicial administration	1.2	1.2	-	-	1.2	1.2
Public safety	6.6	6.5	-	-	6.6	6.5
Public works	2.4	2.1	-	-	2.4	2.1
Health and welfare	4.9	5.0	-	-	4.9	5.0
Education	18.4	19.4	-	-	18.4	19.4
Parks, recreation, and cultural	0.8	0.8	-	-	0.8	0.8
Community development	0.8	0.7	-	-	0.8	0.7
Interest and other fiscal charges	3.9	3.4	-	-	3.9	3.4
Water	-	-	0.4	0.3	0.4	0.3
Sewer	-	-	0.2	0.2	0.2	0.2
Total expenses	\$ 41.9	\$ 41.2	\$ 0.6	\$ 0.5	\$ 42.5	\$ 41.7
Increase in net position before transfers	\$ 1.9	\$ 0.9	\$ (0.2)	\$ (0.2)	\$ 1.7	\$ 0.7
Transfers	(0.2)	(0.2)	0.2	0.2	-	-
Increase in net position	\$ 1.7	\$ 0.7	\$ -	\$ -	\$ 1.7	\$ 0.7
Net position, July 1, 2014 (restated)	38.2	39.6	4.1	4.2	42.3	43.8
Net position, June 30, 2015	\$ 39.9	\$ 40.3	\$ 4.1	\$ 4.2	\$ 44.0	\$ 44.5

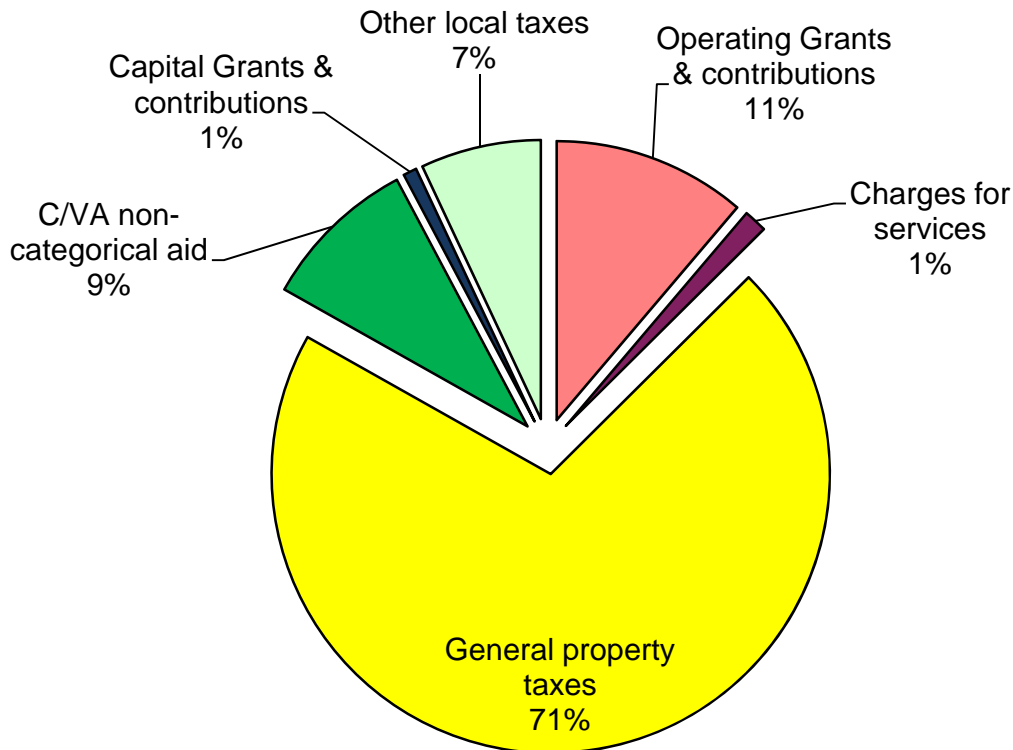
Government-wide Overall Financial Analysis: (Continued)

Statement of Activities: (Continued)

The net position for governmental activities increased \$1.7 million for the current fiscal year, for an ending balance of \$39.9 million. Generally, net asset changes are the result of the difference between revenues and expenses. Total revenues increased \$1.7 million in the current fiscal year, over the previous fiscal year. Key revenue elements include:

- General property taxes are the largest source of County revenue, totaling \$30.8 million for fiscal year 2015, an increase of \$2.2 million, or 7.7%, in comparison to fiscal year 2014. This increase was a result of the real property tax rate increasing from \$0.88 in calendar year 2014 to \$0.899 in calendar year 2015, the personal property tax rate increasing from \$4.15 in calendar year 2014 to \$4.35 in calendar year 2015, as well as higher than anticipated collection of delinquent real property and personal property taxes.
- Capital grants and contributions decreased \$600,000, while the net of all other remaining revenues reflect a \$100,000 increase.

**Governmental Activities - Revenues by Source
For the Fiscal Year Ended June 30, 2015**



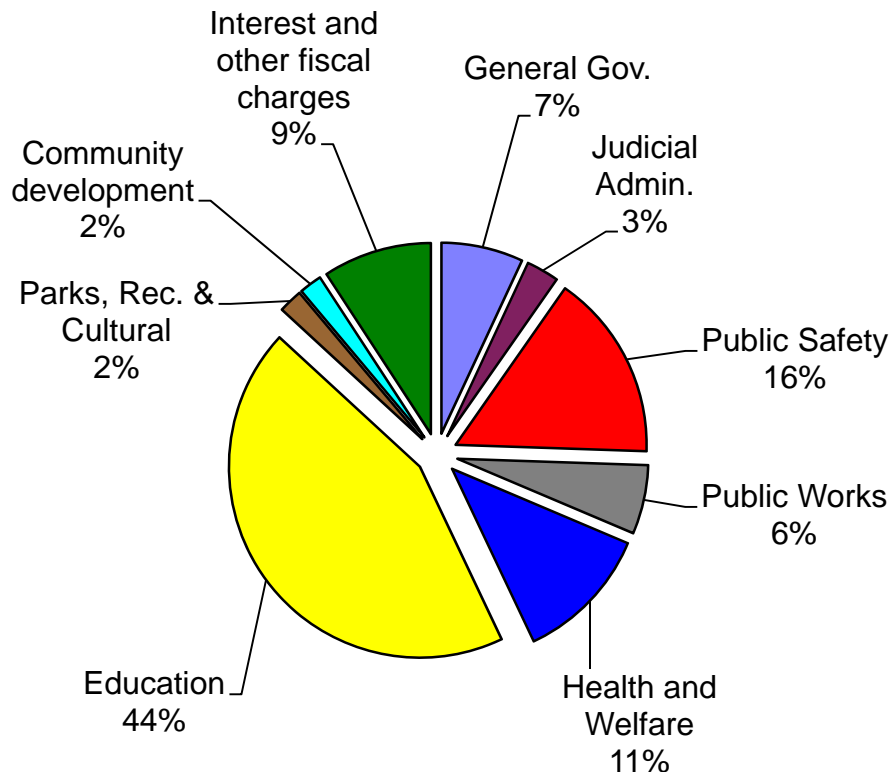
Government-wide Overall Financial Analysis: (Continued)

For the fiscal year June 30, 2015, the expenses for governmental activities totaled \$41.9 million, an increase of \$700,000 compared to the prior fiscal year. Key expense elements include:

- General Government Administration expenses increased \$800,000, primarily as a result of increased legal and attorney costs and a slight increase in capital spending.
- Public Works expenses increased \$300,000 as a result of addressing deferred maintenance costs and increased capital spending.
- Education expenses decreased \$1.0 million over the previous fiscal year, with 66% being attributed to a decrease in operational costs and the remaining from a decrease in capital spending.
- Interest and other fiscal charges increased \$500,000 from the previous fiscal year.

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

Governmental Activities Functional Expenses For the Fiscal Year Ended June 30, 2015



Business-Type Activities – For the County's business-type activities, the net position for the current fiscal year remains unchanged for an ending balance of \$4.1 million. While revenues and expenses were virtually unchanged from the previous fiscal year, expenses continue to outpace revenues by \$200,000. A transfer from the General Fund of \$200,000 resulted in the net position remaining unchanged.

Financial Analysis of the Governmental Funds

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

Governmental Funds

At June 30, 2015, the County's governmental funds reported combined ending fund balances of \$26.6 million (Exhibit 3), increasing in comparison with the prior year by \$4.2 million. Of the \$26.6 million fiscal year 2015 fund balance, \$700,000 is nonspendable from the purchase of prepaid capital assets and a note receivable. \$4.0 million is classified as restricted to indicate that it can only be spent for specific purposes as stipulated by external resource providers such as debt covenants. \$10.8 million is classified as committed to indicate that it has been set aside for specific purposes by the County's Board of Supervisors, and \$11.0 million is unassigned or available for any purpose, but maintained at targeted levels in accordance with sound financial management practices.

The General Fund is the main operating fund of the County. The fund balance of the General Fund remained basically unchanged (Exhibit 4) at \$21.8 million during fiscal year 2015, of which \$10.7 million is committed and \$11.0 is unassigned. The fund balance remained unchanged due to \$3.2 million excess of revenues over expenditures, offset by \$3.2 million of interfund transfers for the Capital Improvements Fund and the Sewer Fund. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total General Fund revenues. Unassigned fund balance represents 25.4% of General Fund revenues for fiscal year 2015. The Board of Supervisors uses a policy to maintain unassigned General Fund balance at a minimum of 12% of the total General Fund revenues and component unit – school board operating revenues reduced by the General Fund contribution. The unassigned fund balance in the General Fund exceeds this guideline by \$3.2 million.

The fund balance in the Capital Projects Fund increased by \$4.2 million, to a balance of \$4.8 million for fiscal year 2015. This increase resulted from bonds proceeds issued for the middle school capital project.

Proprietary Funds

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

General Fund Budgetary Highlights

General fund budget amendments resulted in an increase of \$650,000 between the original budget and the final budget. Significant appropriations included:

- \$150,000 increase for EMS operations
- \$400,000 increase for the Comprehensive Services Act
- \$300,000 increase for legal fees
- \$200,000 net reduction for transfers to capital projects

Capital Asset and Debt Administration

Capital assets

The County's investment in capital assets as of June 30, 2015 totals \$106.7 million, net of accumulated depreciation. This represents a decrease of \$1.4 million, or 1.3% below fiscal year 2014. Capital assets are illustrated in Table 3 below.

Table 3

(\$ in millions)

	Governmental Activities	Business-type Activities	Totals at June 30	
			2015	2014
Land and improvements	\$ 1.8	\$ 0.3	\$ 2.1	2.1
Construction in progress - jointly owned	1.4	-	1.4	-
Construction in progress	1.0	-	1.0	2.7
Subtotal, capital assets not being depreciated	\$ 4.2	\$ 0.3	\$ 4.5	4.8
Buildings and improvements	\$ 21.6	\$ -	\$ 21.6	20.2
Equipment	7.4	0.2	7.6	6.6
Infrastructure	-	6.9	6.9	6.9
Jointly owned assets	86.8	-	86.8	87.6
Subtotal, capital assets being depreciated	\$ 115.8	\$ 7.1	\$ 122.9	121.3
Less: accumulated depreciation	\$ 18.5	\$ 2.2	\$ 20.7	18.0
Net capital assets being depreciated	\$ 97.3	\$ 4.9	\$ 102.2	103.3
Governmental activities capital assets, net	\$ 101.5	\$ 5.2	\$ 106.7	108.1

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

Long-term debt

Table 4 illustrates the County's outstanding debt at June 30, 2015.

Table 4

(\$ in millions)

	Governmental Activities	Business-type Activities	Totals at June 30	
			2015	2014
General obligations bonds	\$ 91.2	\$ -	\$ 91.2	90.3
Public facility bonds			-	3.6
State moral obligation bonds	3.5	-	3.5	-
Utility bonds	-	1.2	1.2	1.4
Capital lease obligations	0.6	-	0.6	0.9
Total	\$ 95.3	\$ 1.2	\$ 96.5	96.2

The County has adopted two debt ratios as a management tool. The first ratio adopted limits the annual general governmental debt service to no more than 12% of total General Fund revenues. In fiscal year 2015, the County's debt service to revenue ratio was 16.5%, which decreased 1% from the previous fiscal year. The second ratio is the net general obligation of debt to assessed value which should not exceed 3.5%. This ratio measures the relationship between County's tax-supported debts to the taxable value of property in the County. In fiscal year 2015, this ratio decreased to 3.0% (Table 10).

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

Economic Factors and Next Year's Budgets and Rates

Economic Factors

The local unemployment rate was 4.3% at June 30, 2015, a modest improvement from 4.6% at June 30, 2014. The local unemployment rate compares favorably to the State's rate of 5.0% and national rate of 5.5% for the same period.

Fiscal Year 2016 Budget and Rates

For the fiscal year ending June 30, 2016, the adopted budget is \$68.3 million, a decrease of \$11.8 million from fiscal year 2015. This decrease was the result of significantly reduced capital improvement projects over those approved for fiscal year 2015.

For calendar year 2015 the real estate tax rate increased from \$0.88 to \$0.899 per \$100 of assessed value.

Key factors that are expected to impact future budgets include:

- Continued recovery of the economy
- Federal and State funding
- Debt service for capital projects
- Revenue from EMS Cost Recovery implementation

Requests for Information

This financial report is designed to provide a general overview of the County of Fluvanna, Virginia's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, 132 Main Street, Fluvanna, Virginia 22963.

BASIC FINANCIAL STATEMENTS

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Government-wide Financial Statements

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Statement of Net Position
At June 30, 2015

	Primary Government			Component Unit	Component Unit
	Governmental Activities	Business Type Activities	Total	School Board	Fluvanna County EDA
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 20,874,311	\$ 317,124	\$ 21,191,435	\$ 2,192,711	\$ 70,092
Restricted assets	5,030,158	-	5,030,158	-	-
Receivables (net of allowance for uncollectibles):					
Property taxes	18,089,266	-	18,089,266	-	-
Accounts receivable	143,213	40,204	183,417	16,217	-
Notes receivable	118,000	-	118,000	-	-
Prepaid expenses	547,549	-	547,549	-	-
Due from other governments	2,671,706	-	2,671,706	807,978	-
Total Current Assets	\$ 47,474,203	\$ 357,328	\$ 47,831,531	\$ 3,016,906	\$ 70,092
Noncurrent Assets					
Net other postemployment benefit asset	\$ 234,823	\$ -	\$ 234,823	\$ -	\$ -
Net pension asset	\$ -	\$ -	\$ -	\$ 183,433	\$ -
Capital assets (net of accumulated depreciation):					
Land	\$ 1,782,916	\$ 296,176	\$ 2,079,092	\$ 369,782	\$ -
Buildings and improvements	15,432,207	1,993	15,434,200	3,763,702	-
Infrastructure	-	4,908,642	4,908,642	-	-
Equipment	2,537,236	22,960	2,560,196	1,460,259	-
Jointly owned assets	79,347,817	-	79,347,817	7,063,079	-
Construction in progress	2,437,674	-	2,437,674	784,945	-
Total capital assets	\$ 101,537,850	\$ 5,229,771	\$ 106,767,621	\$ 13,441,767	\$ -
Total Noncurrent Assets	\$ 101,772,673	\$ 5,229,771	\$ 107,002,444	\$ 13,625,200	\$ -
Total Assets	\$ 149,246,876	\$ 5,587,099	\$ 154,833,975	\$ 16,642,106	\$ 70,092
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	\$ 15,964,713	\$ -	\$ 15,964,713	\$ -	\$ -
Pension contributions subsequent to measurement date	636,658	16,667	653,325	2,930,683	-
Total Deferred Outflows of resources	\$ 16,601,371	\$ 16,667	\$ 16,618,038	\$ 2,930,683	\$ -
Total Assets and Deferred Outflows of Resources	\$ 165,848,247	\$ 5,603,766	\$ 171,452,013	\$ 19,572,789	\$ 70,092
LIABILITIES					
Current Liabilities					
Accounts payable and other current liabilities	\$ 2,443,097	\$ 24,062	\$ 2,467,159	\$ 2,820,887	\$ -
Amounts held for others	99,769	-	99,769	-	-
Unearned revenue - grants	1,785	-	1,785	-	-
Accrued interest payable	1,518,847	-	1,518,847	-	-
Notes payable	-	118,000	118,000	-	-
Current portion of long-term obligations	5,045,456	98,930	5,144,386	167,034	-
Total Current Liabilities	\$ 9,108,954	\$ 240,992	\$ 9,349,946	\$ 2,987,921	\$ -
Noncurrent Liabilities					
Noncurrent portion of long-term obligations	100,241,984	1,209,803	101,451,787	30,308,039	-
Total Liabilities	\$ 109,350,938	\$ 1,450,795	\$ 110,801,733	\$ 33,295,960	\$ -
DEFERRED INFLOWS OF RESOURCES					
Deferred revenues - taxes	\$ 15,545,817	\$ -	\$ 15,545,817	\$ -	\$ -
Items related to measurement of net pension liability/asset	1,059,612	31,268	1,090,880	6,252,764	-
Total Deferred Inflows of resources	\$ 16,605,429	\$ 31,268	\$ 16,636,697	\$ 6,252,764	\$ -
NET POSITION					
Net investment in capital assets	\$ 18,855,190	\$ 3,979,806	\$ 22,834,996	\$ 13,625,200	\$ -
Unrestricted	21,036,690	141,897	21,178,587	(33,601,135)	70,092
Total Net Position	\$ 39,891,880	\$ 4,121,703	\$ 44,013,583	\$ (19,975,935)	\$ 70,092
Total Liabilities, Deferred Outflows of Resources, and Net Position	\$ 165,848,247	\$ 5,603,766	\$ 171,452,013	\$ 19,572,789	\$ 70,092

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

COUNTY OF FLUVANNA, VIRGINIA

Statement of Activities
Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 2,912,977	\$ -	\$ 284,209	\$ -
Judicial administration	1,164,502	63,426	542,437	-
Public safety	6,642,850	332,650	1,316,354	39,000
Public works	2,451,166	76,198	8,569	-
Health and welfare	4,861,639	-	2,674,150	-
Education	18,425,758	-	-	-
Parks, recreation, and cultural	850,915	116,282	69,703	299,485
Community development	806,016	-	-	-
Interest on long-term debt	3,864,041	-	-	-
Total governmental activities	\$ 41,979,864	\$ 588,556	\$ 4,895,422	\$ 338,485
Business-type activities:				
Fork Union Sanitary District	\$ 385,374	\$ 356,573	\$ -	\$ -
Sewer	207,350	22,822	-	-
Total business-type activities	\$ 592,724	\$ 379,395	\$ -	\$ -
Total primary government	\$ 42,572,588	\$ 967,951	\$ 4,895,422	\$ 338,485
COMPONENT UNITS:				
School Board	\$ 37,362,634	\$ 745,973	\$ 21,069,594	\$ -
Fluvanna County EDA	1,212	2,500	-	-
Total component units	\$ 37,363,846	\$ 748,473	\$ 21,069,594	\$ -
General revenues:				
General property taxes				
Local sales and use taxes				
Consumer utility taxes				
Motor vehicle license taxes				
Recordation taxes				
Other local taxes				
Commonwealth of Virginia non-categorical aid				
Unrestricted revenues from use of money and property				
Miscellaneous				
Contribution from county				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning, as restated				
Net position - ending				

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Unit	Component Unit
Governmental Activities	Business Type Activities	Total	School Board	Fluvanna County EDA
\$ (2,628,768)	\$ -	\$ (2,628,768)	\$ -	\$ -
(558,639)	-	(558,639)	-	-
(4,954,846)	-	(4,954,846)	-	-
(2,366,399)	-	(2,366,399)	-	-
(2,187,489)	-	(2,187,489)	-	-
(18,425,758)	-	(18,425,758)	-	-
(365,445)	-	(365,445)	-	-
(806,016)	-	(806,016)	-	-
(3,864,041)	-	(3,864,041)	-	-
<u>\$ (36,157,401)</u>	<u>\$ -</u>	<u>\$ (36,157,401)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ (28,801)	\$ (28,801)	\$ -	\$ -
-	(184,528)	(184,528)	-	-
<u>\$ -</u>	<u>\$ (213,329)</u>	<u>\$ (213,329)</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ (213,329)</u>	<u>\$ (36,370,730)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (15,547,067)	\$ -
-	-	-	-	1,288
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (15,547,067)</u>	<u>\$ 1,288</u>
\$ 30,857,284	\$ -	\$ 30,857,284	\$ -	\$ -
1,413,860	-	1,413,860	-	-
428,843	-	428,843	-	-
703,417	-	703,417	-	-
239,086	-	239,086	-	-
267,393	-	267,393	-	-
3,966,837	-	3,966,837	-	-
59,654	-	59,654	12,224	48
76,133	-	76,133	893,392	-
-	-	-	16,082,599	1,000
(193,783)	193,783	-	-	-
<u>\$ 37,818,724</u>	<u>\$ 193,783</u>	<u>\$ 38,012,507</u>	<u>\$ 16,988,215</u>	<u>\$ 1,048</u>
\$ 1,661,323	\$ (19,546)	\$ 1,641,777	\$ 1,441,148	\$ 2,336
38,230,557	4,141,249	42,371,806	(21,417,083)	67,756
<u>\$ 39,891,880</u>	<u>\$ 4,121,703</u>	<u>\$ 44,013,583</u>	<u>\$ (19,975,935)</u>	<u>\$ 70,092</u>

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Fund Financial Statements

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Balance Sheet - Governmental Funds
At June 30, 2015

	Governmental Funds		Total Governmental Funds
	General	Capital Projects	
ASSETS			
Cash and cash equivalents	\$ 20,551,824	\$ 322,487	\$ 20,874,311
Cash in custody of others	-	5,030,158	5,030,158
Receivables (Net of allowance for uncollectibles):			
Taxes, including penalties	18,089,266	-	18,089,266
Accounts	133,045	10,168	143,213
Notes receivable	118,000	-	118,000
Prepaid items	15,933	531,616	547,549
Due from other governmental units	2,563,133	108,573	2,671,706
Total assets	<u>\$ 41,471,201</u>	<u>\$ 6,003,002</u>	<u>\$ 47,474,203</u>
LIABILITIES			
Accounts payable and accrued expenses	\$ 1,224,471	\$ 1,218,626	\$ 2,443,097
Unearned revenue - grants	1,785	-	1,785
Amounts held for others	99,769	-	99,769
Total liabilities	<u>\$ 1,326,025</u>	<u>\$ 1,218,626</u>	<u>\$ 2,544,651</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	\$ 18,299,676	\$ -	\$ 18,299,676
FUND BALANCES			
Nonspendable	\$ 133,933	\$ 531,616	\$ 665,549
Restricted	-	3,963,624	3,963,624
Committed	10,737,302	51,292	10,788,594
Assigned	-	237,844	237,844
Unassigned	10,974,265	-	10,974,265
Total fund balances	<u>\$ 21,845,500</u>	<u>\$ 4,784,376</u>	<u>\$ 26,629,876</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 41,471,201</u>	<u>\$ 6,003,002</u>	

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

When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the assets of the County as a whole.	\$ 101,537,850
The net other postemployment benefits asset is not an available resource and, therefore, is not reported in the funds.	234,823
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(1,518,847)
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay current-period expenditures. Those assets (for example, receivables) are offset by unavailable revenues in the governmental funds and thus are not included in the fund balance.	
Unavailable revenue - property taxes	2,753,859
Items related to measurement of net pension liability	(1,059,612)
Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds.	636,658
Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities--both current and long-term--are reported in the statement of net position.	(89,322,727)
Net position of General Government Activities	<u>\$ 39,891,880</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, 2015

	Governmental Funds		Total Governmental Funds
	General	Capital Projects	
Revenues:			
General property taxes	\$ 30,390,483	\$ -	\$ 30,390,483
Other local taxes	3,052,599	-	3,052,599
Permits, privilege fees and regulatory licenses	328,492	-	328,492
Fines and forfeitures	19,127	-	19,127
Revenue from use of money and property	54,674	4,980	59,654
Charges for services	240,937	-	240,937
Miscellaneous	55,633	20,500	76,133
Recovered costs	149,284	10,168	159,452
Intergovernmental:			
Commonwealth	7,729,139	39,000	7,768,139
Federal	1,133,120	299,485	1,432,605
Total revenues	<u>\$ 43,153,488</u>	<u>\$ 374,133</u>	<u>\$ 43,527,621</u>
Expenditures:			
Current:			
General government administration	\$ 2,910,378	\$ 63,048	\$ 2,973,426
Judicial administration	1,033,414	-	1,033,414
Public safety	6,112,889	391,452	6,504,341
Public works	1,697,865	972,744	2,670,609
Health and welfare	4,900,555	-	4,900,555
Education	14,622,154	2,528,781	17,150,935
Parks, recreation, and cultural	805,852	249,624	1,055,476
Community development	665,223	406,834	1,072,057
Nondepartmental	26,199	-	26,199
Debt service:			
Principal retirement	3,771,148	3,532,000	7,303,148
Interest and other fiscal charges	3,353,610	79,958	3,433,568
Bond issuance cost	-	137,388	137,388
Total expenditures	<u>\$ 39,899,287</u>	<u>\$ 8,361,829</u>	<u>\$ 48,261,116</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 3,254,201</u>	<u>\$ (7,987,696)</u>	<u>\$ (4,733,495)</u>
Other financing sources (uses):			
Transfers in	\$ -	\$ 2,999,934	\$ 2,999,934
Transfers (out)	(3,193,717)	-	(3,193,717)
Premium cost on issuance of bonds	-	1,255,125	1,255,125
Issuance of long-term debt	-	7,940,000	7,940,000
Total other financing sources (uses)	<u>\$ (3,193,717)</u>	<u>\$ 12,195,059</u>	<u>\$ 9,001,342</u>
Changes in fund balances	\$ 60,484	\$ 4,207,363	\$ 4,267,847
Fund balances at beginning of year	<u>21,785,016</u>	<u>577,013</u>	<u>22,362,029</u>
Fund balances at end of year	<u>\$ 21,845,500</u>	<u>\$ 4,784,376</u>	<u>\$ 26,629,876</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, 2015

		<u>Primary Government Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balances - total governmental funds	\$	4,267,847
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period. The following details support this adjustment.		
Capital outlay	\$ 2,253,152	
Depreciation expense	<u>(3,253,980)</u>	(1,000,828)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position		
		(6,000)
Transfer of joint tenancy assets from Primary Government to the Component Unit		
		(158,985)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. Details of this item consist of the change in unavailable taxes.		
Unearned revenue - property taxes	\$ 466,801	
Increase (decrease) in deferred inflows related to the measurement of the net pension liability	<u>(1,059,612)</u>	(592,811)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. A summary of items supporting this adjustment is as follows:		
Proceeds from debt issued	\$ (7,940,000)	
Premium on issuance of debt	(1,255,125)	
Principal retired on school general obligation bonds	3,146,773	
Principal retired on public facility bonds	3,615,900	
Principal retired on capital lease obligations	230,624	
Principal retired on state literary fund loans	309,851	
Landfill postclosure costs	<u>25,871</u>	(1,866,106)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. The following is a summary of items supporting this adjustment:		
Change in compensated absences	\$ 6,673	
Change in net other postemployment benefits asset	2,618	
Deferred amount on refunding	(764,976)	
Amortization of bond discount	(31,697)	
Amortization of bond premium	542,835	
Change in net pension liability	1,439,378	
Change in deferred outflows related to pension payments subsequent to the measurement date	(99,345)	
Change in accrued interest payable	<u>(77,280)</u>	1,018,206
Change in net position of governmental activities	\$	<u><u>1,661,323</u></u>

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

Statement of Net Position
 Proprietary Funds
 At June 30, 2015

	Business-Type Activities - Enterprise Funds		
	Fork Union Sanitary District	Sewer	Totals
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 498	\$ 316,626	\$ 317,124
Accounts receivable	37,961	2,243	40,204
Total Current Assets	\$ 38,459	\$ 318,869	\$ 357,328
Noncurrent Assets			
Capital assets:			
Land and construction in progress	\$ 11,736	\$ 284,440	\$ 296,176
Other capital assets, net of depreciation	1,699,905	3,233,690	4,933,595
Total Noncurrent Assets	\$ 1,711,641	\$ 3,518,130	\$ 5,229,771
Total Assets	\$ 1,750,100	\$ 3,836,999	\$ 5,587,099
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions subsequent to measurement date	\$ 12,435	\$ 4,232	\$ 16,667
Total Assets and Deferred Outflows of Resources	\$ 1,762,535	\$ 3,841,231	\$ 5,603,766
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	\$ 13,461	\$ 10,601	\$ 24,062
Note payable	118,000	-	118,000
Current portion of long-term obligations	38,169	60,761	98,930
Total Current Liabilities	\$ 169,630	\$ 71,362	\$ 240,992
Noncurrent Liabilities			
Noncurrent portion of long-term obligations	\$ 533,668	\$ 676,135	\$ 1,209,803
Total Liabilities	\$ 703,298	\$ 747,497	\$ 1,450,795
DEFERRED INFLOWS OF RESOURCES			
Items related to measurement of net pension liability	\$ 23,818	\$ 7,450	\$ 31,268
NET POSITION			
Net investment in capital assets	\$ 1,181,676	\$ 2,798,130	\$ 3,979,806
Unrestricted	(146,257)	288,154	141,897
Total Net Position	\$ 1,035,419	\$ 3,086,284	\$ 4,121,703
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 1,762,535	\$ 3,841,231	\$ 5,603,766

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

Statement of Revenues, Expenses and Changes in Net Position --
 Proprietary Funds
 Year Ended June 30, 2015

	Business-Type Activities - Enterprise Funds		
	Fork Union Sanitary District	Sewer	Totals
Operating revenues:			
Charges for services	\$ 356,573	\$ 22,822	\$ 379,395
Total operating revenues	\$ 356,573	\$ 22,822	\$ 379,395
Operating expenses:			
Personal services	\$ 128,844	\$ 43,328	\$ 172,172
Fringe benefits	41,227	15,338	56,565
Contractual services	16,147	22,548	38,695
Other charges	87,171	29,521	116,692
Depreciation	87,280	96,615	183,895
Total operating expenses	\$ 360,669	\$ 207,350	\$ 568,019
Operating income (loss)	\$ (4,096)	\$ (184,528)	\$ (188,624)
Nonoperating revenues (expenses):			
Interest expense	\$ (24,705)	\$ -	\$ (24,705)
Total nonoperating revenues (expenses)	\$ (24,705)	\$ -	\$ (24,705)
Income (loss) before contributions and transfers	\$ (28,801)	\$ (184,528)	\$ (213,329)
Transfers			
Transfers in	\$ -	\$ 193,783	\$ 193,783
Change in net position	\$ (28,801)	\$ 9,255	\$ (19,546)
Net position at beginning of year, as restated	1,064,220	3,077,029	4,141,249
Net position at end of year	\$ 1,035,419	\$ 3,086,284	\$ 4,121,703

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

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2015

	Business-Type Activities - Enterprise Funds		
	Fork Union Sanitary District	Sewer	Totals
Cash flows from operating activities:			
Receipts from customers and users	\$ 347,863	\$ 20,703	\$ 368,566
Payments to suppliers	(103,737)	(44,804)	(148,541)
Payments to employees (including fringe benefits)	(176,896)	(60,476)	(237,372)
Net cash provided by (used for) operating activities	\$ 67,230	\$ (84,577)	\$ (17,347)
Cash flows from noncapital financing activities:			
Transfers in	\$ -	\$ 193,783	\$ 193,783
Increase (decrease) in due to other funds	9,000	-	9,000
Net cash provided by (used for) noncapital financing activities	\$ 9,000	\$ 193,783	\$ 202,783
Cash flows from capital and related financing activities:			
Construction and acquisition of capital assets	\$ (22,050)	\$ -	\$ (22,050)
Interest expense	(24,705)	-	(24,705)
Retirement of indebtedness	(34,815)	(60,000)	(94,815)
Net cash provided by (used for) capital and related financing activities	\$ (81,570)	\$ (60,000)	\$ (141,570)
Increase (decrease) in cash and cash equivalents	\$ (5,340)	49,206	\$ 43,866
Cash and cash equivalents at beginning of year	5,838	267,420	273,258
Cash and cash equivalents at end of year	\$ 498	\$ 316,626	\$ 317,124
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (4,096)	\$ (184,528)	\$ (188,624)
Adjustments to reconcile net loss to net cash provided by (used for) operating activities:			
Depreciation	\$ 87,280	\$ 96,615	\$ 183,895
Changes in operating assets, liabilities, and deferred inflows/outflows of resources:			
(Increase)/decrease in accounts receivable	(8,710)	(2,119)	(10,829)
(Increase)/decrease in deferred outflows	533	710	1,243
Increase/(decrease) in compensated absences	1,048	143	1,191
Increase/(decrease) in net pension liability	(32,224)	(10,113)	(42,337)
Increase/(decrease) in deferred inflows	23,818	7,450	31,268
Increase/(Decrease) in accounts payable and accrued expenses	(419)	7,265	6,846
Total adjustments	\$ 71,326	\$ 99,951	\$ 171,277
Net cash provided by (used for) operating activities	\$ 67,230	\$ (84,577)	\$ (17,347)

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

Statement of Fiduciary Net Position
 Fiduciary Funds
 At June 30, 2015

	Other Post - Employment Benefits Trust	Agency Fund
ASSETS		
Cash and cash equivalents	\$ -	\$ 96,205
Investments:		
Investment in pooled funds	<u>1,664,987</u>	<u>-</u>
Total assets	<u>\$ 1,664,987</u>	<u>\$ 96,205</u>
LIABILITIES		
Amounts held for social services clients	\$ -	\$ 96,205
Total liabilities	<u>\$ -</u>	<u>\$ 96,205</u>
NET POSITION		
Restricted - Held in trust for OPEB	<u>\$ 1,664,987</u>	<u>\$ -</u>
Total liabilities and net position	<u>\$ 1,664,987</u>	<u>\$ 96,205</u>

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

Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 For the Year Ended June 30, 2015

	Other Post - Employment Benefits Trust
ADDITIONS	
Investment earnings:	
Interest	\$ 34,046
Total investment earnings	\$ 34,046
Total additions	\$ 34,046
Change in net position	\$ 34,046
Net position - beginning	1,630,941
Net position - ending	\$ 1,664,987

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

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements At June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

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

Government-wide and Fund Financial Statements

Government-wide Financial Statements

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

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

Statement of Net Position

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

Statement of Activities

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

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

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (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 units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

B. Individual Component Unit Disclosures

Blended component Units:

The County has no blended component units.

Discretely Presented Component Units:

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

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

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

B. Individual Component Unit Disclosures: (Continued)

Discretely Presented Component Units: (Continued)

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

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

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

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

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

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

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

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

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

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

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

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

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

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

1. Governmental Funds

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

a. General Fund

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

b. Capital Projects Fund

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

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

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

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

2. Proprietary Funds

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

Enterprise Funds

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

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

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.

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

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

D. Budgets and Budgetary Accounting: (Continued)

4. The Appropriations Resolution places legal restrictions on expenditures at the function level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; and the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and the Capital Project Fund. The School Fund is integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units.
8. All budgetary data presented in the accompanying financial statements is the original to the current comparison of the final budget and actual results.

E. Cash and Cash Equivalents

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

F. Investments

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

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

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

G. Receivables and Payables: (Continued)

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 \$201,480 at June 30, 2015 and is comprised of the following:

Fork Union Sanitary District	\$ 13,529
Sewer	3,177
Property Taxes	<u>184,774</u>
Total	<u>\$ 201,480</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.

H. Prepaid Items

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

I. Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no interest capitalized in the year ended June 30, 2015.

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

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

I. Capital Assets: (Continued)

Property, plant and equipment and infrastructure of the primary government, as well as the component unit, are 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 Position. In accordance with the provisions of Government Accounting Standards No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

K. Long-term Obligations

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

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

L. Fund Balances

Financial Policies

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

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

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

L. Fund Balances: (Continued)

Financial Policies: (Continued)

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

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

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

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

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

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

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

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

Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as committed. The Board of Supervisors may also assign fund balance as it does through the adoption or amendment of the budget as intended for specific purpose. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment. Please see detail of County's Fund Balances on the following page.

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

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

L. Fund Balances: (Continued)

Category	General Fund	Capital Projects Fund	Component Unit School Board Cafeteria Fund
Nonspendable:			
Prepaid Items	\$ 15,933	\$ 531,616	\$ -
Note Receivable	118,000	-	-
Total Nonspendable	<u>\$ 133,933</u>	<u>\$ 531,616</u>	<u>\$ -</u>
Restricted:			
Unexpended Bond Proceeds - School	\$ -	\$ 3,956,764	\$ -
Unexpended Bond Proceeds - Other	-	6,860	-
Total Restricted	<u>\$ -</u>	<u>\$ 3,963,624</u>	<u>\$ -</u>
Committed:			
Capital Projects:			
Sheriff's Office Mobile Computers	\$ 6,717	\$ -	\$ -
Replacement of Co Bldg HVAC	224,043	-	-
E911 Radio	6,979,682	-	-
Round About @ Rt 15 & 53	244,700	-	-
Old HS WW treatment plant PH I-FY12	27,450	-	-
Sheriff Reserve for Vehicles	82,580	-	-
County Capital Reserve	148,494	-	-
School Capital Reserve	251,001	-	-
School Technology	125,595	-	-
Schools Safety and Security Upgrades	77,273	-	-
School Transportation and Facility Vehicle	17	-	-
Amphitheater	5,000	600	-
Elementary School Flooring and Playground Equipment		50,692	-
Hydrogeologic Study	19,595	-	-
MACAA Roof and Building Improvements	582	-	-
Water/Sewer Zion Crossroads	529,000	-	-
Building Assessment	21,860	-	-
County Vehicle Replacement	28,251	-	-
County VoIP Phone Equipment	144,925	-	-
FSCO Evidentiary Camera Project	66,000	-	-
Convenience Center Road & Trailer	22,000	-	-
F&R Personal Protective Equipment	1,215	-	-
F&R Vehicle Replacement and Rechasis	21,288	-	-
School Bus Reserve	36,120	-	-
Schools MUNIS Financial Systems	70,474	-	-
Recoat Central WW Treatment Plant	70,000	-	-
Carysbrook School Renovation	153,978	-	-
Courthouse security system	144	-	-
Fork Union Community Center Roof	62,620	-	-
Server Consolidation & Disaster Recovery	82,905	-	-
Phillips MRx Wireless Link Upgrade	35,180	-	-
F&R Vehicle Replacement & Rechasis	310,000	-	-
MACAA & Carysbrook Building Improvements	75,000	-	-
Asbestos Abatement & Floor Replacement	43,500	-	-
Foundation & Drainage Repairs	150,000	-	-
Schools Floor Covering Replacement	100,000	-	-
Sheriff Reserve for Vehicles	93,750	-	-
School Buses	384,238	-	-
School Transportation & Facility Vehicles	25,000	-	-
Other Carryforwards	17,125	-	-
Total Committed	<u>\$ 10,737,302</u>	<u>\$ 51,292</u>	<u>\$ -</u>
Assigned:			
Other capital projects	\$ -	\$ 237,844	\$ -
Cafeteria	-	-	196,019
Total Assigned	<u>\$ -</u>	<u>\$ 237,844</u>	<u>\$ 196,019</u>
Unassigned:	<u>\$ 10,974,265</u>	<u>\$ -</u>	<u>\$ -</u>
Total Fund Balance	<u>\$ 21,845,500</u>	<u>\$ 4,784,376</u>	<u>\$ 196,019</u>

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

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

M. Net Position

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

N. Use of Estimates

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

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

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

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

The Virginia General Assembly amended the Code of Virginia to allow a tenancy in common with the School Board whenever the locality incurs a financial obligation which is payable over more than one fiscal year for any school property. The tenancy in common terminates when the associated debt has been paid in full. For financial reporting purposes, the legislation permits the locality to report the portion of the school property related to any outstanding financial obligation, thus eliminating a potential deficit from financing capital assets with debt.

P. Net Position Flow Assumption

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

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

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

Q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has two items that qualify for reporting in this category. One item is the deferred amount on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item is comprised of contributions to the pension plan made during the current year and subsequent to the net pension asset or liability measurement date, which will be recognized as an increase to or a reduction of the net pension asset or liability next fiscal year. For more detailed information on these items, reference the pension note.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of amounts prepaid on the 2nd half installments and the 2nd half installment and is deferred and recognized as an inflow of resources in the period that the amount becomes available. This also includes uncollected property taxes due prior to June 30. Under the accrual basis, amounts prepaid on the 2nd half installments and the 2nd half installment are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension asset or liability are reported as deferred inflows of resources. These include differences between expected and actual experience, change in assumptions, the net difference between projected and actual earnings on pension plan investments, and changes in proportion and differences between employer contributions and proportionate share of contributions. For more detailed information on these items, reference the pension note.

R. Pensions

For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's Retirement Plan and the additions to/deductions from the County's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

NOTE 2 - DEPOSITS AND INVESTMENTS: (CONTINUED)

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.

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, 2015 were rated by Standard & Poor's and the ratings are presented below using Standard & Poor's rating scale.

Rated Debt Investments' Values				
Rated Debt Investments	Fair Value	AAAm	AAA	AA+
Commercial Paper	\$ 1,999,734	\$ -	\$ -	\$ 1,999,734
Local Government Investment Pool	1,003,564	1,003,564	-	
Money Market Mutual Funds	<u>5,030,158</u>	<u>-</u>	<u>5,030,158</u>	<u>-</u>
Total	<u>\$ 8,033,456</u>	<u>\$ 1,003,564</u>	<u>\$ 5,030,158</u>	<u>\$ 1,999,734</u>

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

NOTE 2 - DEPOSITS AND INVESTMENTS: (CONTINUED)

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	\$ 5,030,158	\$ 5,030,158
Local Government Investment Pool	1,003,564	1,003,564
Commerical Paper	1,999,734	1,999,734
Total	\$ <u>8,033,456</u>	\$ <u>8,033,456</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.

External Investment Pool

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

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

NOTE 3 - DUE FROM OTHER GOVERNMENTAL UNITS:

Receivables due from other governmental units consist of the following at June 30, 2015:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Commonwealth of Virginia:		
Local sales tax	\$ 246,716	\$ -
Communication tax	137,138	-
Public assistance and welfare administration	20,520	-
State sales tax	-	724,842
PPTRA	1,438,261	-
Shared expenses	142,671	-
Comprehensive services	493,359	-
Other	52	803
Federal Government:		
School grants	-	82,333
Public assistance and welfare administration	70,040	-
Homeland Security	3,448	-
Other	119,501	-
Totals	<u>\$ 2,671,706</u>	<u>\$ 807,978</u>

NOTE 4 - INTERFUND OBLIGATIONS/TRANSFERS:

There were no Interfund obligations at June 30, 2015.

Interfund transfers for the year ended June 30, 2015, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government		
General Fund	\$ -	\$ 3,193,717
Sewer	193,783	-
Capital Projects Fund	2,999,934	-
Total	<u>\$ 3,193,717</u>	<u>\$ 3,193,717</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.

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

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

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

NOTE 6 - CAPITAL ASSETS:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2015:

	Beginning Balance July 1, 2014	Additions	Deletions	Ending Balance June 30, 2015
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,782,916	\$ -	\$ -	\$ 1,782,916
Construction in progress-jointly owned assets	-	1,436,832	-	1,436,832
Construction in progress	2,739,942	894,892	2,633,992	1,000,842
Total capital assets not being depreciated	<u>\$ 4,522,858</u>	<u>\$ 2,331,724</u>	<u>\$ 2,633,992</u>	<u>\$ 4,220,590</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 20,211,676	\$ 1,417,023	\$ -	\$ 21,628,699
Equipment	6,388,756	1,138,397	97,304	7,429,849
Jointly owned assets	87,580,933	-	776,030	86,804,903
Total capital assets being depreciated	<u>\$ 114,181,365</u>	<u>\$ 2,555,420</u>	<u>\$ 873,334</u>	<u>\$ 115,863,451</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 5,665,358	\$ 531,134	\$ -	\$ 6,196,492
Equipment	4,431,194	552,723	91,304	4,892,613
Jointly owned assets	5,904,008	2,170,123	617,045	7,457,086
Total accumulated depreciation	<u>\$ 16,000,560</u>	<u>\$ 3,253,980</u>	<u>\$ 708,349</u>	<u>\$ 18,546,191</u>
Total capital assets being depreciated, net	<u>\$ 98,180,805</u>	<u>\$ (698,560)</u>	<u>\$ 164,985</u>	<u>\$ 97,317,260</u>
Governmental activities capital assets, net	<u>\$ 102,703,663</u>	<u>\$ 1,633,164</u>	<u>\$ 2,798,977</u>	<u>\$ 101,537,850</u>

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, 2015, the School component unit capital assets financed by the outstanding County guaranteed debt with a book value of \$80,784,649 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, 2015 (Continued)

NOTE 6 - CAPITAL ASSETS: (CONTINUED)

	Beginning Balance July 1, 2014	Additions	Deletions	Ending Balance June 30, 2015
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 and improvements	\$ 18,079	\$ -	\$ -	\$ 18,079
Infrastructure	3,078,912	22,050	-	3,100,962
Equipment	163,911	-	-	163,911
Total capital assets being depreciated	\$ 3,260,902	\$ 22,050	\$ -	\$ 3,282,952
Less accumulated depreciation for:				
Buildings and improvements	\$ 15,864	\$ 222	\$ -	\$ 16,086
Infrastructure	1,346,605	79,405	-	1,426,010
Equipment	133,298	7,653	-	140,951
Total accumulated depreciation	\$ 1,495,767	\$ 87,280	\$ -	\$ 1,583,047
Total capital assets being depreciated, net	\$ 1,765,135	\$ (65,230)	\$ -	\$ 1,699,905
Fork Union Sanitary District capital assets, net	\$ 1,776,871	\$ (65,230)	\$ -	\$ 1,711,641

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

NOTE 6 - CAPITAL ASSETS: (CONTINUED)

	Beginning Balance July 1, 2014	Additions	Deletions	Ending Balance June 30, 2015
Business-type Activities: (continued)				
<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	\$ 534,275	\$ 96,615	\$ -	\$ 630,890
Total accumulated depreciation	\$ 534,275	\$ 96,615	\$ -	\$ 630,890
Total capital assets being depreciated, net	\$ 3,330,305	\$ (96,615)	\$ -	\$ 3,233,690
Sewer capital assets, net	\$ 3,614,745	\$ (96,615)	\$ -	\$ 3,518,130
Business-type activities capital assets, net	\$ 5,391,616	\$ (161,845)	\$ -	\$ 5,229,771

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

NOTE 6 - CAPITAL ASSETS: (CONTINUED)

	Beginning Balance July 1, 2014	Additions	Deletions	Ending Balance June 30, 2015
Discretely Presented Component-Unit School Board:				
Capital assets, not being depreciated:				
Land	\$ 369,782	\$ -	\$ -	\$ 369,782
Construction in progress	<u>476,391</u>	<u>684,083</u>	<u>375,529</u>	<u>784,945</u>
Total capital assets not being depreciated	<u>\$ 846,173</u>	<u>\$ 684,083</u>	<u>\$ 375,529</u>	<u>\$ 1,154,727</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 9,267,131	\$ 103,444	\$ -	\$ 9,370,575
Equipment	4,494,215	896,858	-	5,391,073
Jointly owned assets	<u>13,812,066</u>	<u>776,030</u>	<u>-</u>	<u>14,588,096</u>
Total capital assets being depreciated	<u>\$ 27,573,412</u>	<u>\$ 1,776,332</u>	<u>\$ -</u>	<u>\$ 29,349,744</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 5,606,068	\$ 805	\$ -	\$ 5,606,873
Equipment	3,641,384	289,430	-	3,930,814
Jointly owned assets	<u>6,396,614</u>	<u>1,128,403</u>	<u>-</u>	<u>7,525,017</u>
Total accumulated depreciation	<u>\$ 15,644,066</u>	<u>\$ 1,418,638</u>	<u>\$ -</u>	<u>\$ 17,062,704</u>
Total capital assets being depreciated, net	<u>\$ 11,929,346</u>	<u>\$ 357,694</u>	<u>\$ -</u>	<u>\$ 12,287,040</u>
School Board capital assets, net	<u>\$ 12,775,519</u>	<u>\$ 1,041,777</u>	<u>\$ 375,529</u>	<u>\$ 13,441,767</u>

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (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	\$ 152,571
Judicial administration	181,727
Public safety	527,250
Public works	48,609
Health and welfare	25,276
Education	2,170,123
Parks, recreation and cultural	73,699
Community development	74,725
Total	<u>\$ 3,253,980</u>

Business-Type Activities:

Fork Union Sanitary District	<u>\$ 87,280</u>
Sewer	<u>\$ 96,615</u>
Component Unit School Board	<u>\$ 1,418,638</u> (1)
(1) Depreciation Expense	\$ 801,593
Accumulated depreciation on joint tenancy asset transfer	<u>617,045</u>
Total additions to accumulated depreciation	<u>\$ 1,418,638</u>

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (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, 2015:

	<u>Restated Balance July 1, 2014</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance June 30, 2015</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
School general obligation bonds	\$ 87,782,718	\$ 4,420,000	\$ 3,146,773	\$ 89,055,945	\$ 3,457,011
Premium on general obligation bonds	6,895,892	714,142	542,835	7,067,199	632,958
Discount on general obligation bonds	(412,058)	-	(31,697)	(380,361)	(31,697)
Public facility bonds	3,615,900	-	3,615,900	-	-
Infrastructure and state moral obligation revenue bonds	-	3,520,000	-	3,520,000	340,000
Premium on infrastructure revenue bonds	-	540,983	-	540,983	102,011
Landfill postclosure costs	809,988	8,221	34,092	784,117	34,092
Capital lease obligations	868,897	-	230,624	638,273	150,235
Literary fund loans	2,478,809	-	309,851	2,168,958	309,851
Net pension liability	2,821,758	1,974,316	3,413,694	1,382,380	-
Compensated absences	516,619	44,989	51,662	509,946	50,995
Total governmental activities	<u>\$ 105,378,523</u>	<u>\$ 11,222,651</u>	<u>\$ 11,313,734</u>	<u>\$ 105,287,440</u>	<u>\$ 5,045,456</u>

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

	<u>Restated Balance July 1, 2014</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance June 30, 2015</u>	<u>Amounts Due Within One Year</u>
Enterprise Funds:					
Compensated absences	\$ 23,939	\$ 3,585	\$ 2,394	\$ 25,130	\$ 2,513
Net pension liability	75,975	47,869	90,206	33,638	-
Water facility bonds	564,780	-	34,815	529,965	36,417
Sewer revenue bonds	780,000	-	60,000	720,000	60,000
Total Enterprise Funds	<u>\$ 1,444,694</u>	<u>\$ 51,454</u>	<u>\$ 187,415</u>	<u>\$ 1,308,733</u>	<u>\$ 98,930</u>
Total Primary Government	<u>\$ 106,823,217</u>	<u>\$ 11,274,105</u>	<u>\$ 11,501,149</u>	<u>\$ 106,596,173</u>	<u>\$ 5,144,386</u>

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (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		Infrastructure and State Moral Obligation Revenue Bond	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 309,851	\$ 65,069	\$ 3,457,011	\$ 3,177,677	\$ 340,000	\$ 158,088
2017	309,851	55,773	3,650,056	2,998,495	345,000	147,660
2018	309,851	46,478	3,710,736	2,868,462	355,000	133,247
2019	309,851	37,182	3,846,143	2,723,148	385,000	114,284
2020	309,851	27,887	3,956,834	2,600,794	400,000	94,168
2021	309,851	18,591	3,973,139	2,483,111	420,000	74,631
2022	309,852	9,296	4,114,442	2,327,283	440,000	54,069
2023	-	-	4,286,073	2,151,613	205,000	37,541
2024	-	-	4,292,128	1,959,676	220,000	26,650
2025	-	-	4,458,030	1,780,723	230,000	15,119
2026	-	-	4,624,210	1,611,025	180,000	4,612
2027	-	-	4,407,143	1,443,584	-	-
2028	-	-	4,195,000	1,276,646	-	-
2029	-	-	4,340,000	1,134,003	-	-
2030	-	-	4,480,000	989,337	-	-
2031	-	-	4,240,000	817,391	-	-
2032	-	-	4,415,000	645,883	-	-
2033	-	-	4,575,000	489,720	-	-
2034	-	-	4,535,000	353,025	-	-
2035	-	-	4,675,000	214,875	-	-
2036	-	-	4,825,000	72,375	-	-
Totals	\$ 2,168,958	\$ 260,276	\$ 89,055,945	\$ 34,118,846	\$ 3,520,000	\$ 860,069

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

NOTE 7 - LONG-TERM OBLIGATIONS: (CONTINUED)**Primary Government: (Continued)**

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

Year	Revenue Bonds					
	Capital Leases		Water Facilities Bond		Sewer System Revenue Bond	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 150,235	\$ 20,298	\$ 36,417	\$ 23,103	\$ 60,000	-
2017	101,158	14,924	38,090	21,430	60,000	-
2018	104,482	11,600	39,840	19,680	60,000	-
2019	107,920	8,162	41,670	17,850	60,000	-
2020	56,651	4,606	43,584	15,936	60,000	-
2021	58,147	3,111	45,587	13,934	60,000	-
2022	59,680	1,576	47,681	11,839	60,000	-
2023	-	-	49,871	9,649	60,000	-
2024	-	-	52,162	7,358	60,000	-
2025	-	-	54,559	4,961	60,000	-
2026	-	-	57,065	2,455	60,000	-
2027	-	-	23,439	209	60,000	-
Totals	\$ 638,273	\$ 64,277	\$ 529,965	\$ 148,404	\$ 720,000	-

The total cost of equipment under current capital leases is \$1,408,321.

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

NOTE 7 - LONG-TERM OBLIGATIONS: (CONTINUED)

Detail of Long-Term Obligations

	<u>Amount Outstanding</u>	<u>Amounts Due Within One Year</u>
<u>Infrastructure and State Moral Obligation Revenue Bonds:</u>		
\$3,520,000 Virginia Resources Authority Infrastructure and State Moral Obligation Revenue Bonds Series 2014C, issued November 19, 2014 maturing annually in installments ranging from \$180,000 to \$440,000 through October 1, 2025. Interest payable semiannually at ranging 3.007% to 5.125%.	\$ 3,520,000	\$ 340,000
Premium on School Bonds 2014C	<u>540,983</u>	<u>102,011</u>
Total infrastructure and state moral obligation revenue bonds	<u>\$ 4,060,983</u>	<u>\$ 442,011</u>
<u>School General Obligation Bonds:</u>		
\$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.	\$ 123,720	\$ 123,720
\$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.	97,859	48,401
\$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%.	250,000	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%.	3,761,066	313,890
\$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, 2018, interest payable semiannually at 5.95%.	6,945,000	1,620,000

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (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>		
Premium on School Bonds 2008A	\$ 36,724	\$ 12,241
\$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%.	4,688,300	271,000
Discount on School Bonds 2009A	(380,361)	(31,697)
\$66,120,000 School Refunding Bonds, 2012B, issued December 20, 2012, maturing annually in installments ranging from \$345,000 to \$4,825,000 through June 30, 2036, interest payable semiannually at ranging from 1.25% to 5.00%.	65,150,000	640,000
Premium on School Bonds 2012B	5,994,243	469,374
\$3,995,000 School Bonds, 2012, issued November 15, 2012, maturing annually in installments ranging from \$135,000 to \$305,000 through July 15, 2032, interest payable semiannually at ranging from 2.05% to 5.05%.	3,620,000	220,000
Premium on School Bonds 2012	322,090	52,898
\$4,420,000 School Bonds, 2014C, issued November 20, 2014, maturing annually in installments ranging from \$170,000 to \$405,000 through July 15, 2029, interest payable semiannually at ranging from 2.05% to 5.05%.	4,420,000	170,000
Premium on School Bonds 2014C	714,142	98,445
Total school general obligation bonds	<u>\$ 95,742,783</u>	<u>\$ 4,058,272</u>
<i><u>State Literary Fund Loans:</u></i>		
\$6,197,023, issued July 15, 2001 due in principal annual installments of \$309,851 through July 15, 2021, interest at 3%.	<u>\$ 2,168,958</u>	<u>\$ 309,851</u>
Total state literary fund loans	<u>\$ 2,168,958</u>	<u>\$ 309,851</u>

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (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.	\$ 52,292	\$ 52,291
\$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.	199,100	46,900
\$546,321 capital lease dated September 18, 2012 payable in annual payments of principal and interest in the amount of \$61,257 through September 18, 2021. Interest payable annually at 2.64%. Lease is for Fire Truck.	386,881	51,044
Total capital leases	\$ 638,273	\$ 150,235
Landfill postclosure costs	\$ 784,117	\$ 34,092
Net pension liability	\$ 1,382,380	\$ -
Compensated absences	\$ 509,946	\$ 50,995
Total Governmental Funds	\$ 105,287,440	\$ 5,045,456
<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.	\$ 529,965	\$ 36,417
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.	720,000	60,000
Net pension liability	33,638	-
Compensated absences	25,130	2,513
Total Enterprise Fund Obligations	\$ 1,308,733	\$ 98,930
Total Primary Government	\$ 106,596,173	\$ 5,144,386

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

NOTE 7 - LONG-TERM OBLIGATIONS: (CONTINUED)

Current Refunding of Debt

On November 19, 2014 the county issued VRA Infrastructure and State Moral Obligation Revenue bonds to currently refund its 2006 Public Facility Revenue Bond and 2005 Public Facility Revenue Refunding Bond. This refunding was undertaken to reduce the total debt service over the next eleven years by \$428,316 and resulted in an economic gain of \$334,352.

Component Unit School Board

The following is a summary of long-term obligations for the fiscal year ended June 30, 2015:

	Balance			Balance	Amounts
	July 1, 2014	Increases	Decreases	June 30, 2015	Due Within
					One Year
Compensated absences	\$ 1,476,639	\$ 341,365	\$ 147,664	\$ 1,670,340	\$ 167,034
Net pension liability	34,836,641	1,916,498	7,948,406	28,804,733	-
Total	<u>\$ 36,313,280</u>	<u>\$ 2,257,863</u>	<u>\$ 8,096,070</u>	<u>\$ 30,475,073</u>	<u>\$ 167,034</u>

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

NOTE 8 - PENSION PLAN:

Plan Description

Name of Plan: Virginia Retirement System (VRS)
Identification of Plan: Agent and Cost-Sharing Multiple-Employer Pension Plan
Administering Entity: Virginia Retirement System (System)

All full-time, salaried permanent employees of the County and (nonprofessional) employees of public school divisions are automatically covered by VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

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

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

NOTE 8 - PENSION PLAN: (CONTINUED)

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p>About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p>About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members")</p> <ul style="list-style-type: none">• The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

NOTE 8 - PENSION PLAN: (CONTINUED)

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 (Cont.)</p>	<p>About Plan 2 (Cont.)</p>	<p>About the Hybrid Retirement Plan (Cont.)</p> <ul style="list-style-type: none"> • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
<p>Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • Political subdivision employees* • School division employees • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. <p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

NOTE 8 - PENSION PLAN: (CONTINUED)

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>*Non-Eligible Members (Cont.) Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016.</p>	<p>Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

NOTE 8 - PENSION PLAN: (CONTINUED)

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Creditable Service Same as Plan 1.</p>	<p>Creditable Service <u>Defined Benefit Component:</u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><u>Defined Contributions Component:</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

NOTE 8 - PENSION PLAN: (CONTINUED)

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting Same as Plan 1.</p>	<p>Vesting <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contributions Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions.

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

NOTE 8 - PENSION PLAN: (CONTINUED)

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting (Cont.)	Vesting (Cont.)	Vesting (Cont.) <u>Defined Contributions Component: (Cont.)</u> <ul style="list-style-type: none"> • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required by law until age 70½.</p>
Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.	Calculating the Benefit See definition under Plan 1.	Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1 <u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

NOTE 8 - PENSION PLAN: (CONTINUED)

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p>Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p>Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p>Service Retirement Multiplier VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p> <p>Sheriffs and regional jail superintendents: Same as Plan 1.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Service Retirement Multiplier Defined Benefit Component: VRS: The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p>Sheriffs and regional jail superintendents: Not applicable.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Not applicable.</p>
<p>Normal Retirement Age VRS: Age 65.</p> <p>Political subdivisions hazardous duty employees: Age 60.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Normal Retirement Age Defined Benefit Component: VRS: Same as Plan 2.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

NOTE 8 - PENSION PLAN: (CONTINUED)

Plan Description: (Continued)

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

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

NOTE 8 - PENSION PLAN: (CONTINUED)

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. 	<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><u>Eligibility:</u> Same as Plan 1</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

NOTE 8 - PENSION PLAN: (CONTINUED)

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates: (Cont.)</u></p> <ul style="list-style-type: none"> • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p>
<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage Employees of political subdivisions and School divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p>

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

NOTE 8 - PENSION PLAN: (CONTINUED)

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Disability Coverage (Cont.) VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.	Disability Coverage (Cont.) VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	Disability Coverage (Cont.) Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.	Purchase of Prior Service Same as Plan 1.	Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions: <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost. <u>Defined Contribution Component:</u> Not applicable.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2014-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

NOTE 8 - PENSION PLAN: (CONTINUED)

Employees Covered by Benefit Terms

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

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	68	43
Inactive members:		
Vested inactive members	31	10
Non-vested inactive members	64	34
Inactive members active elsewhere in VRS	<u>84</u>	<u>11</u>
Total inactive members	179	55
Active members	<u>136</u>	<u>107</u>
Total covered employees	<u><u>383</u></u>	<u><u>205</u></u>

Contributions

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

The County's contractually required contribution rate for the year ended June 30, 2015 was 10.58% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$653,325 and \$753,913 for the years ended June 30, 2015 and June 30, 2014, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2015 was 6.65% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

NOTE 8 - PENSION PLAN: (CONTINUED)

Contributions (Continued)

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$143,116 and \$167,500 for the years ended June 30, 2015 and June 30, 2014, respectively.

Net Pension Liability/Asset

The County's and Component Unit School Board's (nonprofessional) net pension liability/asset were measured as of June 30, 2014. The total pension liabilities used to calculate the net pension liability/asset were determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

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

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

Mortality rates: 14% of deaths are assumed to be service related

Largest 10 – Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

NOTE 8 - PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees (Continued)

All Others (Non 10 Largest) – Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

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

Largest 10 – Non-LEOS:

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

All Others (Non 10 Largest) – Non-LEOS:

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

Actuarial Assumptions – Public Safety Employees

The total pension liability for Public Safety employees in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

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

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

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

NOTE 8 - PENSION PLAN: (CONTINUED)

Actuarial Assumptions – Public Safety Employees (Continued)

Mortality rates: 60% of deaths are assumed to be service related

Largest 10 – Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest) – Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

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

Largest 10 – LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – LEOS:

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

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

NOTE 8 - PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return

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

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

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

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

NOTE 8 - PENSION PLAN: (CONTINUED)

Discount Rate

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

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2013	\$ 18,227,099	\$ 15,329,366	\$ 2,897,733
Changes for the year:			
Service cost	\$ 751,409	\$ -	\$ 751,409
Interest	1,250,832	-	1,250,832
Contributions - employer	-	753,913	(753,913)
Contributions - employee	-	294,866	(294,866)
Net investment income	-	2,447,855	(2,447,855)
Benefit payments, including refunds of employee contributions	(716,133)	(716,133)	-
Administrative expenses	-	(12,807)	12,807
Other changes	-	129	(129)
Net changes	\$ 1,286,108	\$ 2,767,823	\$ (1,481,715)
Balances at June 30, 2014	\$ 19,513,207	\$ 18,097,189	\$ 1,416,018

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

NOTE 8 - PENSION PLAN: (CONTINUED)

Changes in Net Pension Liability (Asset)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2013	\$ 5,049,733	\$ 4,782,294	\$ 267,439
Changes for the year:			
Service cost	\$ 232,280	\$ -	\$ 232,280
Interest	345,212	-	345,212
Contributions - employer	-	167,500	(167,500)
Contributions - employee	-	104,820	(104,820)
Net investment income	-	760,024	(760,024)
Benefit payments, including refunds of employee contributions	(236,272)	(236,272)	-
Administrative expenses	-	(4,020)	4,020
Other changes	-	40	(40)
Net changes	\$ 341,220	\$ 792,092	\$ (450,872)
Balances at June 30, 2014	\$ 5,390,953	\$ 5,574,386	\$ (183,433)

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

The following presents the net pension liability (asset) of the County and Component Unit School Board (nonprofessional) using the discount rate of 7.00%, as well as what the County's and Component Unit School Board's (nonprofessional) net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	(6.00%)	(7.00%)	(8.00%)
County			
Net Pension Liability (Asset)	\$ 3,963,985	\$ 1,416,018	\$ (695,503)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 523,903	\$ (183,433)	\$ (774,836)

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

NOTE 8 - PENSION PLAN: (CONTINUED)

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

For the year ended June 30, 2015, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$363,078 and \$55,941, respectively. At June 30, 2015, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 1,090,880	\$ -	\$ 339,313
Employer contributions subsequent to the measurement date	653,325	-	143,116	-
Total	<u>\$ 653,325</u>	<u>\$ 1,090,880</u>	<u>\$ 143,116</u>	<u>\$ 339,313</u>

\$653,325 and \$143,116 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (nonprofessional)</u>
2016	\$ (272,720)	\$ (84,828)
2017	(272,720)	(84,828)
2018	(272,720)	(84,828)
2019	(272,720)	(84,829)
Thereafter	-	-

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

NOTE 8 - PENSION PLAN: (CONTINUED)

Component Unit School Board (professional)

Plan Description

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This is a cost-sharing multiple employer plan administered by the Virginia Retirement System (the system). Additional information regarding the plan description can be found in the first section of this note.

Contributions

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

Each School Division's contractually required contribution rate for the year ended June 30, 2015 was 14.50% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. The actuarial rate for the Teacher Retirement Plan was 18.20%. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the Code of Virginia, as amended the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2015. Contributions to the pension plan from the School Board were \$2,787,567 and \$2,034,955 for the years ended June 30, 2015 and June 30, 2014, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the school division reported a liability of \$28,804,733 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2014 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2014 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2014, the school division's proportion was .23700% as compared to .25143% at June 30, 2013.

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

NOTE 8 - PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2015, the school division recognized pension expense of \$1,916,498. Since there was a change in proportionate share between June 30, 2013 and June 30, 2014, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2015, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 4,274,661
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	1,638,790
Employer contributions subsequent to the measurement date	<u>2,787,567</u>	<u>-</u>
Total	\$ <u><u>2,787,567</u></u>	\$ <u><u>5,913,451</u></u>

\$2,787,567 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>	
2016	\$ (1,430,117)
2017	(1,430,117)
2018	(1,430,117)
2019	(1,430,117)
Thereafter	(192,983)

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

NOTE 8 - PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

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

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

Mortality rates:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 3 years and females set back 5 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 3 years

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 1 year and no provision for future mortality improvement

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

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

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

NOTE 8 - PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Long-Term Expected Rate of Return

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

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

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

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

NOTE 8 - PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Discount Rate

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

Sensitivity of the School Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

		Rate		
		(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan				
Net Pension Liability (Asset)	\$	42,297,097	\$ 28,804,733	\$ 17,696,420

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2014 Comprehensive Annual Financial Report (CAFR). A copy of the 2014 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2014-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

NOTE 9 - COMPENSATED ABSENCES:

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

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

Primary Government	\$ 509,946
Enterprise Funds	\$ 25,130
Component Unit School Board	\$ 1,670,340

NOTE 10 - SELF INSURANCE/RISK MANAGEMENT:

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County contracts with the Virginia Association of Counties Municipal Liability Pool to provide insurance coverage for these risk losses. The County pays an annual premium to the association for its general workers compensation insurance coverage. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County continues to carry commercial insurance for all other risks of loss, including general liabilities and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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

Employee Health Insurance:

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

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

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

Employee Health Insurance: (Continued)

Claims liability is reevaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. Incurred but not reported claims have been accrued as a liability based upon prior history and estimates from the insurance carrier. Changes in the estimated claims liability for fiscal year 2015 is listed as follows:

Funds	Estimated Claims Liability Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Claim Payments	Estimated Claims Liability End of Fiscal Year
Primary Government:				
Insurance Internal Service Fund				
2013	\$ 182,471	\$ -	\$ 182,471	\$ -
2014	-	-	-	-
2015	-	-	-	-
Component Unit School Board:				
School Operating and Health Insurance Funds				
2013	\$ 242,667	\$ 4,753,485	\$ 4,753,485	\$ 242,667
2014	242,667	1,237,923	1,480,590	-
2015	-	54,460	54,460	-

NOTE 11 - DEFERRED/UNAVAILABLE/UNEARNED REVENUE:

	Government-wide Statements Governmental Activities	Balance Sheet Governmental Funds
Primary Government:		
Deferred/Unavailable property tax revenue:		
Deferred/Unavailable revenue representing uncollected property tax billings for which asset recognition criteria has not been met. The uncollected tax billings are not available for the funding of current expenditures.	\$ 15,112,436	\$ 17,866,295
Prepaid property tax revenues representing collections received for property taxes that are applicable to the subsequent budget year.	433,381	433,381
Total governmental activities	<u>\$ 15,545,817</u>	<u>\$ 18,299,676</u>

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

NOTE 12 - CONTINGENT LIABILITIES:

Federal assistance programs in which the County and its component units 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 nonmajor 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, 2015, 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 \$784,117 reported as a landfill closure and postclosure care liability at June 30, 2015, 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 2015. 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, 2015 (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
Eric B. Hess, 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:

Gena Keller, Superintendent of Schools	\$ 10,000
Brandi Critzer, Clerk of the School Board	\$ 10,000
Steven M. Nichols, County Administrator	\$ 2,000
John M. Sheridan, Supervisor	\$ 2,500
Anthony P. O'Brien, Supervisor	\$ 2,500
Donald W. Weaver, Supervisor	\$ 2,500
Mozell Booker, Supervisor	\$ 2,500
Robert Ullenbruch, Supervisor	\$ 2,500

Continental Insurance Company - Surety:

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

Manager, Fork Union Sanitary District	\$ 10,500
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NOTE 16 - TRUST FOR OTHER POSTEMPLOYMENT 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 Postemployment 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, 2015 the County contributed \$0 to the Trust Fund. There have been no expenses allocated to the Trust Fund during the fiscal year ended June 30, 2015.

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

NOTE 16 - TRUST FOR OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

NOTE 17 - OTHER POSTEMPLOYMENT BENEFITS-HEALTH INSURANCE:

County:

A. Plan Description

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

B. Funding Policy

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

C. Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$	41,200
Interest on net OPEB asset		(16,254)
Adjustment to annual required contribution		13,636
Annual OPEB cost (expense)	\$	38,582
Contribution made		41,200
Increase in net OPEB asset	\$	(2,618)
Net OPEB (asset) obligation-beginning of year		(232,205)
Net OPEB (asset) obligation-end of year	\$	<u>(234,823)</u>

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

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

County: (Continued)

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

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two preceding years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset
June 30, 2015	\$ 38,582	107%	\$ (234,823)
June 30, 2014	38,611	107%	(232,205)
June 30, 2013	36,060	-213%	(229,616)

D. Funded Status and Funding Progress

The funded status of the plan as of July 1, 2013 the most recent actuarial valuation date is as follows:

Actuarial accrued liability (AAL)	\$ 349,100
Actuarial value of plan assets	315,222
Unfunded actuarial accrued liability	33,878
Funded ratio (actuarial value of plan assets / AAL)	90.30%
Covered payroll (active plan members)	6,805,700
UAAL as a percentage of covered payroll	0.50%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

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

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

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

County: (Continued)

E. Actuarial Methods and Assumptions (Continued)

Cost Method

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

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

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

Interest Assumptions

In the July 1, 2013, 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 6.30 percent initially, reduced by decrements to an ultimate rate of 4.70 percent after ten years. Both rates included a 4.5 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2013, was thirty years.

Funded

Discount rate	7.0%
Payroll growth	3.00%

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

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

School Board:

A. Plan Description

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

B. Funding Policy

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

C. Annual OPEB Cost and Net OPEB Obligation

The annual cost of other post employment benefits (OPEB) under GASB 45 is calculated based on the annual required contribution or ARC an amount actuarially determined in accordance with the parameters of GASB Statement 45. The estimated pay as you go cost for OPEB benefits is \$94,900 for fiscal year 2015. 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 2015, the School Board's expected cash payment of \$94,900 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 2015 and the two preceding years are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2015	\$ 94,900	100%	\$ -
June 30, 2014	94,900	100%	-
June 30, 2013	106,944	100%	-

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

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

School Board:

D. Funded Status and Funding Progress

The funded status of the plan as of July 1, 2013 the most recent actuarial valuation date is as follows:

Actuarial accrued liability (AAL)	\$	1,253,500
Actuarial value of plan assets		1,131,855
Unfunded actuarial accrued liability		121,645
Funded ratio (actuarial value of plan assets / AAL)		90.30%
Covered payroll (active plan members)		20,614,100
UAAL as a percentage of covered payroll		0.59%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

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

Cost Method

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

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

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

School Board: (Continued)

E. Actuarial Methods and Assumptions: (Continued)

Cost Method: (Continued)

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

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

Interest Assumptions

In the July 1, 2013, 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 6.30 percent initially, reduced by decrements to an ultimate rate of 4.70 percent after ten years. Both rates included a 4.5 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2013, was thirty years.

Funded

Discount rate	7.0%
Payroll growth	3.0%

NOTE 18 - VRS HEALTH INSURANCE CREDIT OTHER POSTEMPLOYMENT BENEFITS:

A. Plan Description

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

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

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

A. Plan Description (Continued)

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

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

B. Funding Policy

As a participating local political subdivision, the County is required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the Code of Virginia and the VRS Board of Trustees. The County's contribution rate for the fiscal year ended 2015 was .19% 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 2015, the County's contribution of \$4,826 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 2015 and the two preceding years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	\$ 3,282	100%	\$ -
June 30, 2014	2,532	100%	-
June 30, 2015	4,826	100%	-

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

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

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2014, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$	99,891
Actuarial value of plan assets		84,197
Unfunded actuarial accrued liability		15,694
Funded ratio (actuarial value of plan assets / AAL)		84.29%
Covered payroll (active plan members)		2,433,922
UAAL as a percentage of covered payroll		0.64%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future and reflect a long-term perspective. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

E. Actuarial Methods and Assumptions

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

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7.0% investment rate of return, compounded annually, including an inflation component of 2.5%, and a payroll growth rate of 3%. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining open amortization period at June 30, 2014 was 29 years.

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

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

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

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

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

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

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.06% of annual covered payroll. The School Board's contribution to VRS for the year ended June 30, 2015, was \$245,377, and equaled the required contributions for each year.

NOTE 19 - RESTRICTED ASSETS:

Restricted assets at June 30, 2015 consist of the following:

	<u>Governmental Activities</u>
Cash for Capital Projects - New High School	\$ 10,136
Cash for Capital Projects - Middle School	5,013,163
Cash for Fire Truck Acquisition	<u>6,859</u>
Total	<u>\$ 5,030,158</u>

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

NOTE 20 - ADOPTION OF ACCOUNTING PRINCIPLES:

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*:

The County implemented the financial reporting provisions of the above Statements for the fiscal year ended June 30, 2015. These Statements establish standards for measuring and recognizing assets, liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and required supplementary information requirements about pensions are also addressed. The requirements of this Statement will improve financial reporting by improving accounting and financial reporting by state and local governments for pensions. With the implementation of this Statement, certain terminology has changed and financial statement descriptions have changed from “net assets” to “net position:

	Business-Type Activities				Component
	Governmental	Fork Union		Total	Unit
	Activities	Sanitary	Sewer	Business -	School
		District		Type	Board
				Activities	
Net Position, beginning of year, as previously reported	\$ 40,316,312	\$ 1,107,834	\$ 3,091,480	\$ 4,199,314	\$ 11,484,542
Implementation of GASB 68	(2,085,755)	(43,614)	(14,451)	(58,065)	(32,901,625)
Net Position, beginning of year, as restated	<u>\$ 38,230,557</u>	<u>\$ 1,064,220</u>	<u>\$ 3,077,029</u>	<u>\$ 4,141,249</u>	<u>\$ (21,417,083)</u>

NOTE 21 - UPCOMING PRONOUNCEMENTS:

Statement No. 72, *Fair Value Measurement and Application*, amends the definitions of fair value used throughout GASB literature to be consistent with the definition and principles provided in FASB Accounting Standards Codification Topic 820, *Fair Value Measurement*. This Statement provides guidance for determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. No formal study or estimate of the impact of this standard has been performed.

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68 and amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015. No formal study or estimate of the impact of this standard has been performed.

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2015 (Continued)

NOTE 21 - UPCOMING PRONOUNCEMENTS: (CONTINUED)

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016. No formal study or estimate of the impact of this standard has been performed.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. This Statement is effective for fiscal years beginning after June 15, 2017. No formal study or estimate of the impact of this standard has been performed.

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, objective is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. No formal study or estimate of the impact of this standard has been performed.

Statement No. 77, *Tax Abatement Disclosures*, will increase the disclosure of tax abatement agreements to disclose information about the agreements. The requirements of this Statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. No formal study or estimate of the impact of this standard has been performed.

REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

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

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Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual - General Fund
 Year Ended June 30, 2015

	General Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
General property taxes	\$ 29,495,468	\$ 29,495,468	\$ 30,390,483	\$ 895,015
Other local taxes	2,951,273	2,951,273	3,052,599	101,326
Permits, privilege fees and regulatory licenses	247,600	281,600	328,492	46,892
Fines and forfeitures	30,500	30,500	19,127	(11,373)
Revenue from use of money and property	52,000	52,000	54,674	2,674
Charges for services	216,850	216,850	240,937	24,087
Miscellaneous	55,000	60,050	55,633	(4,417)
Recovered costs	156,733	176,543	149,284	(27,259)
Intergovernmental:				
Commonwealth	7,912,660	8,104,101	7,729,139	(374,962)
Federal	892,943	906,392	1,133,120	226,728
Total revenues	<u>\$ 42,011,027</u>	<u>\$ 42,274,777</u>	<u>\$ 43,153,488</u>	<u>\$ 878,711</u>
Expenditures:				
Current:				
General government administration	\$ 2,662,182	\$ 3,020,733	\$ 2,910,378	\$ 110,355
Judicial administration	1,056,169	1,072,882	1,033,414	39,468
Public safety	6,168,241	6,295,755	6,112,889	182,866
Public works	1,771,170	1,795,780	1,697,865	97,915
Health and welfare	5,033,301	5,372,265	4,900,555	471,710
Education	15,259,141	15,259,191	14,622,154	637,037
Parks, recreation, and cultural	784,199	813,116	805,852	7,264
Community development	641,135	683,883	665,223	18,660
Nondepartmental	262,584	180,585	26,199	154,386
Debt service:				
Principal retirement	3,959,549	3,959,549	3,771,148	188,401
Interest and other fiscal charges	3,664,546	3,664,546	3,353,610	310,936
Total expenditures	<u>\$ 41,262,217</u>	<u>\$ 42,118,285</u>	<u>\$ 39,899,287</u>	<u>\$ 2,218,998</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 748,810</u>	<u>\$ 156,492</u>	<u>\$ 3,254,201</u>	<u>\$ 3,097,709</u>
Other financing sources (uses):				
Transfers (out)	<u>\$ (2,939,478)</u>	<u>\$ (2,747,823)</u>	<u>\$ (3,193,717)</u>	<u>\$ (445,894)</u>
Total other financing sources (uses)	<u>\$ (2,939,478)</u>	<u>\$ (2,747,823)</u>	<u>\$ (3,193,717)</u>	<u>\$ (445,894)</u>
Changes in fund balances	<u>\$ (2,190,668)</u>	<u>\$ (2,591,331)</u>	<u>\$ 60,484</u>	<u>\$ 2,651,815</u>
Fund balances at beginning of year	<u>2,190,668</u>	<u>2,589,550</u>	<u>21,785,016</u>	<u>19,195,466</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ (1,781)</u>	<u>\$ 21,845,500</u>	<u>\$ 21,847,281</u>

Schedule of Components of and Changes in Net Pension Liability and Related Ratios
Primary Government
For the Year Ended June 30, 2015

	2014
Total pension liability	
Service cost	\$ 751,409
Interest	1,250,832
Benefit payments, including refunds of employee contributions	(716,133)
Net change in total pension liability	\$ 1,286,108
Total pension liability - beginning	18,227,099
Total pension liability - ending (a)	\$ 19,513,207
 Plan fiduciary net position	
Contributions - employer	\$ 753,913
Contributions - employee	294,866
Net investment income	2,447,855
Benefit payments, including refunds of employee contributions	(716,133)
Administrative expense	(12,807)
Other	129
Net change in plan fiduciary net position	\$ 2,767,823
Plan fiduciary net position - beginning	15,329,366
Plan fiduciary net position - ending (b)	\$ 18,097,189
 County's net pension liability - ending (a) - (b)	\$ 1,416,018
 Plan fiduciary net position as a percentage of the total pension liability	92.74%
 Covered-employee payroll	\$ 5,889,609
 County's net pension liability as a percentage of covered-employee payroll	24.04%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

Schedule of Components of and Changes in Net Pension Liability (Asset) and Related Ratios
 Component Unit School Board (nonprofessional)
 For the Year Ended June 30, 2015

	2014
Total pension liability	
Service cost	\$ 232,280
Interest	345,212
Benefit payments, including refunds of employee contributions	(236,272)
Net change in total pension liability	\$ 341,220
Total pension liability - beginning	5,049,733
Total pension liability - ending (a)	\$ 5,390,953
 Plan fiduciary net position	
Contributions - employer	\$ 167,500
Contributions - employee	104,820
Net investment income	760,024
Benefit payments, including refunds of employee contributions	(236,272)
Administrative expense	(4,020)
Other	40
Net change in plan fiduciary net position	\$ 792,092
Plan fiduciary net position - beginning	4,782,294
Plan fiduciary net position - ending (b)	\$ 5,574,386
 School Division's net pension liability (asset) - ending (a) - (b)	\$ (183,433)
 Plan fiduciary net position as a percentage of the total pension liability	103.40%
 Covered-employee payroll	\$ 2,094,015
 School Division's net pension liability (asset) as a percentage of covered-employee payroll	-8.76%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
For the Year Ended June 30, 2015*

	2015
Employer's Proportion of the Net Pension Liability (Asset)	0.23700%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 28,804,733
Employer's Covered-Employee Payroll	22,170,275
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	129.93%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.88%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

* The amounts presented have a measurement date of the previous fiscal year end.

Schedule of Employer Contributions
For the Year Ended June 30, 2015

<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Employee Payroll (4)</u>	<u>Contributions as a % of Covered Employee Payroll (5)</u>
Primary Government					
2015	\$ 653,325	\$ 653,325	\$ -	\$ 6,175,095	10.58%
Component Unit School Board (nonprofessional)					
2015	\$ 143,116	\$ 143,116	\$ -	\$ 2,152,114	6.65%
Component Unit School Board (professional)					
2015	\$ 2,787,567	\$ 2,787,567	\$ -	\$ 19,224,600	14.50%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

Notes to Required Supplementary Information
For the Year Ended June 30, 2015

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

Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

Largest 10 – Non-LEOS:

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

Largest 10 – LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – Non-LEOS:

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

All Others (Non 10 Largest) – LEOS:

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

Component Unit School Board - Professional Employees

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

Schedule of OPEB Funding Progress
For the Year Ended June 30, 2015

OTHER POSTEMPLOYMENT BENEFITS:**COUNTY:**

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability	Funded Ratio (2)/(3)	Annual Covered Payroll	UAAL as % of Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
7/1/2013	\$ 315,222	\$ 349,100	\$ 33,878	90.30%	\$ 6,805,700	0.50%
7/1/2011	245,839	325,000	79,161	75.64%	5,148,300	1.54%
7/1/2009	62,792	585,404	522,612	10.73%	N/A	N/A

DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability	Funded Ratio (2)/(3)	Annual Covered Payroll	UAAL as % of Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
7/1/2013	\$ 1,131,855	\$ 1,253,500	\$ 121,645	90.30%	\$ 20,614,100	0.59%
7/1/2011	716,033	946,600	230,567	75.64%	20,633,800	1.12%
7/1/2009	223,770	2,086,200	1,862,430	10.73%	N/A	N/A

VIRGINIA RETIREMENT SYSTEM - HEALTH INSURANCE CREDIT:**COUNTY:**

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability	Funded Ratio (2)/(3)	Annual Covered Payroll	UAAL as % of Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2014	\$ 84,197	\$ 99,891	\$ 15,694	84.29%	\$ 2,433,922	0.64%
6/30/2013	76,579	105,169	28,590	72.82%	2,571,878	1.11%
6/30/2012	71,990	101,245	29,255	71.10%	2,079,133	1.41%

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OTHER SUPPLEMENTARY INFORMATION

Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget As Amended</u>	<u>Actual</u>	<u>Variance From Amended Budget Positive (Negative)</u>
Revenues:				
Revenue from use of money	\$ -	\$ -	\$ 4,980	\$ 4,980
Miscellaneous	397,000	537,500	20,500	(517,000)
Recovered costs	-	11,668	10,168	(1,500)
Intergovernmental:				
Commonwealth	-	40,000	39,000	(1,000)
Federal	-	925,121	299,485	(625,636)
Total revenues	<u>\$ 397,000</u>	<u>\$ 1,514,289</u>	<u>\$ 374,133</u>	<u>\$ (1,140,156)</u>
Expenditures:				
Capital projects:				
General government administration	\$ -	\$ 63,654	\$ 63,048	\$ 606
Public safety	949,527	8,039,349	391,452	7,647,897
Public works	7,877,370	9,386,236	972,744	8,413,492
Education	6,592,788	7,259,064	2,528,781	4,730,283
Parks, recreation, and cultural	185,000	258,625	249,624	9,001
Community development	-	1,270,733	406,834	863,899
Total capital projects	<u>\$ 15,604,685</u>	<u>\$ 26,277,661</u>	<u>\$ 4,612,483</u>	<u>\$ 21,665,178</u>
Debt service:				
Principal retirement	-	3,611,958	3,532,000	79,958
Interest	-	-	79,958	(79,958)
Bond issuance cost	-	141,739	137,388	4,351
Total debt service	<u>\$ -</u>	<u>\$ 3,753,697</u>	<u>\$ 3,749,346</u>	<u>\$ 4,351</u>
Total expenditures	<u>\$ 15,604,685</u>	<u>\$ 30,031,358</u>	<u>\$ 8,361,829</u>	<u>\$ 21,669,529</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (15,207,685)</u>	<u>\$ (28,517,069)</u>	<u>\$ (7,987,696)</u>	<u>\$ 20,529,373</u>
Other financing sources (uses):				
Transfers in	\$ 2,723,695	\$ 12,437,912	\$ 2,999,934	\$ (9,437,978)
Issuance of long-term debt	12,483,990	14,765,000	7,940,000	(6,825,000)
Premium cost on issuance of bonds	-	1,255,125	1,255,125	-
Total other financing sources (uses)	<u>\$ 15,207,685</u>	<u>\$ 28,458,037</u>	<u>\$ 12,195,059</u>	<u>\$ (16,262,978)</u>
Changes in fund balances	\$ -	\$ (59,032)	\$ 4,207,363	\$ 4,266,395
Fund balance at beginning of the year	-	59,032	577,013	517,981
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,784,376</u>	<u>\$ 4,784,376</u>

Statement of Fiduciary Net Position -
Agency Fund
At June 30, 2015

	<u>Special Welfare Fund</u>
ASSETS	
Cash and cash equivalents	\$ <u>96,205</u>
Total assets	\$ <u><u>96,205</u></u>
LIABILITIES	
Amounts held for social services clients	\$ <u>96,205</u>
Total liabilities	\$ <u><u>96,205</u></u>

Agency Fund
Statement of Changes in Assets and Liabilities-Agency Fund
Year Ended June 30, 2015

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ <u>89,523</u>	\$ <u>29,507</u>	\$ <u>22,825</u>	\$ <u>96,205</u>
Liabilities:				
Amounts held for social services clients	\$ <u>89,523</u>	\$ <u>29,507</u>	\$ <u>22,825</u>	\$ <u>96,205</u>
Total liabilities	\$ <u>89,523</u>	\$ <u>29,507</u>	\$ <u>22,825</u>	\$ <u>96,205</u>

Combining Balance Sheet - Discretely Presented Component Unit - School Board
At June 30, 2015

	School Operating Fund	School Cafeteria Fund	Total
ASSETS			
Cash and cash equivalents	\$ 1,956,300	\$ 236,411	\$ 2,192,711
Accounts receivable	16,217	-	16,217
Due from other governmental units	807,175	803	807,978
Total assets	<u>\$ 2,779,692</u>	<u>\$ 237,214</u>	<u>\$ 3,016,906</u>
LIABILITIES			
Accrued liabilities	\$ 2,779,692	\$ 41,195	\$ 2,820,887
Total liabilities	<u>\$ 2,779,692</u>	<u>\$ 41,195</u>	<u>\$ 2,820,887</u>
FUND BALANCES			
Assigned	\$ -	\$ 196,019	\$ 196,019
Total fund balances	<u>\$ -</u>	<u>\$ 196,019</u>	<u>\$ 196,019</u>
Total liabilities and fund balances	<u>\$ 2,779,692</u>	<u>\$ 237,214</u>	

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

When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the assets of the School Board as a whole.	13,441,767
The net pension asset is not an available resource and, therefore, is not reported in the funds.	183,433
Items related to measurement of net pension liability/asset not available to pay for current-period expenditures	(6,252,764)
Pension contributions subsequent to the measurement date will be a reduction to/increase in the net pension liability/asset in the next fiscal year and, therefore, are not reported in the funds.	2,930,683
Long-term liabilities applicable to the School Board's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position.	<u>(30,475,073)</u>
Net position of General Government Activities	<u>\$ (19,975,935)</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
 Governmental Funds - Discretely Presented Component Unit - School Board
 Year Ended June 30, 2015

	School Operating Fund	School Cafeteria Fund	Total
Revenues:			
Revenue from use of money and property	\$ 12,224	\$ -	\$ 12,224
Charges for services	-	745,973	745,973
Miscellaneous	893,392	-	893,392
Recovered costs	5,725	-	5,725
Intergovernmental:			
County contribution to School Board	14,614,758	-	14,614,758
Commonwealth	19,096,621	21,636	19,118,257
Federal	1,290,386	660,951	1,951,337
Total revenues	\$ 35,913,106	\$ 1,428,560	\$ 37,341,666
Expenditures:			
Current:			
Education	\$ 35,913,106	\$ 1,363,743	\$ 37,276,849
Total expenditures	\$ 35,913,106	\$ 1,363,743	\$ 37,276,849
Changes in fund balances	\$ -	\$ 64,817	\$ 64,817
Fund balances at beginning of year	-	131,202	131,202
Fund balances at end of year	\$ -	\$ 196,019	\$ 196,019

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, 2015

		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	\$	64,817
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period. The following details support this adjustment.		
Capital additions	\$ 1,308,856	
Depreciation expense	<u>(801,593)</u>	507,263
Internal service funds are used by the School Board to charge the costs of health insurance costs to individual funds. The net revenue of internal service funds is reported with governmental activities.		(54,460)
Increase (decrease) in deferred inflows related to the measurement of the net pension liability/asset		(6,252,764)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. This amount reflects the change in compensated absences.		
Change in compensated absences	\$ (193,701)	
Change in net pension liability/asset	6,482,780	
Change in deferred outflows related to pension payments subsequent to the measurement	<u>728,228</u>	7,017,307
Transfer of joint tenancy assets from Primary Government to the Component Unit		<u>158,985</u>
Change in net position of governmental activities	\$	<u><u>1,441,148</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, 2015

	School Operating Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
Revenue from use of money and property	\$ -	\$ -	\$ 12,224	\$ 12,224
Charges for services	-	-	-	-
Miscellaneous	760,500	790,000	893,392	103,392
Recovered costs	-	-	5,725	5,725
Intergovernmental:				
County contribution to School Board	15,251,745	15,251,795	14,614,758	(637,037)
Commonwealth	19,427,405	19,511,748	19,096,621	(415,127)
Federal	1,042,286	1,053,286	1,290,386	237,100
Total revenues	\$ 36,481,936	\$ 36,606,829	\$ 35,913,106	\$ (693,723)
Expenditures:				
Current:				
Instruction	\$ 26,799,309	\$ 26,911,056	\$ 26,945,262	\$ (34,206)
Administration, attendance, and health	1,615,147	1,525,950	1,527,405	(1,455)
Pupil transportation	2,719,564	2,719,564	2,374,403	345,161
Operation and maintenance	3,681,626	3,702,272	3,327,722	374,550
School food service costs	-	-	-	-
Technology	1,666,290	1,747,987	1,738,314	9,673
Total expenditures	\$ 36,481,936	\$ 36,606,829	\$ 35,913,106	\$ 693,723
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	\$ -	\$ -
Net changes in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	\$ -	\$ -	\$ -	\$ -

Exhibit 24

School Cafeteria Fund			
Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -
1,428,251	1,428,251	745,973	(682,278)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	21,636	21,636
-	-	660,951	660,951
<u>\$ 1,428,251</u>	<u>\$ 1,428,251</u>	<u>\$ 1,428,560</u>	<u>\$ 309</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
1,428,251	1,428,251	1,363,743	64,508
-	-	-	-
<u>\$ 1,428,251</u>	<u>\$ 1,428,251</u>	<u>\$ 1,363,743</u>	<u>\$ 64,508</u>
\$ -	\$ -	\$ 64,817	\$ 64,817
\$ -	\$ -	\$ 64,817	\$ 64,817
-	-	131,202	131,202
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 196,019</u>	<u>\$ 196,019</u>

Discretely Presented Component Unit - School Board
Statement of Net Position
Internal Service Fund
At June 30, 2015

	<u>Health Insurance Fund</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ <u>-</u>
Total assets	\$ <u><u>-</u></u>
Net Position	
Unrestricted	\$ <u>-</u>
Total net position	\$ <u><u>-</u></u>

Discretely Presented Component Unit - School Board
Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Fund
Year Ended June 30, 2015

		Health Insurance Fund
		<hr/>
Operating revenues		
Charges for services	\$	-
Operating Expenses		
Benefits and related expenses		<hr/> 54,460
Operating income (loss)	\$	<hr/> (54,460)
Change in net position	\$	(54,460)
Net position, beginning of year		<hr/> 54,460
Net position, end of year	\$	<hr/> <hr/> -

Discretely Presented Component Unit - School Board
Statement of Cash Flows
Internal Service Fund
Year Ended June 30, 2015

	Health Insurance Fund
Cash flows from operating activities	
Receipts from insured	\$ -
Payments to suppliers	<u>(54,460)</u>
Net cash provided by (used for) by operating activities	\$ <u>(54,460)</u>
Net increase (decrease) in cash and cash equivalents	\$ (54,460)
Cash and cash equivalents, beginning of year	<u>54,460</u>
Cash and cash equivalents, end of year	<u><u>\$ -</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (54,460)
Change in assets and liabilities:	
Claims payable	<u>-</u>
Net cash provided by (used for) by operating activities	<u><u>\$ (54,460)</u></u>

Discretely Presented Component Unit - Fluvanna County EDA
Statement of Net Position
At June 30, 2015

Assets

Current assets:

Cash and cash equivalents	\$ <u>70,092</u>
---------------------------	------------------

Total assets	\$ <u><u>70,092</u></u>
--------------	-------------------------

Net Position

Unrestricted	\$ <u>70,092</u>
--------------	------------------

Total net position	\$ <u><u>70,092</u></u>
--------------------	-------------------------

Discretely Presented Component Unit - Fluvanna County EDA
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2015

Operating revenues

Charges for services	\$	2,500
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Operating Expenses

Other operating expenses		<u>1,212</u>
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Operating income (loss)	\$	<u>1,288</u>
-------------------------	----	--------------

Nonoperating revenues

Investment income	\$	48
-------------------	----	----

Contribution from Fluvanna County		<u>1,000</u>
-----------------------------------	--	--------------

Total nonoperating revenues	\$	<u>1,048</u>
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Change in net position	\$	2,336
------------------------	----	-------

Net position, beginning of year		<u>67,756</u>
--	--	---------------

Net position, end of year	\$	<u><u>70,092</u></u>
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Discretely Presented Component Unit - Fluvanna County EDA
Statement of Cash Flows
Year Ended June 30, 2015

Cash flows from operating activities

Receipts from customers	\$ 2,500
Payments to suppliers	<u>(1,212)</u>

Net cash provided by (used for) by operating activities \$ 1,288

Cash flows from noncapital financing activities

Contribution from Fluvanna County	\$ <u>1,000</u>
-----------------------------------	-----------------

Cash flows from investing activities

Investment earnings	\$ <u>48</u>
---------------------	--------------

Net increase (decrease) in cash and cash equivalents \$ 2,336

Cash and cash equivalents, beginning of year 67,756

Cash and cash equivalents, end of year \$ 70,092

**Reconciliation of operating income (loss) to net cash
provided by (used for) operating activities:**

Operating income (loss)	\$ 1,288
Change in assets and liabilities:	<u>-</u>

Net cash provided by (used for) by operating activities \$ 1,288

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Supporting Schedules

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Governmental Funds
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2015

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	\$ 19,874,590	\$ 19,874,590	\$ 20,289,353	\$ 414,763
Real and personal public service corporation taxes	4,360,626	4,360,626	4,653,744	293,118
Personal property taxes	4,851,164	4,851,164	4,949,139	97,975
Mobile home taxes	20,188	20,188	14,343	(5,845)
Machinery and tools taxes	8,900	8,900	14,867	5,967
Penalties	280,000	280,000	317,798	37,798
Interest	100,000	100,000	151,239	51,239
Total general property taxes	\$ 29,495,468	\$ 29,495,468	\$ 30,390,483	\$ 895,015
Other local taxes:				
Local sales and use taxes	\$ 1,289,273	\$ 1,289,273	\$ 1,413,860	\$ 124,587
Consumer utility taxes	420,000	420,000	428,843	8,843
Gross receipts tax - utilities	100,000	100,000	114,584	14,584
Motor vehicle licenses	720,000	720,000	703,417	(16,583)
Bank stock taxes	47,000	47,000	77,221	30,221
Recordation taxes	300,000	300,000	239,086	(60,914)
Tax on wills	75,000	75,000	75,588	588
Total other local taxes	\$ 2,951,273	\$ 2,951,273	\$ 3,052,599	\$ 101,326
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 17,000	\$ 17,000	\$ 17,203	\$ 203
Building permits	110,000	110,000	130,122	20,122
Other permits, fees, and licenses	120,600	154,600	181,167	26,567
Total permits, privilege fees and regulatory licenses	\$ 247,600	\$ 281,600	\$ 328,492	\$ 46,892
Fines and Forfeitures:				
Court and other fines and forfeitures	\$ 30,500	\$ 30,500	\$ 19,127	\$ (11,373)
Revenue from use of money and property:				
Revenue from use of money	\$ 3,000	\$ 3,000	\$ 5,224	\$ 2,224
Revenue from use of property	49,000	49,000	49,450	450
Total revenue from use of money and property	\$ 52,000	\$ 52,000	\$ 54,674	\$ 2,674
Charges for services:				
Charges for Commonwealth Attorney	\$ 1,000	\$ 1,000	\$ 2,255	\$ 1,255
Charges for library	12,000	12,000	11,668	(332)
Law library fees	1,700	1,700	1,428	(272)
Courthouse maintenance fees	7,000	7,000	7,180	180
Courthouse security	26,000	26,000	31,293	5,293
Recreation program fees	84,000	84,000	104,614	20,614
Landfill fees	81,500	81,500	76,198	(5,302)
Other charges for services	2,550	2,550	4,158	1,608
Fees of clerk	1,100	1,100	2,143	1,043
Total charges for services	\$ 216,850	\$ 216,850	\$ 240,937	\$ 24,087

Governmental Funds
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2015 (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	\$ 55,000	\$ 60,050	\$ 55,633	\$ (4,417)
Total miscellaneous revenue	\$ 55,000	\$ 60,050	\$ 55,633	\$ (4,417)
Recovered costs:				
Miscellaneous	\$ 156,733	\$ 176,543	\$ 149,284	\$ (27,259)
Total recovered costs	\$ 156,733	\$ 176,543	\$ 149,284	\$ (27,259)
Total revenue from local sources	\$ 33,205,424	\$ 33,264,284	\$ 34,291,229	\$ 1,026,945
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers tax	\$ 43,000	\$ 43,000	\$ 41,315	\$ (1,685)
Mobile home titling taxes	3,000	3,000	6,880	3,880
Auto rental taxes	2,500	2,500	4,961	2,461
Recordation taxes	100,000	100,000	81,656	(18,344)
Communication taxes	860,000	860,000	835,455	(24,545)
PPTRA	2,996,570	2,996,570	2,996,570	-
Total noncategorical aid	\$ 4,005,070	\$ 4,005,070	\$ 3,966,837	\$ (38,233)
Categorical aid:				
Shared expenses:				
Commonwealth's Attorney	\$ 248,000	\$ 248,000	\$ 260,452	\$ 12,452
Sheriff	975,000	975,000	968,936	(6,064)
Commissioner of the Revenue	112,000	112,000	113,254	1,254
Treasurer	119,000	119,000	129,599	10,599
Registrar/electoral board	40,000	40,000	41,356	1,356
Clerk of the Circuit Court	246,000	246,000	281,985	35,985
Total shared expenses	\$ 1,740,000	\$ 1,740,000	\$ 1,795,582	\$ 55,582
Other categorical aid:				
Litter control	\$ 8,000	\$ 8,569	\$ 8,569	\$ -
Library grant	64,580	64,580	64,703	123
Public assistance and welfare administration	609,037	609,037	460,964	(148,073)
Comprehensive services act	1,265,623	1,417,109	1,188,455	(228,654)
E911 funds	60,000	71,984	75,021	3,037
Fire funds	61,610	81,130	81,130	-
Victim/witness coordinator grant	29,680	29,680	30,345	665
Four for life	24,590	24,590	24,400	(190)
Drug forfeitures	-	-	3,281	3,281
Other categorical aid	44,470	52,352	29,852	(22,500)
Total other categorical aid	\$ 2,167,590	\$ 2,359,031	\$ 1,966,720	\$ (392,311)
Total categorical aid	\$ 3,907,590	\$ 4,099,031	\$ 3,762,302	\$ (336,729)
Total revenue from the Commonwealth	\$ 7,912,660	\$ 8,104,101	\$ 7,729,139	\$ (374,962)

Governmental Funds
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2015 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Criminal justice grants	\$ -	\$ 2,638	\$ 7,816	\$ 5,178
Commission for arts grant	5,000	5,000	5,000	-
Homeland security program grant	-	-	75,181	75,181
Other federal revenue	22,800	22,800	20,392	(2,408)
Public assistance and welfare administration	865,143	875,954	1,024,731	148,777
Total revenue from the federal government	<u>\$ 892,943</u>	<u>\$ 906,392</u>	<u>\$ 1,133,120</u>	<u>\$ 226,728</u>
Total General Fund	<u>\$ 42,011,027</u>	<u>\$ 42,274,777</u>	<u>\$ 43,153,488</u>	<u>\$ 878,711</u>
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 4,980	\$ 4,980
Miscellaneous revenue:				
Miscellaneous	<u>397,000</u>	<u>537,500</u>	<u>20,500</u>	<u>(517,000)</u>
Recovered costs:				
Miscellaneous	<u>-</u>	<u>11,668</u>	<u>10,168</u>	<u>(1,500)</u>
Total revenue from local sources	<u>\$ 397,000</u>	<u>\$ 549,168</u>	<u>\$ 35,648</u>	<u>\$ (513,520)</u>
Intergovernmental:				
Revenue from the commonwealth:				
Categorical aid:				
E911 PSAP equipment grant	\$ -	\$ 40,000	\$ 39,000	\$ (1,000)
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ 40,000</u>	<u>\$ 39,000</u>	<u>\$ (1,000)</u>
Revenue from the federal government:				
Categorical aid:				
Pleasant grove house and western trail grants	\$ -	\$ 925,121	\$ 299,485	\$ (625,636)
Total revenue from the federal government	<u>\$ -</u>	<u>\$ 925,121</u>	<u>\$ 299,485</u>	<u>\$ (625,636)</u>
Total Capital Projects Fund	<u>\$ 397,000</u>	<u>\$ 1,514,289</u>	<u>\$ 374,133</u>	<u>\$ (1,140,156)</u>
Grand Total Revenues -- Primary Government	<u>\$ 42,408,027</u>	<u>\$ 43,789,066</u>	<u>\$ 43,527,621</u>	<u>\$ (261,445)</u>

General Fund - Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2015

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 273,629	\$ 585,063	\$ 585,062	\$ 1
General and financial administration:				
County administrator	\$ 241,745	\$ 246,098	\$ 246,098	\$ -
County attorney	180,000	180,000	169,985	10,015
Commissioner of the revenue	343,907	355,447	337,440	18,007
Reassessment	78,750	89,855	89,854	1
Human resources	89,344	92,928	85,030	7,898
Information technology	401,315	410,216	405,614	4,602
Treasurer	473,059	474,790	462,154	12,636
Finance department	341,871	346,437	312,485	33,952
Total general and financial administration	\$ 2,149,991	\$ 2,195,771	\$ 2,108,660	\$ 87,111
Board of Elections:				
Electoral board general registrar	\$ 238,562	\$ 239,899	\$ 216,656	\$ 23,243
Total board of elections	\$ 238,562	\$ 239,899	\$ 216,656	\$ 23,243
Total general government administration	\$ 2,662,182	\$ 3,020,733	\$ 2,910,378	\$ 110,355
Judicial administration:				
Courts:				
Circuit court	\$ 38,928	\$ 38,928	\$ 30,920	\$ 8,008
General district and juvenile relations court	8,100	8,100	6,580	1,520
Juvenile court service unit	2,860	2,860	1,901	959
VJCCCA	6,585	6,585	5,900	685
Clerk of the circuit court	592,454	599,133	570,837	28,296
Total courts	\$ 648,927	\$ 655,606	\$ 616,138	\$ 39,468
Commonwealth's attorney:				
Commonwealth's attorney	\$ 407,242	\$ 417,276	\$ 417,276	\$ -
Total judicial administration	\$ 1,056,169	\$ 1,072,882	\$ 1,033,414	\$ 39,468
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,392,411	\$ 2,372,188	\$ 2,349,602	\$ 22,586
Drug forfeiture	-	-	7,748	(7,748)
Public safety grants	22,800	22,800	12,764	10,036
Total law enforcement and traffic control	\$ 2,415,211	\$ 2,394,988	\$ 2,370,114	\$ 24,874

General Fund - Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2015 (continued)

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
General Fund: (Continued)				
Public Safety: (Continued)				
Fire and rescue services:				
Forest warden	\$ 9,053	\$ 9,053	\$ 9,012	\$ 41
Volunteer fire and rescue	905,480	920,976	878,440	42,536
Emergency Medical Services Council	16,095	16,095	16,095	-
Total fire and rescue services	\$ 930,628	\$ 946,124	\$ 903,547	\$ 42,577
Correction and detention:				
Care of prisoners	\$ 1,093,097	\$ 1,092,928	\$ 1,085,413	\$ 7,515
Inspections:				
Building	\$ 250,151	\$ 244,634	\$ 241,112	\$ 3,522
Other protection:				
Animal control	\$ 253,904	\$ 237,560	\$ 223,357	\$ 14,203
Emergency management	397,011	544,580	454,405	90,175
E-911	824,239	830,941	830,941	-
Legal aid service	4,000	4,000	4,000	-
Total other protection	\$ 1,479,154	\$ 1,617,081	\$ 1,512,703	\$ 104,378
Total public safety	\$ 6,168,241	\$ 6,295,755	\$ 6,112,889	\$ 182,866
Public works:				
Sanitation and waste removal:				
Landfill	\$ 144,665	\$ 145,154	\$ 123,360	\$ 21,794
Landfill post closure cost	37,500	37,500	23,372	14,128
Litter control	10,700	27,363	27,362	1
Total sanitation and waste removal	\$ 192,865	\$ 210,017	\$ 174,094	\$ 35,923
Maintenance of general buildings and grounds:				
Facilities	\$ 805,392	\$ 806,003	\$ 777,174	\$ 28,829
Public works	245,613	252,460	236,576	15,884
General services	527,300	527,300	510,021	17,279
Total maintenance of general buildings and grounds	\$ 1,578,305	\$ 1,585,763	\$ 1,523,771	\$ 61,992
Total public works	\$ 1,771,170	\$ 1,795,780	\$ 1,697,865	\$ 97,915
Health and welfare:				
Health:				
Local health department	\$ 257,435	\$ 257,435	\$ 257,107	\$ 328
Mental health and mental retardation:				
Region Ten Community Services Board	\$ 89,250	\$ 89,250	\$ 89,250	\$ -

General Fund - Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2015 (continued)

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
General Fund: (Continued)				
Health and Welfare: (Continued)				
Welfare:				
Public assistance and welfare administration	\$ 2,261,593	\$ 2,274,506	\$ 2,077,982	\$ 196,524
Comprehensive services act program	2,119,303	2,445,354	2,170,644	274,710
Jefferson area board on aging	83,945	83,945	83,945	-
JAUNT, Inc.	72,141	72,141	72,141	-
Shelter for help in emergency	9,000	9,000	9,000	-
Sexual assault resource agency	1,000	1,000	1,000	-
Fluvanna housing foundation	16,000	16,000	16,000	-
Piedmont housing alliance	2,100	2,100	2,100	-
Jefferson area chip	51,000	51,000	51,000	-
Children, youth and family services	2,100	2,100	2,100	-
Streamwatch	1,750	1,750	1,750	-
Youth advisory council	360	360	212	148
Piedmont workforce network	3,150	3,150	3,150	-
Offender Aid & Rescue	13,261	13,261	13,261	-
Monticello area community action agency	49,913	49,913	49,913	-
Total welfare	\$ 4,686,616	\$ 5,025,580	\$ 4,554,198	\$ 471,382
Total health and welfare	\$ 5,033,301	\$ 5,372,265	\$ 4,900,555	\$ 471,710
Education:				
Contributions to community colleges	\$ 7,396	\$ 7,396	\$ 7,396	\$ -
Contribution to Component Unit School Board	15,251,745	15,251,795	14,614,758	637,037
Total education	\$ 15,259,141	\$ 15,259,191	\$ 14,622,154	\$ 637,037
Parks, recreation and cultural:				
Parks and recreation:				
Parks and recreation	\$ 486,465	\$ 514,153	\$ 506,890	\$ 7,263
Total parks and recreation	\$ 486,465	\$ 514,153	\$ 506,890	\$ 7,263
Cultural enrichment:				
Cultural arts	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
County museum	525	525	525	-
Total cultural enrichment	\$ 10,525	\$ 10,525	\$ 10,525	\$ -
Library:				
Regional library	\$ 287,209	\$ 288,438	\$ 288,437	\$ 1
Total parks, recreation and cultural	\$ 784,199	\$ 813,116	\$ 805,852	\$ 7,264

General Fund - Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2015 (continued)

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
General Fund: (Continued)				
Community development:				
Planning and community development:				
Planning commission	\$ 27,793	\$ 66,188	\$ 66,188	\$ -
Zoning board	1,700	2,441	2,441	-
Economic development	129,434	126,837	113,875	12,962
County planner	334,959	341,168	340,752	416
Chamber of commerce	3,500	3,500	3,500	-
Small business development center	2,500	2,500	2,500	-
Leadership development program	1,000	1,000	1,000	-
Central Virginia Partnership for Economic Development	11,730	11,730	11,730	-
Thomas Jefferson Planning District Commission	31,983	31,983	31,983	-
Total planning and community development	\$ 544,599	\$ 587,347	\$ 573,969	\$ 13,378
Environmental management:				
Soil and water conservation district	\$ 20,000	\$ 20,000	\$ 20,000	\$ -
Cooperative extension program:				
Cooperative extension service	\$ 76,536	\$ 76,536	\$ 71,254	\$ 5,282
Total community development	\$ 641,135	\$ 683,883	\$ 665,223	\$ 18,660
Nondepartmental:				
Miscellaneous	\$ 262,584	\$ 180,585	\$ 26,199	\$ 154,386
Total nondepartmental	\$ 262,584	\$ 180,585	\$ 26,199	\$ 154,386
Debt service:				
Principal retirement	\$ 3,959,549	\$ 3,959,549	\$ 3,771,148	\$ 188,401
Interest and fiscal charges	3,664,546	3,664,546	3,353,610	310,936
Total debt service	\$ 7,624,095	\$ 7,624,095	\$ 7,124,758	\$ 499,337
Total General Fund Expenditures	\$ 41,262,217	\$ 42,118,285	\$ 39,899,287	\$ 2,218,998

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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 Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities				
Net investment in capital assets	\$ 8,848,034	\$ 8,820,288	\$ 8,715,583	\$ 9,453,382
Restricted	95,195	-	-	3,922,469
Unrestricted	<u>16,282,205</u>	<u>17,352,326</u>	<u>19,637,501</u>	<u>15,327,034</u>
Total governmental activities net position	<u>\$ 25,225,434</u>	<u>\$ 26,172,614</u>	<u>\$ 28,353,084</u>	<u>\$ 28,702,885</u>
Business-type activities				
Net investment in capital assets	\$ 577,246	\$ 2,834,924	\$ 3,431,925	\$ 3,572,328
Restricted	825,453	1,009,433	-	-
Unrestricted	<u>(80,310)</u>	<u>(396,731)</u>	<u>(728,810)</u>	<u>(945,709)</u>
Total business-type activities net position	<u>\$ 1,322,389</u>	<u>\$ 3,447,626</u>	<u>\$ 2,703,115</u>	<u>\$ 2,626,619</u>
Primary government				
Net investment in capital assets	\$ 9,425,280	\$ 11,655,212	\$ 12,147,508	\$ 13,025,710
Restricted	920,648	1,009,433	-	3,922,469
Unrestricted	<u>16,201,895</u>	<u>16,955,595</u>	<u>18,908,691</u>	<u>14,381,325</u>
Total primary government net position	<u>\$ 26,547,823</u>	<u>\$ 29,620,240</u>	<u>\$ 31,056,199</u>	<u>\$ 31,329,504</u>

Table 1

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 12,884,537	\$ 15,481,925	\$ 17,779,481	\$ 18,058,155	\$ 18,203,194	\$ 18,855,190
12,966	-	-	-	-	-
<u>18,671,672</u>	<u>21,244,585</u>	<u>20,452,313</u>	<u>21,488,429</u>	<u>22,113,118</u>	<u>21,036,690</u>
<u>\$ 31,569,175</u>	<u>\$ 36,726,510</u>	<u>\$ 38,231,794</u>	<u>\$ 39,546,584</u>	<u>\$ 40,316,312</u>	<u>\$ 39,891,880</u>
\$ 4,548,235	\$ 4,359,941	\$ 4,220,066	\$ 4,130,335	\$ 4,046,836	\$ 3,979,806
-	-	-	-	-	-
<u>(657,499)</u>	<u>145,337</u>	<u>174,173</u>	<u>126,485</u>	<u>152,478</u>	<u>141,897</u>
<u>\$ 3,890,736</u>	<u>\$ 4,505,278</u>	<u>\$ 4,394,239</u>	<u>\$ 4,256,820</u>	<u>\$ 4,199,314</u>	<u>\$ 4,121,703</u>
\$ 17,432,772	\$ 19,841,866	\$ 21,999,547	\$ 22,188,490	\$ 22,250,030	\$ 22,834,996
12,966	-	-	-	-	-
<u>18,014,173</u>	<u>21,389,922</u>	<u>20,626,486</u>	<u>21,614,914</u>	<u>22,265,596</u>	<u>21,178,587</u>
<u>\$ 35,459,911</u>	<u>\$ 41,231,788</u>	<u>\$ 42,626,033</u>	<u>\$ 43,803,404</u>	<u>\$ 44,515,626</u>	<u>\$ 44,013,583</u>

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government administration	\$ 1,876,265	\$ 2,158,182	\$ 2,212,493	\$ 2,349,221	\$ 2,088,545	\$ 2,266,965	\$ 2,946,369	\$ 2,179,821	\$ 2,092,329	\$ 2,912,977
Judicial administration	969,016	1,106,540	1,140,519	1,160,816	1,111,127	1,092,325	1,147,418	1,168,114	1,206,938	1,164,502
Public Safety	4,427,947	3,885,133	4,374,838	4,738,756	5,458,590	4,875,996	5,298,372	5,515,173	6,549,800	6,642,850
Public works	878,458	1,214,823	1,484,129	1,405,843	1,506,088	1,324,088	1,461,832	1,458,736	2,135,218	2,451,166
Health and welfare	4,390,337	4,723,667	4,790,192	5,007,658	4,955,292	4,826,649	5,203,796	4,660,190	4,989,704	4,861,639
Education	13,403,847	14,463,598	15,276,510	16,408,027	16,020,958	10,796,609	14,938,085	16,997,681	19,422,301	18,425,758
Parks, recreation and cultural	853,116	790,866	872,307	909,931	741,582	723,393	736,581	722,937	777,854	850,915
Community development	408,255	457,810	453,556	606,155	509,233	447,602	592,966	1,108,602	682,766	806,016
Interest on long-term debt	648,514	853,223	1,090,223	1,046,588	637,891	4,667,841	4,653,204	4,113,741	3,381,824	3,864,041
Total governmental activities expenses	\$ 27,855,755	\$ 29,653,842	\$ 31,694,767	\$ 33,632,995	\$ 33,029,306	\$ 31,021,468	\$ 36,978,623	\$ 37,924,995	\$ 41,238,734	\$ 41,979,864
Business-type activities:										
Community Programs	\$ 19,779	\$ 43,989	\$ 62,667	\$ 60,912	\$ 50,157	\$ 45,710	\$ -	\$ -	\$ -	\$ -
Water	321,998	460,964	405,108	445,563	379,109	368,737	391,788	400,650	373,351	385,374
Sewer	-	-	33,015	139,834	159,433	182,931	195,289	203,840	200,969	207,350
Landfill	559,611	826,973	1,588,412	264,311	165,517	-	-	-	-	-
Total business-type activities expenses	\$ 901,388	\$ 1,331,926	\$ 2,089,202	\$ 910,620	\$ 754,216	\$ 597,378	\$ 587,077	\$ 604,490	\$ 574,320	\$ 592,724
Total primary government expenses	\$ 28,757,143	\$ 30,985,768	\$ 33,783,969	\$ 34,543,615	\$ 33,783,522	\$ 31,618,846	\$ 37,565,700	\$ 38,529,485	\$ 41,813,054	\$ 42,572,588
Program Revenues										
Governmental activities:										
Charges for services:										
General government administration	\$ 166,588	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Judicial administration	167,650	125,397	68,352	83,773	69,546	74,985	64,598	69,974	76,552	63,426
Public safety	166,066	148,865	131,542	183,433	133,186	196,820	240,503	292,484	272,560	332,650
Public works	-	-	-	-	-	102,391	85,096	80,067	78,475	76,198
Parks, recreation and cultural	110,090	161,565	139,337	109,084	93,476	82,284	100,865	74,038	115,460	116,282
Community development	27,229	173,001	137,721	140,484	145,684	109,880	-	-	-	-
Operating grants and contributions	4,594,724	4,737,759	4,878,357	4,753,650	4,586,272	4,609,047	4,840,524	4,296,841	4,853,380	4,895,422
Capital grants and contributions	2,174,437	406,080	185,706	348,260	743,377	151,576	4,145	1,273,986	941,858	338,485
Total governmental activities program revenues	\$ 7,406,784	\$ 5,752,667	\$ 5,541,015	\$ 5,618,684	\$ 5,771,541	\$ 5,326,983	\$ 5,335,731	\$ 6,087,390	\$ 6,338,285	\$ 5,822,463
Business-type activities:										
Charges for services:										
Community Programs	\$ 25,191	\$ 35,299	\$ 49,505	\$ 49,339	\$ 36,172	\$ 30,134	\$ -	\$ -	\$ -	\$ -
Water	295,050	315,046	328,873	320,562	279,980	301,071	302,522	318,506	302,439	356,573
Sewer	-	-	1,778	59,830	1,223,327	12,791	8,229	19,828	20,134	22,822
Landfill	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	\$ 977,335	\$ 2,152,392	\$ 844,874	\$ 554,426	\$ 1,895,531	\$ 343,996	\$ 310,751	\$ 338,334	\$ 322,573	\$ 379,395
Total primary government program revenues	\$ 8,384,119	\$ 7,905,059	\$ 6,385,889	\$ 6,173,110	\$ 7,667,072	\$ 5,670,979	\$ 5,646,482	\$ 6,425,724	\$ 6,660,858	\$ 6,201,858
Net (expense) / revenue										
Governmental activities	\$ (20,448,971)	\$ (23,901,175)	\$ (26,153,752)	\$ (28,014,311)	\$ (27,257,765)	\$ (25,694,485)	\$ (31,642,892)	\$ (31,837,605)	\$ (34,900,449)	\$ (36,157,401)
Business-type activities	75,947	820,466	(1,244,328)	(356,194)	1,141,315	(253,382)	(276,326)	(266,156)	(251,747)	(213,329)
Total primary government net expense	\$ (20,373,024)	\$ (23,080,709)	\$ (27,398,080)	\$ (28,370,505)	\$ (26,116,450)	\$ (25,947,867)	\$ (31,919,218)	\$ (32,103,761)	\$ (35,152,196)	\$ (36,370,730)

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 17,142,347	\$ 17,752,214	\$ 21,008,065	\$ 21,534,695	\$ 22,880,842	\$ 24,510,584	\$ 26,319,292	\$ 26,889,099	\$ 28,622,456	\$ 30,857,284
Local sales and use taxes	876,163	944,465	1,070,306	1,062,461	1,062,633	1,061,791	1,217,038	1,267,142	1,403,062	1,413,860
Taxes on recordation and wills	501,235	467,307	377,965	277,611	241,505	244,066	253,686	272,347	187,733	239,086
Motor vehicle licenses taxes	425,872	376,200	368,629	373,002	438,089	667,940	688,726	745,234	715,553	703,417
Consumer utility taxes	1,057,777	1,186,143	1,369,502	1,285,679	1,306,540	1,290,455	418,280	423,000	440,464	428,843
Other local taxes	595,716	365,473	217,929	210,213	197,684	236,955	228,344	264,079	210,955	267,393
Unrestricted grants and contributions	3,301,337	3,416,980	3,171,261	3,166,206	3,145,750	3,152,927	3,991,243	3,997,213	3,977,097	3,966,837
Unrestricted revenues from use of money and property	226,914	857,089	863,366	525,726	445,339	307,436	65,369	66,792	50,189	59,654
Miscellaneous	20,285	335,513	362,539	207,765	528,475	247,590	131,485	103,010	256,909	76,133
Transfers	136,137	(291,384)	(475,340)	(279,246)	(122,802)	(867,924)	(165,287)	(128,737)	(194,241)	(193,783)
Total governmental activities	\$ 24,283,783	\$ 25,410,000	\$ 28,334,222	\$ 28,364,112	\$ 30,124,055	\$ 30,851,820	\$ 33,148,176	\$ 33,899,179	\$ 35,670,177	\$ 37,818,724
Business-type activities:										
Unrestricted revenues from use of money and property	\$ 22,476	\$ 36,996	\$ 24,477	\$ 452	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers	(136,137)	291,384	475,340	279,246	122,802	867,924	165,287	128,737	194,241	193,783
Total business-type activities	\$ (113,661)	\$ 328,380	\$ 499,817	\$ 279,698	\$ 122,802	\$ 867,924	\$ 165,287	\$ 128,737	\$ 194,241	\$ 193,783
Total primary government	\$ 24,170,122	\$ 25,738,380	\$ 28,834,039	\$ 28,643,810	\$ 30,246,857	\$ 31,719,744	\$ 33,313,463	\$ 34,027,916	\$ 35,864,418	\$ 38,012,507
Change in Net Position										
Governmental activities	\$ 3,834,812	\$ 1,508,825	\$ 2,180,470	\$ 349,801	\$ 2,866,290	\$ 5,157,335	\$ 1,505,284	\$ 2,061,574	\$ 769,728	\$ 1,661,323
Business-type activities	(37,714)	1,148,846	(744,511)	(76,496)	1,264,117	614,542	(111,039)	(137,419)	(57,506)	(19,546)
Total primary government	\$ 3,797,098	\$ 2,657,671	\$ 1,435,959	\$ 273,305	\$ 4,130,407	\$ 5,771,877	\$ 1,394,245	\$ 1,924,155	\$ 712,222	\$ 1,641,777

COUNTY OF FLUVANNA, VIRGINIA

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Reserved	110,269	78,938	78,938	4,001,407
Restricted	-	-	-	-
Unreserved, designated for capital projects	-	-	1,858,037	2,033,250
Unreserved, designated for high school debt service	-	-	-	1,036,500
Unreserved, designated for subsequent expenditures	-	-	10,015,676	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unreserved, undesignated	8,645,692	8,982,217	6,846,383	15,346,007
Unassigned	-	-	-	-
Total general fund	<u>\$ 8,755,961</u>	<u>\$ 9,061,155</u>	<u>\$ 18,799,034</u>	<u>\$ 22,417,164</u>
All other governmental funds				
Reserved for Capital Projects	\$ -	\$ 3,553,451	\$ 9,071,275	\$ 67,190,334
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Unreserved, reported in:				
Capital projects funds	<u>(398,886)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ (398,886)</u>	<u>\$ 3,553,451</u>	<u>\$ 9,071,275</u>	<u>\$ 67,190,334</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

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ -	\$ 35,080	\$ 2,000	\$ 17,775	\$ -	\$ 133,933
91,904	-	-	-	-	-
-	78,938	-	-	-	-
2,526,018					
2,761,681					
-					
-	7,077,296	9,834,019	11,319,125	12,206,403	10,737,302
-	63,698	29,914	22,727	1,781	-
15,032,678					
-	13,528,036	10,348,950	10,271,385	9,576,832	10,974,265
<u>\$ 20,412,281</u>	<u>\$ 20,783,048</u>	<u>\$ 20,214,883</u>	<u>\$ 21,631,012</u>	<u>\$ 21,785,016</u>	<u>\$ 21,845,500</u>
\$ 43,912,030	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	531,616
-	16,544,058	3,312,322	519,759	70,462	3,963,624
-	183,265	-	-	50,697	51,292
-	-	-	229,421	455,854	237,844
-	-	(655,894)	-	-	-
-	-	-	-	-	-
<u>\$ 43,912,030</u>	<u>\$ 16,727,323</u>	<u>\$ 2,656,428</u>	<u>\$ 749,180</u>	<u>\$ 577,013</u>	<u>\$ 4,784,376</u>

COUNTY OF FLUVANNA, VIRGINIA

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

	2006	2007	2008	2009
Revenues				
General property taxes	\$ 15,341,412	\$ 17,550,665	\$ 21,261,041	\$ 21,348,203
Other local taxes	3,456,763	3,339,588	3,404,331	3,208,966
Permits, privilege fees and regulatory licenses	437,914	476,668	399,327	424,842
Fines and forfeitures	82,323	21,594	17,895	36,545
Revenue from use of money and property	226,914	857,089	863,366	525,726
Charges for services	117,386	110,566	59,730	55,387
Miscellaneous	20,285	335,513	362,539	207,764
Recovered costs	18,965	168,970	220,734	215,758
Intergovernmental:				
Contribution from School Board	-	46,045	248,648	-
Commonwealth	7,824,255	7,065,830	7,053,225	7,004,314
Federal	2,229,074	1,477,182	1,182,099	1,263,803
Total revenues	\$ 29,755,291	\$ 31,449,710	\$ 35,072,935	\$ 34,291,308
Expenditures				
General government administration	\$ 1,847,681	\$ 1,964,112	\$ 1,999,645	\$ 2,178,358
Judicial administration	830,530	940,159	991,983	991,921
Public safety	4,333,143	5,264,255	4,841,652	4,610,938
Public works	2,074,486	1,278,835	1,668,794	1,530,900
Health and welfare	4,421,708	4,720,466	4,814,963	4,934,848
Education	12,410,194	13,736,102	15,774,008	18,395,167
Parks, recreation and cultural	856,134	1,173,154	2,307,236	2,088,594
Community development	406,666	463,347	490,571	623,204
Nondepartmental	-	45,450	88,617	380,835
Debt service				
Principal	561,972	1,083,734	1,150,687	1,394,882
Interest and other fiscal charges	484,439	838,181	939,119	2,867,392
Bond Issuance Costs	-	-	-	777,900
Total expenditures	\$ 28,226,953	\$ 31,507,795	\$ 35,067,275	\$ 40,774,939
Excess (deficiency) of revenues over (under) expenditures	\$ 1,528,338	\$ (58,085)	\$ 5,660	\$ (6,483,631)
Other financing sources (uses)				
Transfers in	\$ 1,367,417	\$ 2,237,244	\$ 910,587	\$ 6,370,065
Transfers out	(1,231,279)	(2,528,628)	(1,260,263)	(6,649,311)
Bonds issued	8,832,057	4,195,000	9,400,000	67,525,000
Early retirement of indebtedness	(7,500,000)	-	(1,500,000)	-
Payments to refunded bond escrow agent	(2,529,552)	-	-	525,066
Issuance of capital leases	-	412,000	170,415	-
Sale of capital assets	-	-	-	450,000
Total other financing sources (uses)	\$ (1,061,357)	\$ 4,315,616	\$ 7,720,739	\$ 68,220,820
Net change in fund balances	\$ 466,981	\$ 4,257,531	\$ 7,726,399	\$ 61,737,189
Debt service as a percentage of noncapital expenditures	3.91%	6.62%	6.62%	12.56%

Table 4

	2010	2011	2012	2013	2014	2015
\$	22,881,694	\$ 24,333,649	\$ 25,783,612	\$ 26,886,904	\$ 28,437,543	\$ 30,390,483
	3,246,451	3,501,207	2,806,074	2,971,802	2,957,767	3,052,599
	361,142	347,774	239,463	266,139	271,315	328,492
	27,752	60,363	26,384	30,225	36,762	19,127
	445,339	307,436	65,369	66,792	50,189	59,654
	52,998	158,223	225,215	220,199	234,970	240,937
	528,475	247,590	131,485	103,010	256,909	76,133
	252,899	218,277	239,814	537,891	198,556	159,452
	-	-	-	-	-	-
	6,860,079	6,761,028	7,824,876	7,421,770	8,200,504	7,768,139
	1,615,320	1,152,522	1,011,036	2,146,270	1,571,831	1,432,605
\$	<u>36,272,149</u>	<u>\$ 37,088,069</u>	<u>\$ 38,353,328</u>	<u>\$ 40,651,002</u>	<u>\$ 42,216,346</u>	<u>\$ 43,527,621</u>
\$	1,998,758	\$ 2,283,864	\$ 2,948,951	\$ 2,457,582	\$ 2,375,839	\$ 2,973,426
	941,916	924,825	966,938	997,142	1,043,554	1,033,414
	6,132,985	5,551,650	5,111,665	7,774,015	7,046,266	6,504,341
	1,435,000	1,444,944	1,527,887	1,484,008	2,302,295	2,670,609
	4,928,507	4,858,939	5,163,813	4,588,355	4,961,275	4,900,555
	37,947,333	41,174,205	28,136,631	16,921,134	14,735,070	17,150,935
	689,922	629,182	716,477	687,593	1,734,527	1,055,476
	531,699	453,826	517,276	1,027,505	609,918	1,072,057
	509,718	383,995	435,867	159,496	18,742	26,199
	1,476,141	1,436,343	2,285,259	7,272,220	3,531,444	7,303,148
	4,923,406	4,748,216	4,689,001	2,858,997	3,681,338	3,433,568
	-	-	-	393,927	-	137,388
\$	<u>61,515,385</u>	<u>\$ 63,889,989</u>	<u>\$ 52,499,765</u>	<u>\$ 46,621,974</u>	<u>\$ 42,040,268</u>	<u>\$ 48,261,116</u>
\$	<u>(25,243,236)</u>	<u>\$ (26,801,920)</u>	<u>\$ (14,146,437)</u>	<u>\$ (5,970,972)</u>	<u>\$ 176,078</u>	<u>\$ (4,733,495)</u>
\$	976,518	\$ 1,157,587	\$ 863,523	\$ 1,913,411	\$ 2,590,807	\$ 2,999,934
	(1,099,320)	(1,203,684)	(1,356,146)	(1,994,483)	(2,785,048)	(3,193,717)
	5,420,000	2,704,077	-	77,542,813	-	9,195,125
	(4,830,000)	(2,670,000)	-	-	-	-
	-	-	-	(72,784,959)	-	-
	(507,149)	-	-	803,071	-	-
	-	-	-	-	-	-
\$	<u>(39,951)</u>	<u>\$ (12,020)</u>	<u>\$ (492,623)</u>	<u>\$ 5,479,853</u>	<u>\$ (194,241)</u>	<u>\$ 9,001,342</u>
\$	<u>(25,283,187)</u>	<u>\$ (26,813,940)</u>	<u>\$ (14,639,060)</u>	<u>\$ (491,119)</u>	<u>\$ (18,163)</u>	<u>\$ 4,267,847</u>
	19.32%	19.98%	18.57%	24.60%	18.24%	23.64%

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
2006	\$ 2,014,078,500	\$ 173,845,016	\$ 3,088,633	\$ 1,810,416	\$ 468,961,464	\$ 2,661,784,029	6.880	\$ 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	6.560	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	6.810	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	6.850	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	6.930	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	7.290	3,813,877,006	100.00%
2012	3,112,787,100	184,437,171	2,587,284	230,729	532,397,425	3,832,439,709	7.350	3,832,439,709	100.00%
2013	3,517,225,600	188,459,699	2,567,684	243,801	496,073,506	4,204,570,290	7.740	4,204,570,290	100.00%
2014	2,611,906,300	191,333,953	2,201,249	636,444	501,948,833	3,308,026,779	7.910	3,308,026,779	100.00%
2015	2,625,367,600	190,731,239	2,043,565	735,590	497,863,789	3,316,741,783	8.148	3,316,741,783	100.00%

Source: Commissioner of Revenue

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

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

Fiscal Years	Direct Rates				Total Direct Rates
	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	
2006	0.59	3.70	0.59	2.00	6.88
2007	0.43	3.70	0.43	2.00	6.56
2008	0.48	3.85	0.48	2.00	6.81
2009	0.50	3.85	0.50	2.00	6.85
2010	0.54	3.85	0.54	2.00	6.93
2011	0.57	4.15	0.57	2.00	7.29
2012	0.5981	4.15	0.5981	2.00	7.3462
2013	0.7950	4.15	0.7950	2.00	7.7400
2014	0.8800	4.15	0.8800	2.00	7.9100
2015	0.8990	4.35	0.8990	2.00	8.1480

(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 2015			
Taxpayer	Type Business	2015 Assessed Valuation	% of Total Assessed Valuation
Tenaska Virginia Partners, LP	Utility/Electric	248,604,516	7.50%
Virginia Electric and Power	Utility/Electric	112,009,600	3.38%
Central Va. Electric Co-op	Utility/Electric	39,716,700	1.20%
Transcontinental Gas Pipeline	Utility/Gas	23,180,235	0.70%
Aqua Resources	Utility/Water	19,848,219	0.60%
Colonial Pipeline Co.	Utility/Gas	11,952,680	0.36%
CSX Transportation	Railroad	10,450,351	0.32%
Columbia Gas of Va.	Utility/Gas	10,067,108	0.30%
Central Telephone Co. of Virginia	Utility/Telephone	9,492,273	0.29%
East Coast transport	Utility/Gas	6,285,009	0.19%
		<u>\$ 491,606,691</u>	<u>14.82%</u>

Fiscal Year 2006			
Taxpayer	Type Business	2006 Assessed Valuation	% of Total Assessed Valuation
Tenaska Virginia Partners, LP	Utility/Electric	313,839,725	11.79%
Virginia Electric & Power	Utility/Electric	108,948,695	4.09%
Central Va. Electric Co-op	Utility/Electric	29,294,840	1.10%
Aqua Resources	Utility/Water	17,455,226	0.66%
Central Telephone of Virginia	Utility/Telephone	13,350,743	0.50%
Colonial Pipeline Co.	Utility/Gas	9,642,146	0.36%
CSX Transportation Inc.	Railroad	8,184,854	0.31%
Transcontinental Gas Pipeline	Utility/Gas	7,815,714	0.29%
Thomasville Furniture	Manufacturing	6,707,596	0.25%
Macon Partners LLP	Commercial Property	3,811,500	0.14%
		<u>\$ 519,051,039</u>	<u>19.49%</u>

Source: Commissioner of Revenue

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year (1) (3)		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (1)	Total Collections to Date				
			Amount	Percentage of Levy (1)		Amount (1)	Percentage of Levy			
2006	\$	19,426,926	\$	18,299,002	94.19%	\$	256,174	\$	18,555,176	95.51%
2007		30,368,234	(2)	27,813,792	91.59%		897,592		28,711,384	94.54%
2008		23,963,600		23,110,441	96.44%		984,332		24,094,773	100.55%
2009		24,173,299		19,998,028	82.73%		918,966		20,916,994	86.53%
2010		25,271,025		24,399,808	96.55%		943,743		25,343,551	100.29%
2011		27,322,612		22,860,700	83.67%		1,006,510		23,867,210	87.35%
2012		29,015,715		27,372,053	94.34%		1,073,002		28,445,055	98.03%
2013		29,846,109		28,261,251	94.69%		843,910		29,105,161	97.52%
2014		31,288,974		29,831,066	95.34%		664,211		30,495,277	97.46%
2015		33,381,054		31,724,032	95.04%		-		31,724,032	95.04%

Source: Commissioner of Revenue, County Treasurer's office

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

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			
2006	\$ 11,284,594	\$ 6,223,828	\$ -	\$ -	\$ 791,892	\$ 18,300,314	2.50%	\$ 757
2007	14,701,638	5,728,476	-	617,625	1,971,586	23,019,325	2.50%	916
2008	14,683,236	5,233,125	7,500,000	629,104	1,883,808	29,929,273	3.13%	1,178
2009	81,455,801	4,737,774	7,500,000	932,008	1,792,254	96,417,837	10.71%	3,807
2010	86,057,976	4,242,423	2,670,000	769,043	1,709,406	95,448,848	10.48%	3,715
2011	85,223,117	3,746,605	2,704,077	663,377	1,620,960	93,958,136	9.27%	3,615
2012	83,530,386	3,264,254	2,704,077	553,200	1,529,890	91,581,807	8.65%	3,518
2013	101,441,566	2,788,660	-	1,092,806	1,438,771	106,761,803	9.82%	4,103
2014	97,882,452	2,478,809	-	868,897	1,344,780	102,574,938	9.16%	3,943
2015	95,742,783	2,168,958	-	638,273	1,249,965	99,799,979	9.72%	3,794

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

(1) See the Schedule of Demographic and Economic Statistics - Table 12.

(2) Includes Public Facility Bonds and School General Obligation Bonds.

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

Fiscal Year	Gross Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
2006	\$ 18,300,314	0.66%	1,008
2007	22,401,700	0.63%	891
2008	29,300,169	0.79%	1,153
2009	95,485,829	2.56%	3,770
2010	94,679,805	2.52%	3,685
2011	93,294,759	2.45%	3,590
2012	91,028,607	2.38%	3,462
2013	105,323,032	2.50%	4,048
2014	101,230,158	3.06%	3,891
2015	98,550,014	2.97%	3,746

(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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Total net debt applicable to debt limits (1)	\$ 98,550,014	\$ 101,230,158	\$ 105,323,032	\$ 91,028,607
Ratio of net debt to assessed taxable property value (2)	2.97%	3.06%	2.50%	2.38%
Debt limit per policy for property value	3.50%	3.50%	3.50%	3.50%
Total general governmental revenue (3)	43,527,621	42,216,346	40,651,002	38,353,328
Debt service to general governmental revenues (3)	16.57%	25.43%	24.92%	18.18%
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

	2011		2010		2009		2008		2007		2006
\$	93,294,759	\$	94,679,805	\$	95,485,829	\$	29,300,169	\$	22,401,700	\$	18,300,314
	2.45%		2.52%		2.57%		0.79%		0.63%		0.69%
	3.50%		3.50%		3.50%		3.50%		4.00%		4.00%
	37,088,069		36,272,149		34,291,308		35,072,935		31,449,710		29,755,291
	16.68%		17.64%		12.43%		5.96%		6.11%		3.52%
	12.00%		12.00%		12.00%		12.00%		10.00%		10.00%

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population(1)	Personal Income(1)	Per Capita Personal Income (1)	School Enrollment (2)	Unemployment Rate (3)
2006	24,165	752,903,000	31,157	3,494	2.3%
2007	25,138	792,857,000	31,540	3,580	2.4%
2008	25,411	829,714,000	32,652	3,638	3.2%
2009	25,328	835,728,000	32,996	3,673	6.1%
2010	25,691	848,707,000	33,035	3,703	5.7%
2011	25,989	893,937,000	34,397	3,691	5.1%
2012	26,033	912,765,000	35,062	3,736	5.1%
2013	26,019	923,685,000	35,500	3,660	4.9%
2014	25,970	967,881,000	37,269	3,591	4.6%
2015	26,305	1,014,191,667	38,555	3,541	4.3%

(1)

Source: Population estimates for 2006 to 2014 from Weldon Cooper Center for Public Service, University of Virginia. Population estimate for 2015 calculated using average expected growth rate of 1.29% from the U.S. Census Bureau. Personal income estimates for 2006 to 2014 from Bureau of Economic Analysis. Personal income for 2015 based on estimated growth from 2013 to 2014. Per capita personal income is calculated by dividing the personal income estimate by the population estimate.

(2) Source: Virginia Department of Education "Superintendent's Annual Report" (End-of-Year Membership)

(3) Source: Virginia Employment Commission

Principal Employers
Current Year and the Period Nine Years Prior

Fiscal Year 2015

Employer	Employees	Rank
Fluvanna County Public Schools	500-999	1
Fluvanna Correctional Center	250-499	2
S&N Locating Services, LLC	250-499	3
County of Fluvanna	100-249	4
Fork Union Military Academy	100-249	5
Food Lion	50-99	6
Dominos Pizza	50-99	7
Lake Monticello Owners	50-99	8
T & L Companions	50-99	9
Armor Correctional Health	50-99	10

Fiscal Year 2006

Employer	Employees	Rank
Fluvanna County Public Schools	500-999	1
Fluvanna Correctional Center	250-499	2
Thomasville Furniture Industry	100-249	3
Fork Union Military Academy	100-249	4
T & L Companions	100-249	5
County of Fluvanna	100-249	6
Lake Monticello Owners	50-99	7
Dominion Virginia Power	50-99	8
G & P Forestry Services Inc.	50-99	9
Ruxton Health at the Village	50-99	10

Source: Virginia Employment Commission.
VEC provides a range for employers.

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

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government	28	24	24	24	22	21	22.5	21.5	21.5	23.5
Judicial Administration	12	12	12	12	12	12	12	12	12	12
Public Safety										
Sheriffs Department	55	51	54	53	53	39	43	40.5	43.5	47.5
Fire & Rescue	0	0	0	0	0	0	0	0	0	0
Building Inspections	3	3	4	4	4	3	4	4	4	4
Animal Control	1	1	2	2	2	2	2	2	2	2
Emergency Management	0	0	0	0	0	0	0	1	1	1
Public Works										
General Maintenance	17	18	18	18	18	18	16	16	16	17
Landfill	3	4	4	3	3	0	2	1.25	1.25	1.25
Engineering	1	1	1	1	1	0	1	1	1	1
Health and Welfare										
Department of Social Services	28	26	21	25	25	22	25	29	29	28
Culture and Recreation										
Parks and Recreation	5	5	7	7	7	5	5	5	5	5
Museum	0	0	0	0	0	0	0	0	1.5	1.5
Library	3	3	6	6	6	3	3	3	3	3
Community Development										
Planning	4	5	5	5	5	4	5.5	4.5	5	5
Economic Development	0	0	0	0	0	0	0	1	1	1
Totals	<u>160</u>	<u>153</u>	<u>158</u>	<u>160</u>	<u>158</u>	<u>129</u>	<u>141</u>	<u>141.75</u>	<u>146.75</u>	<u>152.75</u>

Source: County Payroll Records.

Operating Indicators by Function
Last Ten Fiscal Years

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public safety										
Sheriffs department:										
Physical arrests	844	1,121	1,735	1,625	1,985	2,246	1,648	600	724	623
Traffic violations	n/a	n/a	n/a	n/a	n/a	n/a	n/a	775	712	460
Civil papers received	7,034	7,131	6,021	7,115	7,911	7,179	7,907	6,493	6,105	5,754
E911:										
Total calls	22,428	24,048	26,000	24,058	21,158	25,507	24,926	20,109	25,923	21,667
Emergency calls	n/a	n/a	n/a	n/a	n/a	n/a	n/a	6,568	6,144	6,106
Fire & Rescue calls:										
Number of fire calls answered	1,980	1,608	1,859	1,958	1,981	963	1,671	1,995	1,907	1,777
Number of rescue calls answered	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2,697	2,628
Building inspections:										
Permits issued	658	698	478	439	385	415	424	386	461	469
Animal control:										
Number of calls answered	1,376	1,806	1,973	n/a	1,852	1,952	1,345	1,418	1,671	1,863
Public works										
Facilities Service Requests	2,840	3,420	4,500	5,280	6,000	6,950	376	555	817	776
Landfill:										
Refuse collected (tons/day)	42.84	53.38	27.79	9	7	7	6.56	6.67	6.67	7.14
Recycling (tons/day)	0.345	3.477	3.09	n/a	1	0	0.37	0.40	0.77	0.77
Health and welfare										
Department of Social Services:										
Adoption Cases	93	105	87	91	159	154	176	214	235	234
Adult Services	643	680	649	638	665	765	850	810	863	1,071
Child Protective Services Cases	337	187	208	314	262	285	327	292	382	335
Family Services Cases	1,262	1,387	1,163	1,326	1,186	1,127	991	952	874	955
Foster Care Cases	308	346	386	376	264	296	240	157	125	59
VIEW Cases	91	107	143	153	245	229	358	365	282	306
Auxiliary Grant Cases	121	115	88	76	75	43	55	27	12	35
General Relief Cases	132	95	96	51	61	30	43	47	30	6
Medicaid Cases	10,680	14,257	14,687	12,618	19,122	20,930	22,646	24,206	25,697	26,499
SLH Applications	51	45	37	27	0	0	0	0	0	0
SNAP Cases	8,676	8,361	9,615	11,512	16,463	19,341	22,163	21,906	21,845	20,655
TANF Cases	341	263	364	404	587	622	715	777	609	663
Caseload	22,735	25,948	27,523	27,586	39,089	43,822	48,564	49,753	50,954	50,818
Culture and recreation										
Parks and recreation:										
Youth sports participants	994	1,030	1,078	1,128	1,200	1,300	1,350	1,400	1,359	250
Total program participants	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	4,267	10,870
Community development										
Planning:										
Zoning permits issued	330	421	295	246	227	185	157	148	181	267
Component Unit - School Board										
Education:										
School age population enrolled	3,670	3,686	3,850	3,736	3,761	3,703	3,696	3,669	3,593	3,564
Number of teachers	280	291	315	311	303	286	293	264	280	271
Local expenditures per pupil	\$ 8,053	\$ 8,885	\$ 9,773	\$ 9,967	\$ 9,999	\$ 9,249	\$ 9,153	\$ 9,080	\$ 9,498	\$ 9,804

Source: Individual county departments

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government										
Administration buildings	31	31	31	31	31	31	31	31	31	32
Vehicles	4	4	4	4	4	4	4	3	2	3
Public safety										
Sheriffs department:										
Patrol units	50	57	45	43	43	43	34	35	34	28
Other vehicles	5	7	7	7	7	7	3	4	4	5
Building inspections:										
Vehicles	2	2	2	2	2	2	4	4	3	3
Animal control:										
Vehicles	2	2	2	2	2	2	2	2	3	3
Public works										
General maintenance:										
Trucks/vehicles	8	12	14	14	14	14	13	14	12	13
Landfill:										
Vehicles	3	3	3	3	3	3	2	1	1	1
Equipment	2	2	2	4	4	4	4	4	4	4
Sites	1	1	1	1	1	1	1	1	1	1
Health and welfare										
Department of Social Services:										
Vehicles	5	9	7	7	7	7	8	8	9	9
Culture and recreation										
Parks and recreation:										
Community centers	2	2	2	2	2	2	2	2	2	2
Vehicles	6	5	6	6	6	6	3	4	3	3
Parks acreage	2	2	2	2	2	2	2	2	2	4
Swimming pools	0	0	0	0	0	0	0	0	0	0
Tennis courts	0	0	0	0	0	0	0	0	0	0
Community development										
Planning:										
Vehicles	1	1	2	2	2	2	2	2	3	2
Component Unit - School Board										
Education:										
Schools	9	9	9	9	9	9	9	6	5	5
School buses	73	80	88	90	90	90	74	80	78	82

Source: Individual county departments.

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Fluvanna, Virginia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County of Fluvanna, Virginia's basic financial statements, and have issued our report thereon dated December 7, 2015.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Farnell, Cox Associates

Charlottesville, Virginia
December 7, 2015

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

Report on Compliance for Each Major Federal Program

We have audited County of Fluvanna, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of County of Fluvanna Virginia's major federal programs for the year ended June 30, 2015. County of Fluvanna, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Robinson, Farnell, Cox Associates

Charlottesville, Virginia
December 7, 2015

COUNTY OF FLUVANNA, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2015

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:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	0010109/0010110/0040109/0040110	10.561	\$ 236,195
<u>DEPARTMENT OF JUSTICE</u>			
<u>Pass through payments:</u>			
Department of Criminal Justice Services:			
Edward Byrne Memorial Justice Assistance Grant Program	N/A	16.738	\$ 7,500
Bulletproof Vest Partnership Program	N/A	16.607	7,816
Total Department of Justice			\$ 15,316
<u>DEPARTMENT OF TRANSPORTATION:</u>			
<u>Pass through payments:</u>			
Virginia Department of Motor Vehicles:			
Alcohol Open Container Requirements	154AL 11 51384	20.607	\$ 12,892
Virginia Department of Transportation:			
Highway planning and construction	N/A	20.205	299,485
Total Department of Transportation			\$ 312,377
<u>DEPARTMENT OF HOMELAND SECURITY:</u>			
<u>Pass through payments:</u>			
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	N/A	97.036	\$ 75,181
<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	\$ 14,315
Temporary Assistance for Needy Families	0400109/0400110	93.558	135,352
Refugee and Entrant Assistance - State Administered Programs	0500109/0500110	93.566	250
Low-Income Home Energy Assistance	0600409/0600410	93.568	14,171
Child Care and Development Block Grant (Child Care Cluster)	0770109/0770110	93.575	(625)
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (Child Care Cluster)	0760109/0760110	93.596	22,948
Chafee Education and Training Voucher Program	9160108/9160109	93.599	1,600
Stephanie Tubbs Jones Child Welfare Services Program	0900109	93.645	892
Foster Care-Title IV-E	1100109/1100110	93.658	80,566
Adoption Assistance	1120109/1120110	93.659	139,086
Social Services Block Grant	1000109/1000110	93.667	108,043
Chafee Foster Care Independence Program	915108/9150109/9150110	93.674	3,269
Children's Health Insurance Program	0540109/0540110	93.767	7,216
Medical Assistance Program	1200109/1200110	93.778	261,453
Total Department of Health and Human Services			\$ 788,536
<u>NATIONAL ENDOWMENT FOR THE ARTS:</u>			
<u>Pass through payments:</u>			
Virginia commission for the arts			
Promotion of the Arts - Partnership Agreements	99910-10-0440	45.025	\$ 5,000
Total Primary Government			\$ 1,432,605

COUNTY OF FLUVANNA, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Units
Year Ended June 30, 2015 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program Title	Pass-through Entity Identifying Number	Federal CFDA Number	Federal Expendi- tures
COMPONENT UNIT-SCHOOL BOARD:			
<u>DEPARTMENT OF AGRICULTURE:</u>			
<u>Pass through payments:</u>			
Department of Agriculture and Consumer Services:			
Food distribution (Child Nutrition Cluster)	N/A	10.555	\$ 65,088
Department of Education:			
National School Lunch Program (Child Nutrition Cluster)	2013IN109941/2014IN109941	10.555	477,144
			542,232
School Breakfast Program (Child Nutrition Cluster)	2013IN109941/2014IN109941	10.553	\$ 118,719
Total Department of Agriculture			\$ 660,951
<u>DEPARTMENT OF EDUCATION:</u>			
<u>Pass through payments:</u>			
Department of Education:			
Title 1 Grants to Local Educational Agencies	S010A120046/S010A130046	84.010	\$ 371,119
Special Education - Grants to States (Special Education Cluster)	H027A130107/H027A140107	84.027	771,869
Career and Technical Education - Basic Grants to States	V048A130046/V048A140046	84.048	39,925
Special Education - Preschool Grant (Special Education Cluster)	H173A140112	84.173	18,421
Advanced Placement Program	S330B140002	84.330	259
Improving Teacher Quality State Grants	S367A130044/S367A140044	84.367	88,793
Total Department of Education			\$ 1,290,386
Total Component Unit School Board			\$ 1,951,337
Total Expenditures of Federal Awards			\$ 3,383,942

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, 2015

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Fluvanna, Virginia under programs of the federal government for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the County of Fluvanna, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Fluvanna, Virginia.

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Food Donation

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

Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 1,133,120
Capital Projects Fund	<u>299,485</u>
Total primary government	\$ <u>1,432,605</u>

Component Unit School Board:

School Operating Fund	\$ 1,290,386
School Cafeteria Fund	<u>660,951</u>
Total component unit school board	\$ <u>1,951,337</u>

Total federal expenditures per basic financial statements	\$ <u><u>3,383,942</u></u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ <u><u>3,383,942</u></u>
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COUNTY OF FLUVANNA, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

CFDA #	Name of Federal Program or Cluster
84.027/84.173	Special Education Cluster
10.553/10.555	Child Nutrition Cluster

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

There were no prior year findings.