

# **COUNTY OF FLUVANNA, VIRGINIA**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**



**YEAR ENDED JUNE 30, 2012**



**COUNTY OF FLUVANNA, VIRGINIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED JUNE 30, 2012**

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**Prepared By:**

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



**COUNTY OF FLUVANNA, VIRGINIA**  
Comprehensive Annual Financial Report  
For The Fiscal Year Ended June 30, 2012

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# COUNTY OF FLUVANNA, VIRGINIA

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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](http://www.fluvannacounty.org)

## BOARD OF SUPERVISORS

Shaun V. Kenney, Chairman  
*Columbia District*

Robert Ullenbruch, Vice Chair  
*Palmyra District*

Donald W. Weaver  
*Cunningham District*

Mozell H. Booker  
*Fork Union District*

Joseph C. Chesser  
*Rivanna District*

## STAFF

Steven M. Nichols  
*County Administrator*  
[snichols@fluvannacounty.org](mailto:snichols@fluvannacounty.org)

Mary L. Weaver  
*Clerk to the Board*  
[mweaver@fluvannacounty.org](mailto:mweaver@fluvannacounty.org)

December 17, 2012

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

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) for the County of Fluvanna (the "County") for the fiscal year ended June 30, 2012. The *Code of Virginia* requires that local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. This report has been prepared by the Department of Finance in accordance with the standards of financial reporting as prescribed by the Governmental Accounting Standards Board (GASB), the Financial Accounting Standards Board (FASB) where applicable, and the Auditor of Public Accounts (APA).

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

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

The County's financial statements have been audited by Robinson, Farmer, Cox, Associates, L.L.P., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended June 30, 2012 are fairly presented in all material respects, in conformity with GAAP. The auditors' report is presented as the first component of the financial section of this report.

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

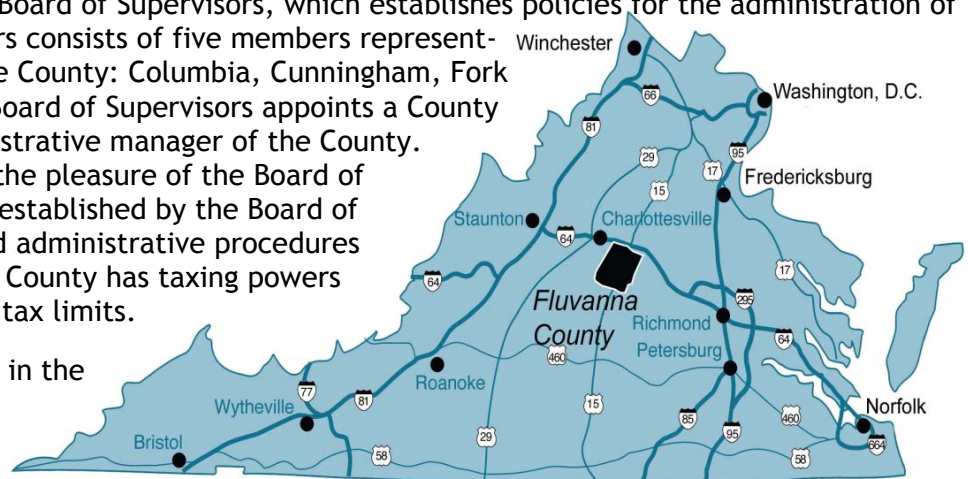
GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County's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

## *PROFILE OF THE COUNTY*

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

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

Fluvanna County is centrally located in the heart of Virginia, 120 miles south of Washington, D.C., 60 miles west of Richmond, Virginia, and 25 miles southeast of Charlottesville, Virginia. The location of the County can be described as the Piedmont Plateau Physiographic Province and is characterized by gently rolling hills. The County encompasses a land area of 282 square miles. Two U.S. primary and two State primary routes traverse the County. Fluvanna has a



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

In addition to the elected Board of Supervisors, five constitutional officers are elected. These officers include the Clerk of the Circuit Court, the Sheriff, the Commonwealth's Attorney, the Treasurer, and Commissioner of the Revenue.

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

The Court system is made up of the Circuit Court, General District Court, Juvenile and Domestic Relations Court, Clerk of the Circuit Court, Court Services, and Commonwealth's Attorney. The public safety operations of the County include the Sheriff, Emergency Communications, 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, Albemarle, Greene, Louisa, and Nelson.

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

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

The County provides education through its own school system administered by the Fluvanna County School Board (the School Board). This agency has been classified as a discretely presented component unit in the financial reporting entity because the School Board administers its own appropriations within the categories defined by the Commonwealth of Virginia. The Board of Supervisors' financial accountability over the School Board is also limited to approving transfers to the education funds and authorizing school debt issuances. The Fluvanna County Public Schools is the single largest service provided by the County. The elected School Board is composed of 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 four elementary schools. The combined enrollment as of June 2012 totaled 3,696 students. The Fluvanna High School Completion Rate is 93.2% (VA On Time Graduation Rate) with 75% of graduates seeking higher education.

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

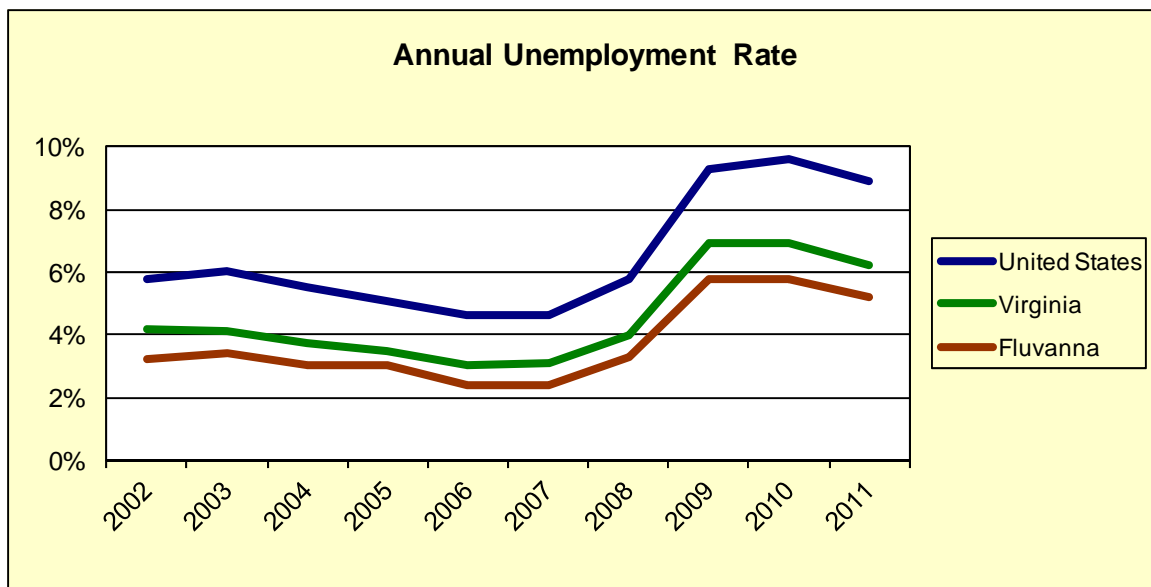
When necessary, the Board of Supervisors approves amendments to the adopted budget in accordance with 15.2-2507, Code of Virginia of 1950, as amended. Budgetary compliance is monitored and reported at the department level. The budget is implemented through appropriations that the Board makes annually,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

### *FACTORS AFFECTING FINANCIAL CONDITION*

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

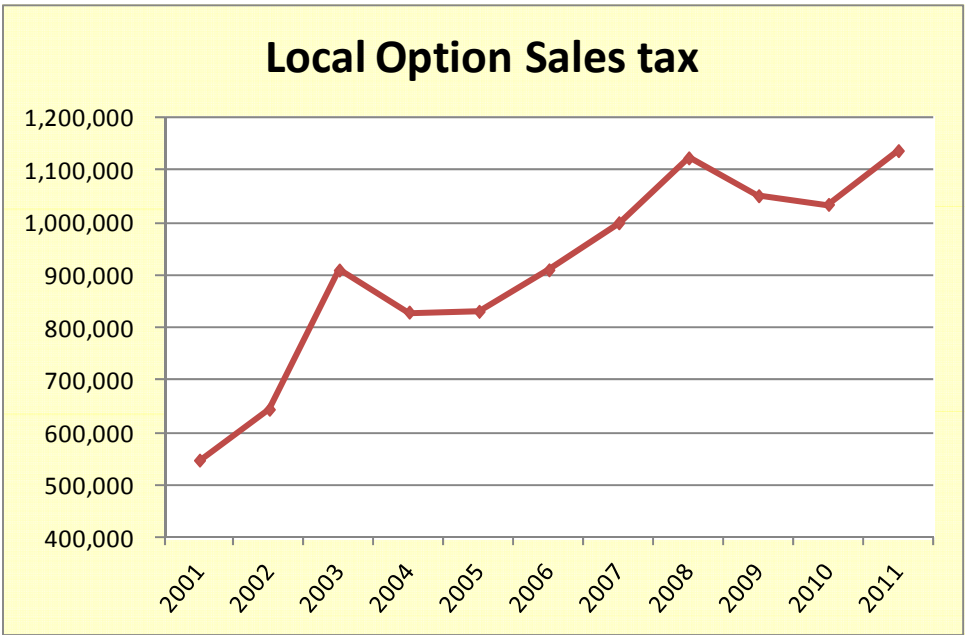
#### **Local Economy**

Based on available economic data, the local unemployment rate was 4.9% at June 30, 2012, 0.2% lower than the 5.1% at June 30, 2011. The local unemployment rate compares favorably to the state and national rate of 6.0% and 8.4%, respectively. The predominant industries are government, education, construction, health care, waste management, and retail trade. As seen in the chart below, while unemployment in Fluvanna County continues to compare favorably to the state and national numbers, unemployment remains higher than at pre-recession levels.



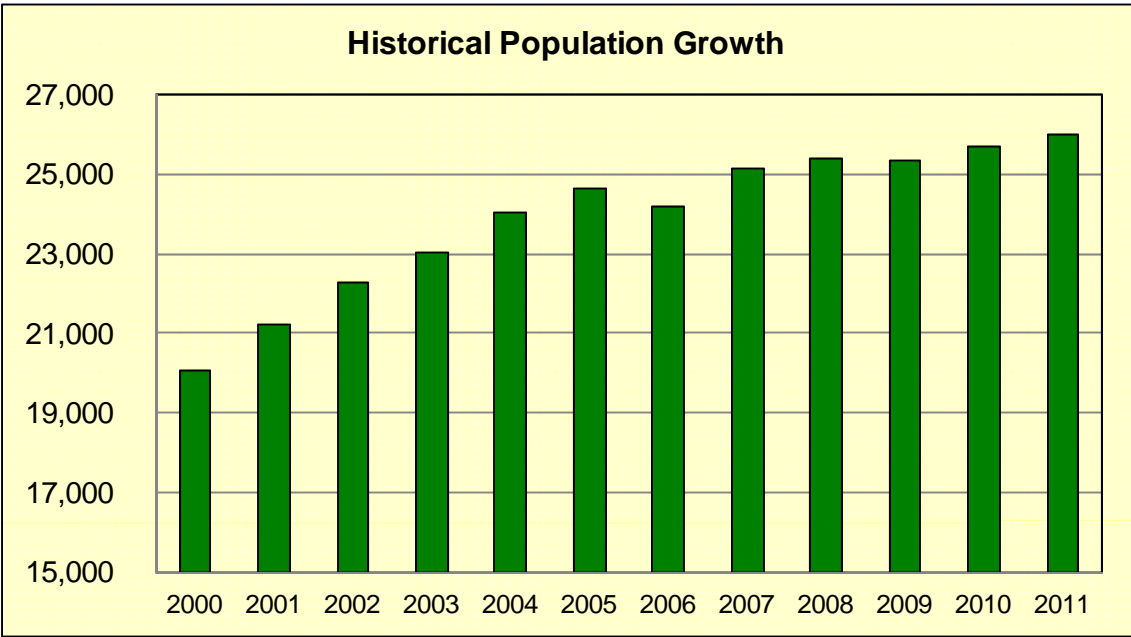
Source: Virginia Employment Commission, Local Area Unemployment Statistics

Sales tax revenue can also be an indicator of the overall condition of the County's economy. As seen in the chart below, there has been strong growth in sales tax revenue in Fluvanna County over the past ten years. The effects of the recession are seen in 2009 and 2010, but 2011 sales tax revenue has slightly surpassed pre-recession levels.



Source: Virginia Department of Taxation

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



Source: Weldon Cooper Center for Public Service

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

## Financial Policies

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

## MAJOR INITIATIVES

For fiscal year 2012, following the priorities established by the County of Fluvanna Board of Supervisors, and with the assistance and guidance of the County Administrator, County staff and agencies implemented and continued a number of specific projects designed to provide County residents with cost efficient government while enhancing their home and employment environment. Major initiatives begun, continued, or completed during this fiscal year are:

### *New High School*

In April 2009, the School Board broke ground on the construction of a \$71 million new high school on Pleasant Grove. The new high school was designed with an initial capacity of 1,500 students with the flexibility to expand the capacity to 1,750 and eventually to 2,500 students in the future. The anticipated completion date is summer 2012 with doors opening to students in August 2012.

### *Pleasant Grove Manor House Rehabilitation Project*

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

### *Municipal Software*

In the FY 2010 the Board of Supervisors appropriated \$427,000 for the purchase of a financial management software and hardware. In May 2010, the Board of Supervisors awarded a contract to Tyler Technologies. The new system is a comprehensive financial solution including general ledger, budgeting, GASB 34 reporter, HR/payroll, revenues including VA Tax, and utility billing. Project implementation began in August 2010. The financial module including general ledger, budgeting, purchasing, and accounts payable went live April 2011. Completion of implementation is targeted for summer 2013.

### *Fork Union Firehouse*

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



## PROSPECTS FOR THE FUTURE

For the fiscal year 2013, the Board of Supervisors approved an operating budget of \$66.1 million inclusive of a General Fund budget of \$41.0 million and a school fund budget of \$33.1 million. The Board of Supervisors elected to increase the real estate tax rate to \$0.5981 per \$100 of assessed value for calendar year 2012. 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, 2011. This is the fifth year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,

Steven M. Nichols  
County Administrator

Barbara J. Horlacher  
Director of Finance

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**COUNTY OF FLUVANNA, VIRGINIA**  
**DIRECTORY OF PRINCIPAL OFFICIALS**  
**June 30, 2012**

Board of Supervisors

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

Constitutional Officers

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

County Administrative Officials

Steven M. Nichols ..... County Administrator

School Board

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

School Administrative Officials

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

Social Services Board

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

Social Services Administrative Official

Susan Muir..... Director of Social Services

Other Officials

Daniel R. Bouton..... Judge of the Circuit Court  
Roger L. Morton ..... Judge of the General District Court  
Dwight Johnson ..... Judge of the Juvenile and Domestic Relations District Court

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# Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Fluvanna  
Virginia

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2011

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



*Linda C. Sandison*

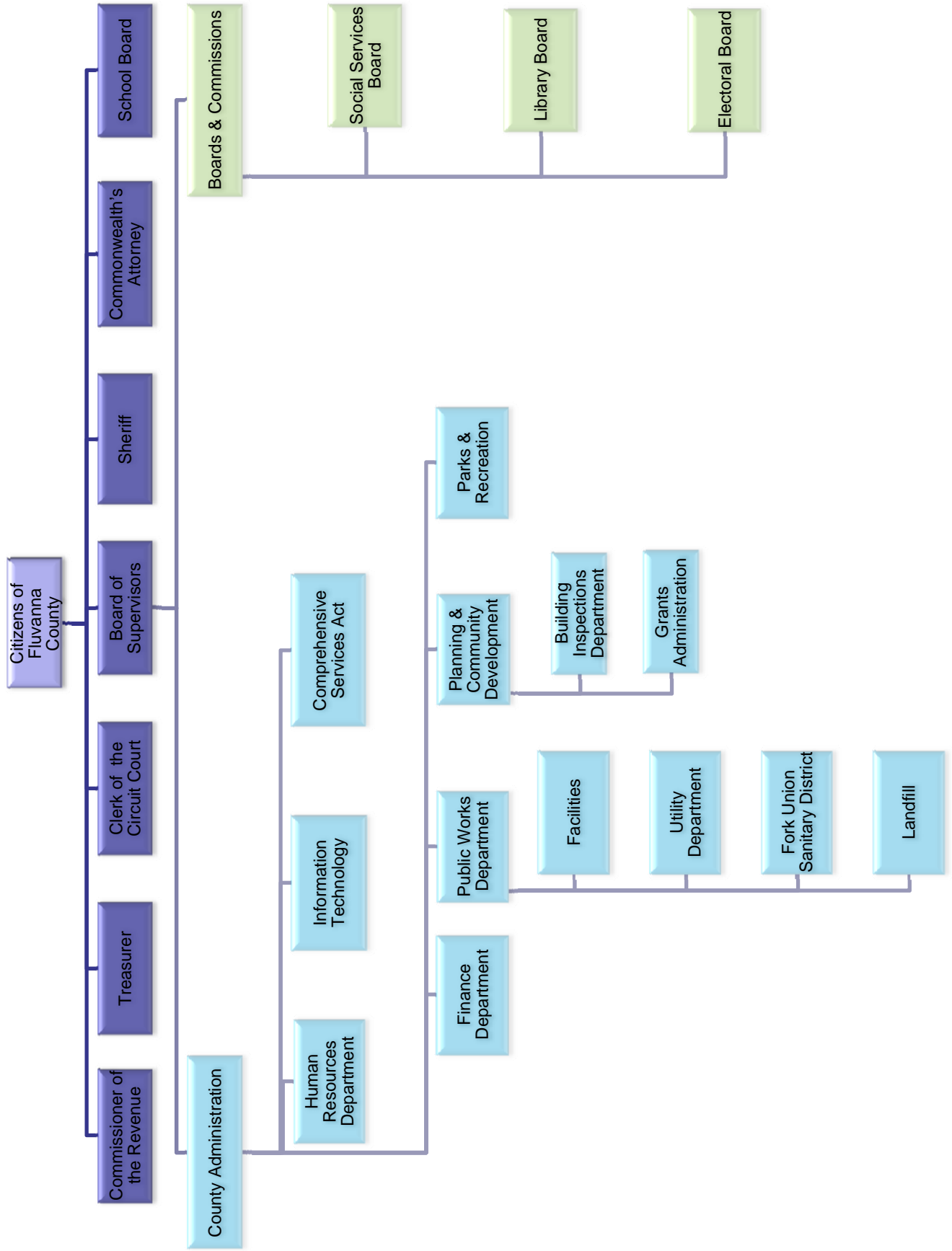
President

*Jeffrey R. Emer*

Executive Director

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# Fluvanna County Organizational Chart



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# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Fluvanna, Virginia, as of and for the year ended June 30, 2012, which collectively comprise the County of Fluvanna, Virginia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Fluvanna, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Fluvanna, Virginia, as of June 30, 2012, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2012, on our consideration of the County of Fluvanna, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Fluvanna, Virginia's financial statements as a whole. The introductory section, other supplementary information, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Robinson, Farnell, Cox Associates*

Charlottesville, Virginia  
December 17, 2012



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**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, 2012. 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 of the County exceeded its liabilities at the close of the most recent fiscal year by \$42.6 million (net assets). Of this amount, \$20.6 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net assets increased by \$1.4 million, of which the governmental activities increased by \$1.5 million and business-type activities decreased by \$100,000.
- As of the close of fiscal year 2012, the County's governmental funds reported combined ending fund balances of \$22.9 million (Exhibit 3). Of the \$22.9 million total, 85.5% (\$19.6 million) is available for spending at the County's discretion (sum of committed, assigned, and unassigned fund balances).
- The General Fund's unassigned fund balance decreased \$3.2 million to \$10.3 million (Exhibit 3) which is 17.3% of general fund and component unit operating revenues. This exceeds the County's unassigned fund balance policy minimum of 12% of total governmental general fund revenues and component unit – school board operating revenues.
- The County's total debt decreased by \$2.4 million during the current fiscal year as a result of principal payments.

### **Overview of the Financial Statements**

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

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

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

## **Overview of the Financial Statements: (Continued)**

### **Government-Wide Financial Statements**

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

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

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

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

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

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

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

### **Fund Financial Statements**

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

## **Overview of the Financial Statements: (Continued)**

### **Fund Financial Statements: (Continued)**

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

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

*Proprietary funds* – The County maintains 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, community programs, and sewer. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, community programs, and sewer all of which are considered to be major funds of the County. Internal service funds are an accounting device used to accumulate and allocate 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.

## Financial Analysis of the Government-Wide

### Statement of Net Assets

Table 1 summarizes the Statement of Net Assets (Exhibit 1 in the Financial Section of the CAFR) for the primary government as of June 30, 2012 and 2011.

**Table 1**

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

	Primary Government					
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 31.1	\$ 46.9	\$ 0.3	\$ 0.3	\$ 31.4	\$ 47.2
Capital assets	104.3	91.1	5.7	6.0	110.0	97.1
Total assets	\$ 135.4	\$ 138.0	\$ 6.0	\$ 6.3	\$ 141.4	\$ 144.3
Long-term liabilities outstanding	\$ 85.4	\$ 91.1	\$ 1.5	\$ 1.6	\$ 86.9	\$ 92.7
Current liabilities	11.8	10.2	0.2	0.2	12.0	10.4
Total liabilities	\$ 97.2	\$ 101.3	\$ 1.7	\$ 1.8	\$ 98.9	\$ 103.1
Net assets:						
Invested in capital assets, net of related debt	\$ 17.8	\$ 15.5	\$ 4.2	\$ 4.4	\$ 22.0	\$ 19.9
Restricted	-	-	-	-	-	-
Unrestricted	20.4	21.2	0.2	0.1	20.6	21.3
Total net assets	\$ 38.2	\$ 36.7	\$ 4.4	\$ 4.5	\$ 42.6	\$ 41.2

As noted earlier, over time, changes in net assets may serve as a useful indicator of a County's financial position. Of interest, the County's assets exceeded liabilities by \$42.6 million at the June 30, 2012, an increase of \$1.4 million from the net assets at June 30, 2011.

The County's net assets of \$22.0 million, or 51.9%, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens, like schools, libraries, law enforcement, fire and emergency medical services. Consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities (i.e., the County's investment in capital assets is of a permanent nature, as assets acquired are generally not sold or otherwise disposed of during their useful life).

The remaining \$20.6 million balance of unrestricted net assets may be used to meet the County's ongoing obligations to citizens and creditors.

## Financial Analysis of the Government-Wide: (Continued)

### Statement of Activities

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

**Table 2**

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

	Primary Government					
	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 0.5	\$ 0.6	\$ 0.3	\$ 0.3	\$ 0.8	\$ 0.9
Operating grants and contributions	4.8	4.6	-	-	4.8	4.6
Capital grants and contributions	-	0.2	-	-	-	0.2
General revenues:						
General property taxes	26.3	24.5	-	-	26.3	24.5
Other local taxes	2.8	3.5	-	-	2.8	3.5
Use of money and property	0.1	0.3	-	-	0.1	0.3
C/VA non-categorical aid	4.0	3.2	-	-	4.0	3.2
Other general revenues	0.1	0.2	-	-	0.1	0.2
Total revenues	\$ 38.6	\$ 37.1	\$ 0.3	\$ 0.3	\$ 38.9	\$ 37.4
Expenses:						
General government administration	\$ 3.0	\$ 2.3	\$ -	\$ -	\$ 3.0	\$ 2.3
Judicial administration	1.1	1.1	-	-	1.1	1.1
Public safety	5.3	4.9	-	-	5.3	4.9
Public works	1.5	1.3	-	-	1.5	1.3
Health and welfare	5.2	4.8	-	-	5.2	4.8
Education	14.9	10.8	-	-	14.9	10.8
Parks, recreation, and cultural	0.7	0.7	-	-	0.7	0.7
Community development	0.6	0.4	-	-	0.6	0.4
Interest and other fiscal charges	4.6	4.7	-	-	4.6	4.7
Water	-	-	0.4	0.4	0.4	0.4
Community programs	-	-	-	-	-	-
Landfill	-	-	-	-	-	-
Sewer	-	-	0.2	0.2	0.2	0.2
Total expenses	\$ 36.9	\$ 31.0	\$ 0.6	\$ 0.6	\$ 37.5	\$ 31.6
Increase in net assets before transfers	\$ 1.7	\$ 6.1	\$ (0.3)	\$ (0.3)	\$ 1.4	\$ 5.8
Transfers	(0.2)	(0.9)	0.2	0.9	-	-
Increase in net assets	\$ 1.5	\$ 5.2	\$ (0.1)	\$ 0.6	\$ 1.4	\$ 5.8
Net assets, July 1, 2011	36.7	31.5	4.5	3.9	41.2	35.4
Net assets, June 30, 2012	\$ 38.2	\$ 36.7	\$ 4.4	\$ 4.5	\$ 42.6	\$ 41.2

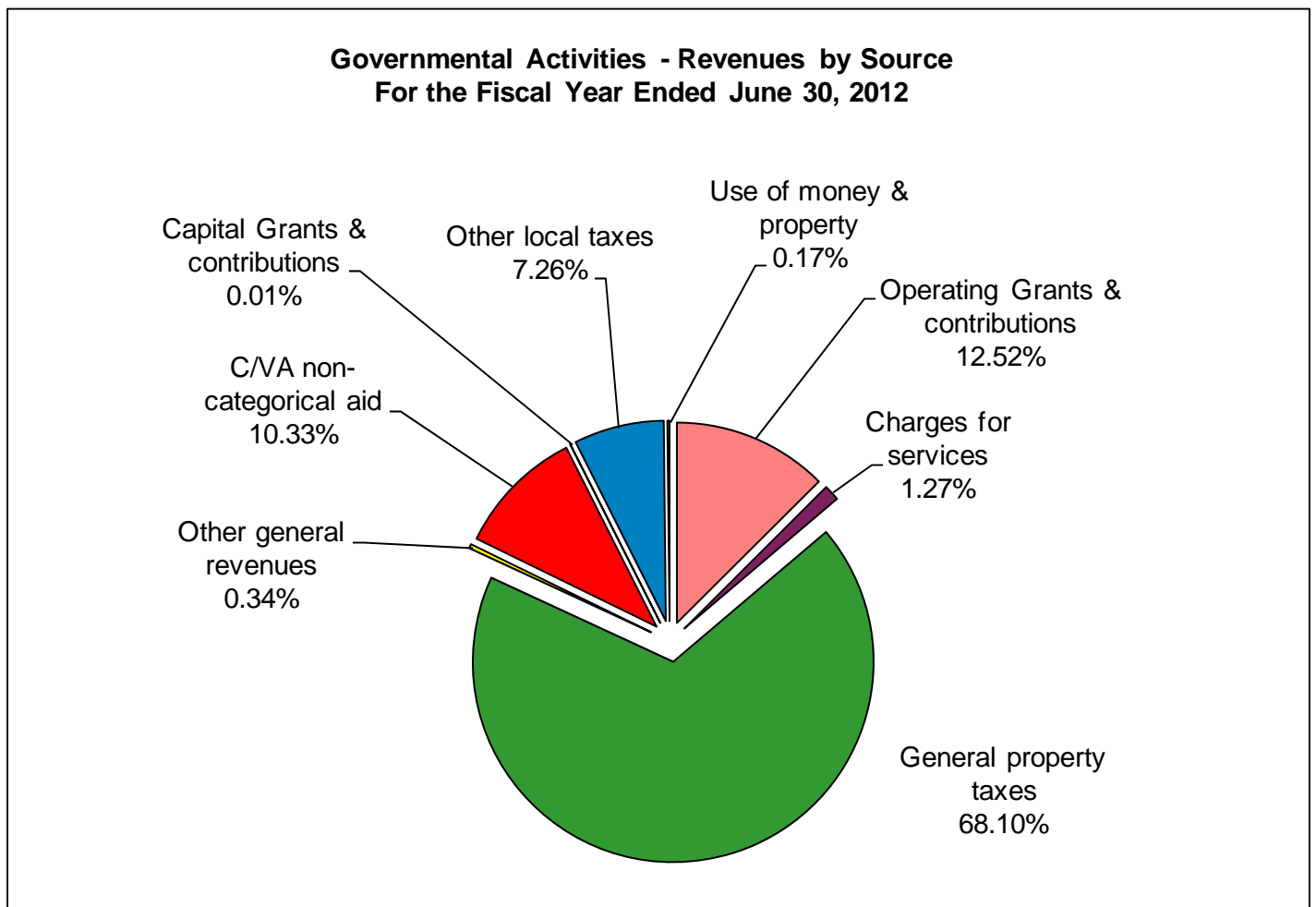
## Financial Analysis of the Government-Wide: (Continued)

### Statement of Activities: (Continued)

Generally, net asset changes are the result of difference between revenues and expenses. The increase in net assets attributable to the County's **governmental activities** totaled \$1.5 million for the current fiscal year. Revenues were \$38.6 million for fiscal year 2012. This is an increase of \$1.5 million from the prior fiscal year.

A summary of key revenue elements follows:

- Taxes are the largest source of County revenues, totaling \$29.1 million for fiscal year 2012, an increase of \$1.1 million, or 3.9%, in comparison to fiscal year 2011. This increase is a result of a \$1.8 million dollar increase in general property taxes offset by a \$700,000 decrease in other local taxes. Property taxes increased as a result of an increase in the real property tax rate from \$0.57 in calendar year 2011 to \$0.5981 in calendar year 2012 and an increase in personal property values. Other local taxes decreased as a result of a revenue reclassification to revenue from the Commonwealth of Virginia.
- Revenue from the Commonwealth of Virginia increased \$800,000 as a result of the change in revenue classification described above.



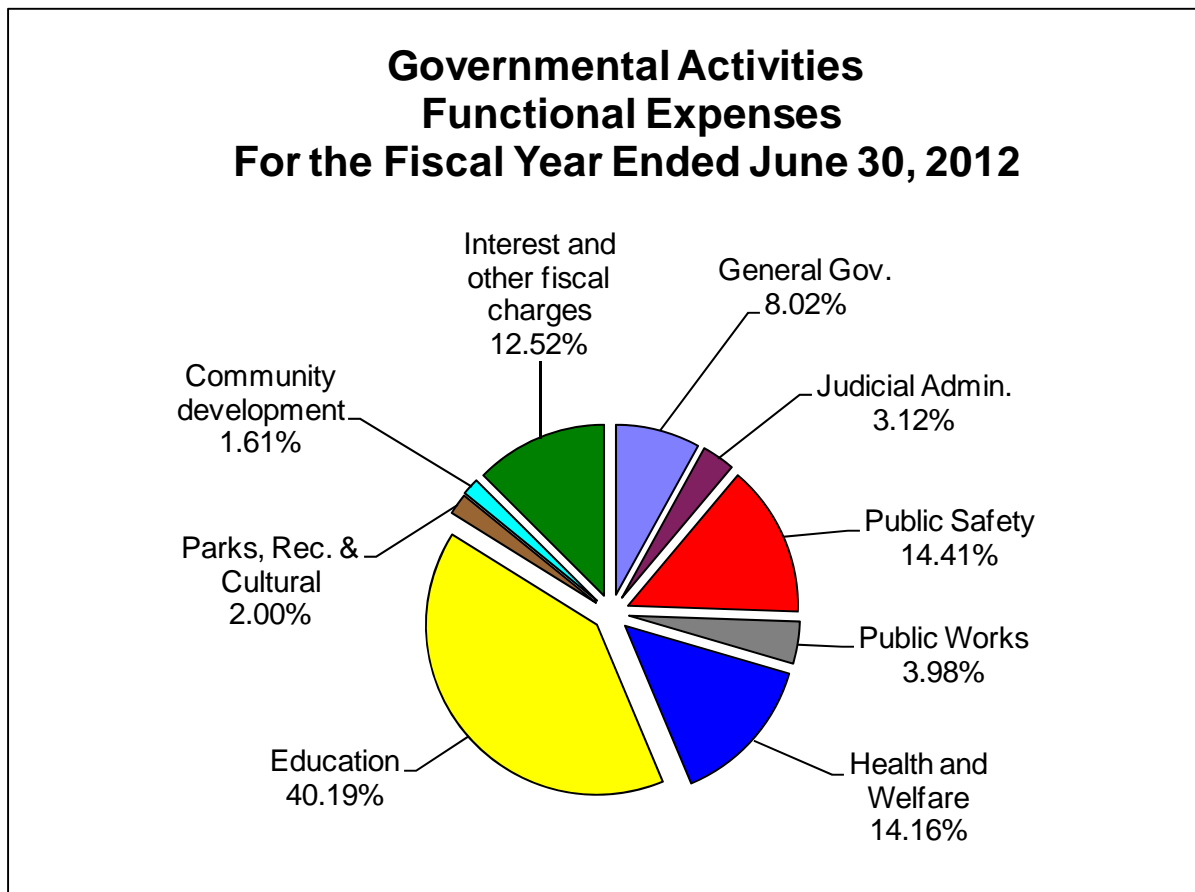
For the fiscal year June 30, 2012, the expenses for governmental activities totaled \$36.9 million, an increase of \$5.9 million or 19.0% compared to the prior year. Included in this activity are employee compensation and benefits, payments for educational expenses to the School Board, and increases in the interest on long-term debt.

## **Financial Analysis of the Government-Wide: (Continued)**

A summary of key expenses elements follows:

- General government administration expenses increased \$700,000 as a result of higher attorney's fees and higher depreciation costs.
- Public safety expenses increased \$400,000 as a result of higher contributions to volunteer fire and rescue groups and higher costs of imprisonment.
- Education expenses increased \$4.1 million as a result of lower capitalized construction costs compared to fiscal year 2011.
- Health and welfare expenses increased \$400,000 primarily as a result of increased costs for mandated Comprehensive Services Act services.

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



**Business-Type Activities** – Business-type activities decreased the County's net assets by \$100,000. Similar to changes in net assets attributable to governmental activities, changes in business-type activity net assets also result from the differences between revenues and expenses. However, unlike governmental activities, which rely primarily on general tax revenues to finance operations, business-type activities are financed to a significant extent by fees charged for goods and services provided. The County's business-type activities consist of its water, sewer, and community programs. Like all business-type activities, the County attempt to recover as much of the operating expenses it incurs to meet service demands as possible through user charges.

## **Financial Analysis of the Government-Wide: (Continued)**

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

- Charges for services for business-type activities remained at \$300,000 for fiscal year 2012 and 2011.
- Expenses also remained unchanged from fiscal year 2011 at \$600,000. Due to a decrease in transfer from the General Fund, net assets declined by \$100,000.

## **Financial Analysis of the County's Funds**

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

### **Governmental Funds**

As of June 30, 2012, the County's governmental funds reported combined ending fund balances of \$22.9 million (Exhibit 3), a decrease of \$14.6 million in comparison with the previous fiscal year. Of the \$22.9 million fiscal year 2012 fund balance, \$3.3 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, \$9.8 million is classified as committed to indicate that it has been set aside for specific purposes by the County's Board of Supervisors, and \$9.7 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 decreased \$600,000 (Exhibit 4) to \$20.2 million during fiscal year 2012, of which \$9.8 million is committed and \$10.3 is unassigned. 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 27% of General Fund revenues for fiscal year 2012. 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 decreased \$14.0 million to \$2.7 million during fiscal year 2012 primarily as a result of the new high school capital project for which funding has been received in prior years.

### **Proprietary Funds**

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

## **General Fund Budgetary Highlights**

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

- \$900,000 for the Comprehensive Services Act;
- \$300,000 to Education for operations; and
- \$200,000 to the Board of Supervisors for increased legal fees.



## **Capital Asset and Debt Administration**

### **Capital assets**

The County's investment in capital assets as of June 30, 2012 totals \$110.1 million, net of accumulated depreciation. This represents an increase of \$13.2 million, or 13.7% over fiscal year 2011. Capital assets are illustrated in Table 3 below.

**Table 3**

	(\$ in millions)			
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Totals at June 30</b>	
			<b>2012</b>	<b>2011</b>
Land and improvements	\$ 1.5	\$ 0.3	\$ 1.8	1.8
Construction in progress - jointly owned	80.2	-	80.2	66.1
Construction in progress	1.3	-	1.3	0.7
Subtotal, capital assets not being depreciated	\$ 83.0	\$ 0.3	\$ 83.3	68.6
Buildings and improvements	\$ 17.9	\$ -	\$ 17.9	17.8
Equipment	5.5	0.2	5.7	5.6
Infrastructure	-	6.9	6.9	6.9
Jointly owned assets	9.0	-	9.0	10.0
Subtotal, capital assets being depreciated	\$ 32.4	\$ 7.1	\$ 39.5	40.3
Less: accumulated depreciation	\$ 11.1	\$ 1.6	\$ 12.7	12.0
Net capital assets being depreciated	\$ 21.3	\$ 5.5	\$ 26.8	28.3
Governmental activities capital assets, net	\$ <u>104.3</u>	\$ <u>5.8</u>	\$ <u>110.1</u>	<u>96.9</u>

Major capital asset activity during the current fiscal year included an increase in jointly owned construction in progress of \$14.1 million as a result of continued high school construction.

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, 2012.

**Table 4**

	(\$ in millions)		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
General obligations bonds	\$ 81.1	\$ -	\$ 81.1
Public facility bonds	5.5	-	5.5
Utility bonds	-	1.5	1.5
Capital lease obligations	0.6		0.6
Revenue note	2.7		2.7
Total long-term debt	\$ <u>89.9</u>	<u>1.5</u>	\$ <u>91.4</u>

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 2012, the County's debt service to revenue ratio was 18.2 percent. The second ratio is the net general obligation of debt to assessed value which should not exceed 3.5 percent. This ratio measures the relationship between County's tax-supported debt to the taxable value of property in the County. In fiscal year 2012, this ratio was 2.34% (Table 10).

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

## **Economic Factors and Next Year's Budgets and Rates**

### **Economic Factors**

The local unemployment rate was 4.9% at June 30, 2012, a modest improvement from 5.1% at June 30, 2011. The local unemployment rate compares favorably to the State's rate of 6.0% and national rate of 8.4% for the same period.

A county-wide real estate assessment is being conducted in calendar year 2012, the first in six years. Fluvanna County is expected to experience significant declines in real property values mirroring the experience of other localities in Virginia and the country.

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

### **Fiscal Year 2013 Budget and Rates**

For the fiscal year ending June 30, 2013, the adopted budget is \$66.1 million, a decrease of \$1.8 million from fiscal year 2012.

For calendar year 2012 the real estate tax rate increased from \$0.57 to \$0.5981 per \$100 of assessed value.

Key factors that are expected to impact future budgets include:

- Continued recovery of the economy.
- Federal and State funding.
- Refinancing of higher interest bonds.

### **Requests for Information**

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

## **BASIC FINANCIAL STATEMENTS**

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## **Government-wide Financial Statements**

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Statement of Net Assets  
At June 30, 2012

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	School Board
<b>ASSETS</b>				
Current Assets				
Cash and cash equivalents	\$ 19,233,084	\$ 248,808	\$ 19,481,892	\$ 1,804,231
Restricted assets	6,004,493	-	6,004,493	-
Receivables (net of allowance for uncollectibles):				
Property taxes	2,346,099	-	2,346,099	-
Accounts receivable	110,291	21,335	131,626	16,452
Notes receivable	40,000	-	40,000	-
Prepaid expenses	2,000	-	2,000	-
Due from other governments	2,419,244	-	2,419,244	905,352
Total Current Assets	<u>\$ 30,155,211</u>	<u>\$ 270,143</u>	<u>\$ 30,425,354</u>	<u>\$ 2,726,035</u>
Noncurrent Assets				
Net other post-employment benefit asset	\$ 189,020	\$ -	\$ 189,020	\$ -
Capital assets (net of accumulated depreciation):				
Land	\$ 1,513,246	\$ 296,176	\$ 1,809,422	\$ 329,523
Buildings and improvements	13,201,259	2,658	13,203,917	1,467,801
Infrastructure	-	5,410,242	5,410,242	-
Equipment	1,246,467	40,880	1,287,347	673,916
Jointly owned assets	6,883,763	-	6,883,763	7,377,013
Construction in progress	81,488,047	-	81,488,047	-
Total capital assets	<u>\$ 104,332,782</u>	<u>\$ 5,749,956</u>	<u>\$ 110,082,738</u>	<u>\$ 9,848,253</u>
Other assets:				
Bond issue costs	\$ 746,784	\$ -	\$ 746,784	\$ -
Total Noncurrent Assets	<u>\$ 105,268,586</u>	<u>\$ 5,749,956</u>	<u>\$ 111,018,542</u>	<u>\$ 9,848,253</u>
Total Assets	<u>\$ 135,423,797</u>	<u>\$ 6,020,099</u>	<u>\$ 141,443,896</u>	<u>\$ 12,574,288</u>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable and other current liabilities	\$ 4,974,858	\$ 26,321	\$ 5,001,179	\$ 2,001,754
Unearned revenue	175,296	-	175,296	19,000
Claims payable	182,471	-	182,471	242,667
Accrued interest payable	668,771	-	668,771	-
Notes payable	-	40,000	40,000	-
Current portion of long-term obligations	5,800,778	94,791	5,895,569	98,803
Total Current Liabilities	<u>\$ 11,802,174</u>	<u>\$ 161,112</u>	<u>\$ 11,963,286</u>	<u>\$ 2,362,224</u>
Noncurrent Liabilities				
Noncurrent portion of long-term obligations	85,389,829	1,464,748	86,854,577	889,227
Total Liabilities	<u>\$ 97,192,003</u>	<u>\$ 1,625,860</u>	<u>\$ 98,817,863</u>	<u>\$ 3,251,451</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	\$ 17,779,481	\$ 4,220,066	\$ 21,999,547	\$ 9,848,253
Unrestricted assets	20,452,313	174,173	20,626,486	(525,416)
Total Net Assets	<u>\$ 38,231,794</u>	<u>\$ 4,394,239</u>	<u>\$ 42,626,033</u>	<u>\$ 9,322,837</u>
Total Liabilities and Net Assets	<u>\$ 135,423,797</u>	<u>\$ 6,020,099</u>	<u>\$ 141,443,896</u>	<u>\$ 12,574,288</u>

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

# COUNTY OF FLUVANNA, VIRGINIA

Statement of Activities  
Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 2,946,369	\$ -	\$ 266,268	\$ -
Judicial administration	1,147,418	64,598	532,534	-
Public safety	5,298,372	240,503	1,202,073	-
Public works	1,461,832	85,096	6,898	4,145
Health and welfare	5,203,796	-	2,758,138	-
Education	14,938,085	-	-	-
Parks, recreation, and cultural	736,581	100,865	74,613	-
Community development	592,966	-	-	-
Interest on long-term debt	4,653,204	-	-	-
Total governmental activities	\$ 36,978,623	\$ 491,062	\$ 4,840,524	\$ 4,145
Business-type activities:				
Fork Union Sanitary District	\$ 391,788	\$ 302,522	\$ -	\$ -
Sewer	195,289	8,229	-	-
Total business-type activities	\$ 587,077	\$ 310,751	\$ -	\$ -
Total primary government	\$ 37,565,700	\$ 801,813	\$ 4,840,524	\$ 4,145
COMPONENT UNIT:				
School Board	\$ 37,198,380	\$ 933,541	\$ 20,887,550	\$ -

General revenues:  
 General property taxes  
 Local sales and use taxes  
 Consumer utility taxes  
 Motor vehicle license taxes  
 Recordation taxes  
 Other local taxes  
 Commonwealth of Virginia non-categorical aid  
 Unrestricted revenues from use of money and property  
 Miscellaneous  
 Contribution from county  
 Transfers  
 Total general revenues and transfers  
 Change in net assets  
 Net assets - beginning  
 Net assets - ending

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



Exhibit 2

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Component Unit	
Governmental Activities	Business Type Activities	Total	School Board	
\$ (2,680,101)	\$ -	\$ (2,680,101)	\$ -	
(550,286)	-	(550,286)	-	
(3,855,796)	-	(3,855,796)	-	
(1,365,693)	-	(1,365,693)	-	
(2,445,658)	-	(2,445,658)	-	
(14,938,085)	-	(14,938,085)	-	
(561,103)	-	(561,103)	-	
(592,966)	-	(592,966)	-	
(4,653,204)	-	(4,653,204)	-	
\$ (31,642,892)	\$ -	\$ (31,642,892)	\$ -	
\$ -	\$ (89,266)	\$ (89,266)	\$ -	
-	(187,060)	(187,060)	-	
\$ -	\$ (276,326)	\$ (276,326)	\$ -	
\$ -	\$ (276,326)	\$ (31,919,218)	\$ -	
\$ -	\$ -	\$ -	\$ (15,377,289)	
\$ 26,319,292	\$ -	\$ 26,319,292	\$ -	
1,217,038	-	1,217,038	-	
418,280	-	418,280	-	
688,726	-	688,726	-	
253,686	-	253,686	-	
228,344	-	228,344	-	
3,991,243	-	3,991,243	-	
65,369	-	65,369	14,570	
131,485	-	131,485	1,174,803	
-	-	-	14,649,771	
(165,287)	165,287	-	-	
\$ 33,148,176	\$ 165,287	\$ 33,313,463	\$ 15,839,144	
\$ 1,505,284	\$ (111,039)	\$ 1,394,245	\$ 461,855	
36,726,510	4,505,278	41,231,788	8,860,982	
\$ 38,231,794	\$ 4,394,239	\$ 42,626,033	\$ 9,322,837	

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## **Fund Financial Statements**

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Balance Sheet - Governmental Funds  
At June 30, 2012

	Governmental Funds		Total Governmental Funds
	General	Capital Projects	
ASSETS			
Cash and cash equivalents	\$ 18,302,902	\$ 896,386	\$ 19,199,288
Cash in custody of others	-	6,004,493	6,004,493
Receivables (Net of allowance for uncollectibles):			
Taxes, including penalties	2,346,099	-	2,346,099
Accounts	110,291	-	110,291
Notes receivable	40,000	-	40,000
Prepaid items	2,000	-	2,000
Due from other governmental units	2,415,099	4,145	2,419,244
Total assets	\$ 23,216,391	\$ 6,905,024	\$ 30,121,415
LIABILITIES			
Accounts payable and accrued expenses	\$ 726,262	\$ 4,248,596	\$ 4,974,858
Deferred revenue	2,275,246	-	2,275,246
Total liabilities	\$ 3,001,508	\$ 4,248,596	\$ 7,250,104
FUND BALANCES			
Nonspendable	\$ 2,000	\$ -	\$ 2,000
Restricted	-	3,312,322	3,312,322
Committed	9,834,019	-	9,834,019
Assigned	29,914	-	29,914
Unassigned	10,348,950	(655,894)	9,693,056
Total fund balances	\$ 20,214,883	\$ 2,656,428	\$ 22,871,311
Total liabilities and fund balances	\$ 23,216,391	\$ 6,905,024	

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

When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the County as a whole.	\$ 104,332,782
Bond issuance costs net of amortization	746,784
The net other post-employment benefits asset is not an available resource and, therefore, is not reported in the funds.	189,020
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(668,771)
Internal service funds are used by the County to charge the cost of health insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets. The internal service fund net assets are:	(148,675)
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay current-period expenditures. Those assets (for example, receivables) are offset by deferred revenues in the governmental funds and thus are not included in the fund balance.	2,099,950
Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities--both current and long-term--are reported in the statement of net assets.	(91,190,607)
Net assets of General Government Activities	<u>\$ 38,231,794</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, 2012

	<b>Governmental Funds</b>		<b>Total Governmental Funds</b>
	<b>General</b>	<b>Capital Projects</b>	
Revenues:			
General property taxes	\$ 25,783,612	\$ -	\$ 25,783,612
Other local taxes	2,806,074	-	2,806,074
Permits, privilege fees and regulatory licenses	239,463	-	239,463
Fines and forfeitures	26,384	-	26,384
Revenue from use of money and property	34,475	30,894	65,369
Charges for services	225,215	-	225,215
Miscellaneous	96,485	35,000	131,485
Recovered costs	239,814	-	239,814
Intergovernmental:			
Commonwealth	7,824,876	-	7,824,876
Federal	1,006,891	4,145	1,011,036
Total revenues	<u>\$ 38,283,289</u>	<u>\$ 70,039</u>	<u>\$ 38,353,328</u>
Expenditures:			
Current:			
General government administration	\$ 2,465,884	\$ 483,067	\$ 2,948,951
Judicial administration	966,938	-	966,938
Public safety	4,863,357	248,308	5,111,665
Public works	1,527,887	-	1,527,887
Health and welfare	5,163,813	-	5,163,813
Education	13,950,845	14,185,786	28,136,631
Parks, recreation, and cultural	680,500	35,977	716,477
Community development	477,573	39,703	517,276
Nondepartmental	435,867	-	435,867
Debt service:			
Principal retirement	2,285,259	-	2,285,259
Interest and other fiscal charges	4,689,001	-	4,689,001
Total expenditures	<u>\$ 37,506,924</u>	<u>\$ 14,992,841</u>	<u>\$ 52,499,765</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 776,365</u>	<u>\$ (14,922,802)</u>	<u>\$ (14,146,437)</u>
Other financing sources (uses):			
Transfers in	\$ 11,616	\$ 851,907	\$ 863,523
Transfers (out)	<u>(1,356,146)</u>	<u>-</u>	<u>(1,356,146)</u>
Total other financing sources (uses)	<u>\$ (1,344,530)</u>	<u>\$ 851,907</u>	<u>\$ (492,623)</u>
Changes in fund balances	\$ (568,165)	\$ (14,070,895)	\$ (14,639,060)
Fund balances at beginning of year	<u>20,783,048</u>	<u>16,727,323</u>	<u>37,510,371</u>
Fund balances at end of year	<u>\$ 20,214,883</u>	<u>\$ 2,656,428</u>	<u>\$ 22,871,311</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, 2012

		<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	\$	(14,639,060)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. The following details support this adjustment.		
Capital outlay	\$ 14,952,001	
Depreciation expense	<u>(988,308)</u>	13,963,693
Transfer of joint tenancy assets from Primary Government to the Component Unit		(705,872)
Internal service funds are used by the County to charge the costs of health insurance costs to individual funds. The net revenue (expense) of internal service funds is reported with governmental activities.		(148,675)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. Details of this item consist of the change in deferred taxes.		535,680
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. A summary of items supporting this adjustment is as follows:		
Principal retired on school general obligation bonds	\$ 1,344,131	
Principal retired on public facility bonds	348,600	
Principal retired on capital lease obligations	110,177	
Principal retired on state literary fund loans	482,351	
Deferred amount on refunding	(9,978)	
Landfill postclosure costs	(4,730)	
Amortization of bond issuance costs	(31,116)	
Amortization of bond discount	(31,697)	
Amortization of bond premium	<u>27,887</u>	2,235,625
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. The following is a summary of items supporting this adjustment:		
Change in accrued leave	\$ 35,906	
Change in net other post-employment benefits asset	189,020	
Change in interest payable	<u>38,967</u>	<u>263,893</u>
Change in net assets of governmental activities	\$	<u><u>1,505,284</u></u>

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

Statement of Net Assets  
 Proprietary Funds  
 At June 30, 2012

	Business-Type Activities - Enterprise				Governmental Activities - Internal Service Fund
	Fork Union Sanitary District	Community Programs Fund	Sewer	Totals	Health Insurance Fund
<b>ASSETS</b>					
Current Assets					
Cash and cash equivalents	\$ 3,018	\$ -	\$ 245,790	\$ 248,808	\$ 33,796
Accounts receivable	21,098	-	237	21,335	-
Total Current Assets	<u>\$ 24,116</u>	<u>\$ -</u>	<u>\$ 246,027</u>	<u>\$ 270,143</u>	<u>\$ 33,796</u>
Noncurrent Assets					
Capital assets:					
Land and construction in progress	\$ 11,736	\$ -	\$ 284,440	\$ 296,176	\$ -
Other capital assets, net of depreciation	1,930,245	-	3,523,535	5,453,780	-
Total Noncurrent Assets	<u>\$ 1,941,981</u>	<u>\$ -</u>	<u>\$ 3,807,975</u>	<u>\$ 5,749,956</u>	<u>\$ -</u>
Total Assets	<u>\$ 1,966,097</u>	<u>\$ -</u>	<u>\$ 4,054,002</u>	<u>\$ 6,020,099</u>	<u>\$ 33,796</u>
<b>LIABILITIES</b>					
Current Liabilities					
Accounts payable and accrued expenses	\$ 14,606	\$ -	\$ 11,715	\$ 26,321	\$ -
Note payable	40,000	-	-	40,000	-
Claims payable	-	-	-	-	182,471
Current portion of long-term obligations	34,084	-	60,707	94,791	-
Total Current Liabilities	<u>\$ 88,690</u>	<u>\$ -</u>	<u>\$ 72,422</u>	<u>\$ 161,112</u>	<u>\$ 182,471</u>
Noncurrent Liabilities					
Noncurrent portion of long-term obligations	<u>\$ 618,390</u>	<u>\$ -</u>	<u>\$ 846,358</u>	<u>\$ 1,464,748</u>	<u>\$ -</u>
Total Liabilities	<u>\$ 707,080</u>	<u>\$ -</u>	<u>\$ 918,780</u>	<u>\$ 1,625,860</u>	<u>\$ 182,471</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	\$ 1,312,091	\$ -	\$ 2,907,975	\$ 4,220,066	\$ -
Unrestricted assets	(53,074)	-	227,247	174,173	(148,675)
Total Net Assets	<u>\$ 1,259,017</u>	<u>\$ -</u>	<u>\$ 3,135,222</u>	<u>\$ 4,394,239</u>	<u>\$ (148,675)</u>
Total Liabilities and Net Assets	<u>\$ 1,966,097</u>	<u>\$ -</u>	<u>\$ 4,054,002</u>	<u>\$ 6,020,099</u>	<u>\$ 33,796</u>

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



Statement of Revenues, Expenses and Changes in Net Assets --  
 Proprietary Funds  
 Year Ended June 30, 2012

	Business-Type Activities - Enterprise				Governmental Activities - Internal Service Fund
	Fork Union Sanitary District	Community Programs Fund	Sewer	Totals	Health Insurance Fund
Operating revenues:					
Charges for services	\$ 302,522	\$ -	\$ 8,229	\$ 310,751	\$ 995,095
Total operating revenues	\$ 302,522	\$ -	\$ 8,229	\$ 310,751	\$ 995,095
Operating expenses:					
Personal services	\$ 121,217	\$ -	\$ 39,949	\$ 161,166	\$ -
Fringe benefits	50,759	-	16,493	67,252	1,314,882
Contractual services	23,657	-	25,534	49,191	-
Other charges	76,850	-	16,698	93,548	112,750
Depreciation	90,855	-	96,615	187,470	-
Total operating expenses	\$ 363,338	\$ -	\$ 195,289	\$ 558,627	\$ 1,427,632
Operating income (loss)	\$ (60,816)	\$ -	\$ (187,060)	\$ (247,876)	\$ (432,537)
Nonoperating revenues (expenses):					
Interest expense	\$ (28,450)	\$ -	\$ -	\$ (28,450)	\$ -
Total nonoperating revenues (expenses)	\$ (28,450)	\$ -	\$ -	\$ (28,450)	\$ -
Income (loss) before contributions and transfers	\$ (89,266)	\$ -	\$ (187,060)	\$ (276,326)	\$ (432,537)
Capital contributions and construction grants	\$ -	\$ (43,474)	\$ -	\$ (43,474)	\$ -
Transfers					
Transfers in	\$ 1,615	\$ -	\$ 218,762	\$ 220,377	\$ 283,862
Transfers (out)	-	(11,616)	-	(11,616)	-
Total transfers	\$ 1,615	\$ (11,616)	\$ 218,762	\$ 208,761	\$ 283,862
Change in net assets	\$ (87,651)	\$ (55,090)	\$ 31,702	\$ (111,039)	\$ (148,675)
Net assets at beginning of year	1,346,668	55,090	3,103,520	4,505,278	-
Net assets at end of year	\$ 1,259,017	\$ -	\$ 3,135,222	\$ 4,394,239	\$ (148,675)

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

Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2012

	<b>Business-Type Activities - Enterprise</b>				<b>Governmental Activities - Internal Service Fund</b>
	<b>Fork Union Sanitary District</b>	<b>Community Programs Fund</b>	<b>Sewer</b>	<b>Totals</b>	<b>Health Insurance Fund</b>
Cash flows from operating activities:					
Receipts from customers and users	\$ 319,282	\$ -	\$ 8,706	\$ 327,988	\$ 995,095
Payments to suppliers	(112,715)	(3,209)	(51,394)	(167,318)	(1,245,161)
Payments to employees (including fringe benefits)	(165,635)	-	(55,743)	(221,378)	-
Net cash provided by (used for) operating activities	\$ 40,932	\$ (3,209)	\$ (98,431)	\$ (60,708)	\$ (250,066)
Cash Flows From Noncapital Financing Activities:					
Transfers in	\$ 1,615	\$ -	\$ 218,762	\$ 220,377	\$ 283,862
Transfers (out)	-	(11,616)	-	(11,616)	-
Increase / (decrease) in due to other funds	-	-	(72,841)	(72,841)	-
Net cash provided by (used for) noncapital financing activities	\$ 1,615	\$ (11,616)	\$ 145,921	\$ 135,920	\$ 283,862
Cash flows from capital and related financing activities:					
Construction grants	\$ -	\$ -	\$ 258,300	\$ 258,300	\$ -
Interest expense	(28,450)	-	-	(28,450)	-
Retirement of indebtedness	(31,070)	-	(60,000)	(91,070)	-
Net cash provided by (used for) capital and related financing activities	\$ (59,520)	\$ -	\$ 198,300	\$ 138,780	\$ -
Increase (decrease) in cash and cash equivalents	\$ (16,973)	\$ (14,825)	\$ 245,790	\$ 213,992	\$ 33,796
Cash and cash equivalents at beginning of year	19,991	14,825	-	34,816	-
Cash and cash equivalents at end of year	\$ 3,018	\$ -	\$ 245,790	\$ 248,808	\$ 33,796
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ (60,816)	\$ -	\$ (187,060)	\$ (247,876)	\$ (432,537)
Adjustments to reconcile net loss to net cash provided by (used for) operations:					
Depreciation	\$ 90,855	\$ -	\$ 96,615	\$ 187,470	\$ -
Changes in operating assets and liabilities:					
(Increase)/decrease in accounts receivable	16,760	-	477	17,237	-
Increase(decrease) in compensated absences	6,341	-	699	7,040	-
Increase in claims payable	-	-	-	-	182,471
(Decrease) in accounts payable and accrued expenses	(12,208)	(3,209)	(9,162)	(24,579)	-
Total adjustments	\$ 101,748	\$ (3,209)	\$ 88,629	\$ 187,168	\$ 182,471
Net cash provided by (used for) operating activities	\$ 40,932	\$ (3,209)	\$ (98,431)	\$ (60,708)	\$ (250,066)
Noncash investing, capital, or Financing transactions:					
Capital Contributions	\$ -	\$ (43,474)	\$ -	\$ (43,474)	\$ -

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

Statement of Fiduciary Net Assets  
 Fiduciary Funds  
 At June 30, 2012

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	<b>Other Post - Employment Benefits Trust</b>	<b>Agency Fund</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	\$ 71,858
Investments:		
Investment in pooled funds	<u>1,211,124</u>	<u>-</u>
Total assets	\$ <u><u>1,211,124</u></u>	\$ <u><u>71,858</u></u>
<b>LIABILITIES</b>		
Amounts held for social services clients	\$ <u>-</u>	\$ <u>71,858</u>
Total liabilities	\$ <u>-</u>	\$ <u>71,858</u>
<b>NET ASSETS</b>		
Restricted - Held in trust for OPEB	\$ <u>1,211,124</u>	\$ <u>-</u>
Total liabilities	\$ <u><u>1,211,124</u></u>	\$ <u><u>-</u></u>

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

Statement of Changes in Fiduciary Net Assets  
 Fiduciary Funds  
 For the Year Ended June 30, 2012

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	<b>Other Post - Employment Benefits Trust</b>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 262,000
Total contributions	<u>\$ 262,000</u>
Investment earnings:	
Interest	\$ (12,748)
Total investment earnings	<u>\$ (12,748)</u>
Total additions	<u>\$ 249,252</u>
Change in net assets	\$ 249,252
Net assets - beginning	961,872
Net assets - ending	<u><u>\$ 1,211,124</u></u>

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

## COUNTY OF FLUVANNA, VIRGINIA

### Notes to Financial Statements At June 30, 2012

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

##### Statement of Net Assets

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

##### Statement of Activities

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

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

## COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements  
At June 30, 2012 (Continued)

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

#### **Fund Financial Statements**

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

#### **Budgetary Comparison Schedules**

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

#### **A. Financial Reporting Entity**

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

#### **B. Individual Component Unit Disclosures**

##### *Blended component Units:*

The County has no blended component units.

##### *Discretely Presented Component Unit:*

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

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

## COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements  
At June 30, 2012 (Continued)

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

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

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

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

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

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

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

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

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.

## COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements  
At June 30, 2012 (Continued)

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

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

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.

#### **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.



## COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements  
At June 30, 2012 (Continued)

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

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

##### **2. Proprietary Funds: (Continued)**

###### **Enterprise Funds: (Continued)**

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

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

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

##### **3. Fiduciary Funds (Trust and Agency Funds)**

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

#### **D. Budgets and Budgetary Accounting**

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the function level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; and the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and the Capital Project Fund. The School Fund is integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

## COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements  
At June 30, 2012 (Continued)

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

#### **D. Budgets and Budgetary Accounting: (Continued)**

7. Appropriations lapse on June 30, for all County units.
8. All budgetary data presented in the accompanying financial statements is the original to the current comparison of the final budget and actual results.

#### **E. Cash and Cash Equivalents**

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

#### **F. Investments**

Investments are stated at fair value which approximates market; no investments are valued at cost. Certificates of deposit and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents. Investments consist of assets held by a trustee. Bond proceeds are maintained to comply with the provisions of the Internal Revenue Tax Code and various bond indentures. Bond proceeds are deposited in the State Non-Arbitrage Program (SNAP). Values of shares in the SNAP reflect fair value. Capital lease proceeds are held in escrow and deposited in money market funds.

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

#### **G. Receivables and Payables**

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$282,067 at June 30, 2012 and is comprised of the following:

Fork Union Sanitary District	\$	1,677
Sewer		1,114
Property Taxes		<u>279,276</u>
Total	\$	<u><u>282,067</u></u>

#### **Property Tax Calendar**

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

## COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements  
At June 30, 2012 (Continued)

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

#### **H. Prepaid Items**

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

#### **I. Capital Assets**

Capital assets, which include property, plant and equipment, 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, 2012.

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

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

#### **J. Compensated Absences**

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

#### **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 assets. Bonds payable are reported net of the applicable bond premium or discount.

## COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements  
At June 30, 2012 (Continued)

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

#### **K. Long-term Obligations: (Continued)**

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

#### **L. Fund Balances**

##### **Financial Policies**

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

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

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

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

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

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

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

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

# COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements  
At June 30, 2012 (Continued)

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

### **L. Fund Balances: (Continued)**

The Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance/resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives).

The Board of Supervisors is authorized to assign amounts for specific purposes. The following is detail of County's Fund Balances:

<b>Category</b>	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Component Unit School Board Cafeteria Fund</b>
<b>Nonspendable:</b>			
Prepaid Items	\$ 2,000	\$ -	\$ -
Total Nonspendable	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Restricted:</b>			
Unexpended Bond Proceeds - New High School	\$ -	3,312,322	-
Total Restricted	<u>\$ -</u>	<u>\$ 3,312,322</u>	<u>\$ -</u>
<b>Committed:</b>			
Capital Projects:			
Fork union community plan	\$ 78,384	\$ -	\$ -
Pleasant grove house renovations	124,930	-	-
Human Services Bldg	85,922	-	-
Western Trailhead	34,900	-	-
Kents Store Firehouse Bldg	9,893	-	-
Financial Software	85,356	-	-
Fork Union Firehouse Bldg	250,450	-	-
12 Narrowbanding	381,977	-	-
Administration Vehicles	17,189	-	-
School Buses	50,000	-	-
Ambulance Rechasis Vehicle	100,000	-	-
Replacement of Co Bldg HVAC	375,000	-	-
E911 Radio	7,016,392	-	-
Old High School Wastewater Treatment Plant	75,147	-	-
Round About @ Rt 15 & 53	570,000	-	-
Education	66,123	-	-
Other Carryforwards	512,356	-	-
Total Committed	<u>\$ 9,834,019</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Assigned:</b>			
Encumbrances	\$ 29,914	\$ -	\$ -
Cafeteria	-	-	34,843
Total Assigned	<u>\$ 29,914</u>	<u>\$ -</u>	<u>\$ 34,843</u>

## COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements  
At June 30, 2012 (Continued)

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

#### M. Net Assets

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

#### N. Use of Estimates

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

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

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

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

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

### **NOTE 2 - DEPOSITS AND INVESTMENTS:**

#### Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act"), Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

## COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements  
At June 30, 2012 (Continued)

### **NOTE 2 - DEPOSITS AND INVESTMENTS: (CONTINUED)**

#### **Investments**

Statutes authorize the County and School Board Component Unit to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP). Bond proceeds subject to arbitrage rebate are invested in the State Non-Arbitrage Program (See Note 1). Capital lease proceeds are held in escrow and invested in money market funds.

#### **Credit Risk of Debt Securities**

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

The County's rated debt investments as of June 30, 2012 were rated by Standard & Poor's and the ratings are presented below using Standard & Poor's rating scale.

<b>Rated Debt Investments' Values</b>			
<b>Investment Type</b>	<b>Fair Value</b>	<b>AAA</b>	<b>AA+</b>
Commercial Paper	\$ 562,849	\$ -	\$ 562,849
Money Market Mutual Funds	6,004,494	6,004,494	-
Total	<u>\$ 6,567,343</u>	<u>\$ 6,004,494</u>	<u>\$ 562,849</u>

#### **Interest Rate Risk**

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

<b>Investment Maturities (in years)</b>		
<b>Investment Type</b>	<b>Fair Value</b>	<b>Less Than 1 Year</b>
Money Market Mutual Funds	\$ 6,004,494	\$ 6,004,494
Commercial Paper	562,849	562,849
Total	<u>\$ 6,567,343</u>	<u>\$ 6,567,343</u>

#### **Custodial Credit Risk**

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

**COUNTY OF FLUVANNA, VIRGINIA**

Notes to Financial Statements  
At June 30, 2012 (Continued)

**NOTE 3 - DUE FROM OTHER GOVERNMENTAL UNITS:**

Receivables due from other governmental units consist of the following at June 30, 2012:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Commonwealth of Virginia:		
Local sales tax	\$ 210,715	\$ -
Communication tax	146,044	-
Public assistance and welfare administration	33,000	-
State sales tax	-	640,677
PPTRA	1,438,261	-
Shared expenses	139,692	-
Comprehensive services	253,054	-
Other	69,904	49,572
Federal Government:		
School grants	-	215,103
Public assistance and welfare administration	30,553	-
Homeland Security	72,036	-
Criminal Justice Grants	2,941	-
Other	23,044	-
Totals	<u>\$ 2,419,244</u>	<u>\$ 905,352</u>

**NOTE 4 - INTERFUND OBLIGATIONS/TRANSFERS:**

There were no Interfund obligations at June 30, 2012.

Interfund transfers for the year ended June 30, 2012, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government		
General Fund	\$ 11,616	\$ 1,356,146
Sewer	218,762	-
Community Programs	-	11,616
Fork Union Sanitary District	1,615	-
Health Insurance Fund	283,862	-
Capital Improvements Fund	851,907	-
Total	<u>\$ 1,367,762</u>	<u>\$ 1,367,762</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, 2012 (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, 2012:

	<b>Beginning Balance July 1, 2011</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance June 30, 2012</b>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,513,246	\$ -	\$ -	\$ 1,513,246
Construction in progress-jointly owned assets	66,093,189	14,130,934	-	80,224,123
Construction in progress	719,987	543,937	-	1,263,924
Total capital assets not being depreciated	<u>\$ 68,326,422</u>	<u>\$ 14,674,871</u>	<u>\$ -</u>	<u>\$ 83,001,293</u>
Capital assets being depreciated:				
Buildings	\$ 17,870,748	\$ -	\$ -	\$ 17,870,748
Equipment	5,276,907	277,130	81,335	5,472,702
Jointly owned assets	10,051,622	-	990,982	9,060,640
Total capital assets being depreciated	<u>\$ 33,199,277</u>	<u>\$ 277,130</u>	<u>\$ 1,072,317</u>	<u>\$ 32,404,090</u>
Less accumulated depreciation for:				
Buildings	\$ 4,250,292	\$ 419,197	\$ -	\$ 4,669,489
Equipment	3,964,975	342,595	81,335	4,226,235
Jointly owned assets	2,235,471	226,516	285,110	2,176,877
Total accumulated depreciation	<u>\$ 10,450,738</u>	<u>\$ 988,308</u>	<u>\$ 366,445</u>	<u>\$ 11,072,601</u>
Total capital assets being depreciated, net	<u>\$ 22,748,539</u>	<u>\$ (711,178)</u>	<u>\$ 705,872</u>	<u>\$ 21,331,489</u>
Governmental activities capital assets, net	<u>\$ 91,074,961</u>	<u>\$ 13,963,693</u>	<u>\$ 705,872</u>	<u>\$ 104,332,782</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, 2012, the School component unit capital assets financed by the outstanding County guaranteed debt with a book value of \$87,107,886 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, 2012 (Continued)

## **NOTE 6 - CAPITAL ASSETS: (CONTINUED)**

	<b><u>Beginning Balance July 1, 2011</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Ending Balance June 30, 2012</u></b>
<b>Business-type Activities:</b>				
<u>Fork Union Sanitary District:</u>				
Capital assets, not being depreciated:				
Land	\$ 11,736	\$ -	\$ -	\$ 11,736
Total capital assets not being depreciated	\$ 11,736	\$ -	\$ -	\$ 11,736
Capital assets being depreciated:				
Buildings	\$ 18,079	\$ -	\$ -	\$ 18,079
Infrastructure	3,078,912	-	-	3,078,912
Equipment	159,711	-	-	159,711
Total capital assets being depreciated	\$ 3,256,702	\$ -	\$ -	\$ 3,256,702
Less accumulated depreciation for:				
Buildings	\$ 15,200	\$ 221	\$ -	\$ 15,421
Infrastructure	1,114,159	78,046	-	1,192,205
Equipment	106,243	12,588	-	118,831
Total accumulated depreciation	\$ 1,235,602	\$ 90,855	\$ -	\$ 1,326,457
Total capital assets being depreciated, net	\$ 2,021,100	\$ (90,855)	\$ -	\$ 1,930,245
Fork Union Sanitary District capital assets, net	<u>\$ 2,032,836</u>	<u>\$ (90,855)</u>	<u>\$ -</u>	<u>\$ 1,941,981</u>
<u>Community Programs Fund:</u>				
Capital assets being depreciated:				
Equipment	\$ 159,153	\$ -	\$ 159,153	\$ -
Total capital assets being depreciated	\$ 159,153	\$ -	\$ 159,153	\$ -
Less accumulated depreciation for:				
Equipment	\$ 115,679	\$ -	\$ 115,679	\$ -
Total accumulated depreciation	\$ 115,679	\$ -	\$ 115,679	\$ -
Total capital assets being depreciated, net	\$ 43,474	\$ -	\$ 43,474	\$ -
Community Programs capital assets, net	<u>\$ 43,474</u>	<u>\$ -</u>	<u>\$ 43,474</u>	<u>\$ -</u>

# COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements  
At June 30, 2012 (Continued)

## **NOTE 6 - CAPITAL ASSETS: (CONTINUED)**

	<b><u>Beginning Balance July 1, 2011</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Ending Balance June 30, 2012</u></b>
<b>Business-type Activities: (continued)</b>				
<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	\$ 244,430	\$ 96,615	\$ -	\$ 341,045
Total accumulated depreciation	\$ 244,430	\$ 96,615	\$ -	\$ 341,045
Total capital assets being depreciated, net	\$ 3,620,150	\$ (96,615)	\$ -	\$ 3,523,535
Sewer capital assets, net	\$ 3,904,590	\$ (96,615)	\$ -	\$ 3,807,975
Business-type activities capital assets, net	\$ 5,980,900	\$ (187,470)	\$ 43,474	\$ 5,749,956

**COUNTY OF FLUVANNA, VIRGINIA**

Notes to Financial Statements  
At June 30, 2012 (Continued)

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**NOTE 6 - CAPITAL ASSETS: (CONTINUED)**

	<b>Beginning Balance July 1, 2011</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance June 30, 2012</b>
<b>Discretely Presented Component-Unit School Board:</b>				
Capital assets, not being depreciated:				
Land	\$ 329,523	\$ -	\$ -	\$ 329,523
Total capital assets not being depreciated	\$ 329,523	\$ -	\$ -	\$ 329,523
Capital assets being depreciated:				
Buildings	\$ 9,234,279	\$ -	\$ -	\$ 9,234,279
Equipment	4,441,413	17,372	-	4,458,785
Jointly owned assets	8,843,244	990,982	-	9,834,226
Total capital assets being depreciated	\$ 22,518,936	\$ 1,008,354	\$ -	\$ 23,527,290
Less accumulated depreciation for:				
Buildings	\$ 7,303,208	\$ 463,270	\$ -	\$ 7,766,478
Equipment	3,639,737	145,132	-	3,784,869
Jointly owned assets	2,172,103	285,110	-	2,457,213
Total accumulated depreciation	\$ 13,115,048	\$ 893,512	\$ -	\$ 14,008,560
Total capital assets being depreciated, net	\$ 9,403,888	\$ 114,842	\$ -	\$ 9,518,730
School Board capital assets, net	\$ 9,733,411	\$ 114,842	\$ -	\$ 9,848,253

## COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements  
At June 30, 2012 (Continued)

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### **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	\$ 97,561
Judicial administration	163,179
Public safety	361,836
Public works	9,170
Health and welfare	15,984
Education	226,516
Parks, recreation and cultural	39,337
Community development	74,725
Total	<u>\$ 988,308</u>

Business-Type Activities:

Fork Union Sanitary District	<u>\$ 90,855</u>
Sewer	<u>\$ 96,615</u>

Component Unit School Board	<u>\$ 608,402</u> (1)
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(1) Depreciation Expense	\$ 608,402
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Accumulated depreciation on joint tenancy asset transfer	<u>285,110</u>
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Total additions to accumulated depreciation	<u>\$ 893,512</u>
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# COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements  
At June 30, 2012 (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, 2012:

	<b><u>Balance</u></b> <b><u>July 1, 2011</u></b>	<b><u>Issuances/</u></b> <b><u>Increases</u></b>	<b><u>Retirements/</u></b> <b><u>Decreases</u></b>	<b><u>Balance</u></b> <b><u>June 30, 2012</u></b>	<b><u>Amounts</u></b> <b><u>Due Within</u></b> <b><u>One Year</u></b>
Governmental Funds:					
Public facility note	\$ 2,704,077	\$ -	\$ -	\$ 2,704,077	\$ 2,704,077
School general obligation bonds	79,250,017	-	1,344,131	77,905,886	2,080,484
Premium on general obligation bonds	456,729	-	27,887	428,842	27,582
Discount on general obligation bonds	(507,149)	-	(31,697)	(475,452)	(31,697)
Public facility bonds	5,973,100	-	348,600	5,624,500	359,700
Less deferred amount on refunding	(149,662)	-	(9,978)	(139,684)	(9,978)
Landfill closure and post-closure costs	846,177	37,457	32,727	850,907	32,727
Capital lease obligation	663,377	-	110,177	553,200	114,882
Literary fund loans	3,746,605	-	482,351	3,264,254	475,593
Compensated absences	509,983	15,082	50,988	474,077	47,408
Total governmental funds	<u>\$ 93,493,254</u>	<u>\$ 52,539</u>	<u>\$ 2,355,186</u>	<u>\$ 91,190,607</u>	<u>\$ 5,800,778</u>

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

	<b><u>Balance</u></b> <b><u>July 1, 2011</u></b>	<b><u>Issuances/</u></b> <b><u>Increases</u></b>	<b><u>Retirements/</u></b> <b><u>Decreases</u></b>	<b><u>Balance</u></b> <b><u>June 30, 2012</u></b>	<b><u>Amounts</u></b> <b><u>Due Within</u></b> <b><u>One Year</u></b>
Enterprise Funds:					
Compensated absences payable	\$ 22,609	\$ 9,301	\$ 2,261	\$ 29,649	\$ 2,965
Water facility bonds	660,960	-	31,070	629,890	31,826
Sewer revenue bonds	960,000	-	60,000	900,000	60,000
Total Enterprise Funds	<u>\$ 1,643,569</u>	<u>\$ 9,301</u>	<u>\$ 93,331</u>	<u>\$ 1,559,539</u>	<u>\$ 94,791</u>
Total Primary Government	<u>\$ 95,136,823</u>	<u>\$ 61,840</u>	<u>\$ 2,448,517</u>	<u>\$ 92,750,146</u>	<u>\$ 5,895,569</u>

# COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements  
At June 30, 2012 (Continued)

## **NOTE 7 - LONG-TERM OBLIGATIONS: (CONTINUED)**

### **Primary Government**

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

Year	Literary Fund Loans		General Obligation Bonds		Public Facility Revenue Refunding Bond		Public Facility Revenue Bond	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 475,593	\$ 99,585	\$ 2,080,484	\$ 4,127,117	\$ 74,600	\$ 84,938	\$ 285,100	\$ 148,638
2014	309,851	83,660	2,222,684	4,044,084	79,300	81,637	296,900	136,866
2015	309,851	74,364	2,316,773	3,957,634	83,900	78,136	309,100	124,606
2016	309,851	65,069	2,427,011	3,857,114	88,300	74,442	321,800	111,844
2017	309,851	55,773	2,545,056	3,755,132	92,500	70,564	335,100	98,554
2018	309,851	46,478	2,570,736	3,661,120	96,500	66,510	349,100	84,714
2019	309,851	37,182	2,661,143	3,556,788	100,300	62,289	363,500	70,296
2020	309,851	27,887	2,766,834	3,437,097	104,000	57,906	378,400	55,280
2021	309,851	18,591	2,788,139	3,313,291	107,500	53,370	394,100	39,650
2022	309,853	9,296	2,904,442	3,189,989	110,700	48,689	410,300	23,368
2023	-	-	3,026,073	3,055,020	113,700	43,876	163,900	6,416
2024	-	-	3,172,128	2,899,096	121,500	38,831	-	-
2025	-	-	3,333,030	2,725,538	124,000	33,565	-	-
2026	-	-	3,504,210	2,541,702	720,400	15,453	-	-
2027	-	-	3,312,143	2,355,956	-	-	-	-
2028	-	-	3,115,000	2,167,206	-	-	-	-
2029	-	-	3,315,000	1,966,269	-	-	-	-
2030	-	-	3,525,000	1,756,925	-	-	-	-
2031	-	-	3,740,000	1,538,975	-	-	-	-
2032	-	-	3,970,000	1,307,675	-	-	-	-
2033	-	-	4,215,000	1,062,125	-	-	-	-
2034	-	-	4,490,000	789,750	-	-	-	-
2035	-	-	4,790,000	488,150	-	-	-	-
2036	-	-	5,115,000	166,238	-	-	-	-
Totals	\$ 3,264,254	\$ 517,885	\$ 77,905,886	\$ 61,719,991	\$ 2,017,200	\$ 810,206	\$ 3,607,300	\$ 900,232

# COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements  
At June 30, 2012 (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	Public Facility		Capital Leases		Revenue Bonds			
	Revenue Note				Water		Sewer System	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 2,704,077	\$ 42,995	\$ 114,882	\$ 22,579	\$ 31,826	\$ 27,693	\$ 60,000	\$ -
2014	-	-	91,604	17,671	33,288	26,232	60,000	-
2015	-	-	95,322	13,953	34,817	24,703	60,000	-
2016	-	-	99,191	10,084	36,417	23,103	60,000	-
2017	-	-	48,767	6,058	38,090	21,430	60,000	-
2018	-	-	50,708	4,117	39,840	19,680	60,000	-
2019	-	-	52,726	2,098	41,670	17,850	60,000	-
2020	-	-	-	-	43,584	15,936	60,000	-
2021	-	-	-	-	45,587	13,934	60,000	-
2022	-	-	-	-	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	-	-	-	-	23,433	209	60,000	-
Totals	\$ 2,704,077	\$ 42,995	\$ 553,200	\$ 76,560	\$ 629,890	\$ 227,032	\$ 900,000	\$ -



## COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements  
At June 30, 2012 (Continued)

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### **NOTE 7 - LONG-TERM OBLIGATIONS: (CONTINUED)**

#### **Detail of Long-Term Obligations**

	<b><u>Amount Outstanding</u></b>	<b><u>Amounts Due Within One Year</u></b>
<b><u>Public Facility Bonds:</u></b>		
\$2,695,000 Public Facility Revenue Bond Series 2006 payable in various installments of principal and interest beginning January 15, 2007, interest payable semiannually at 4.27%.	\$ 2,106,600	\$ 173,300
\$2,505,000 Public Facility Revenue Refunding Bond Series 2005 payable in various principal installments ranging from \$59,100 to \$720,400 beginning October 15, 2006, interest payable semiannually at 4.29%.	2,017,200	74,600
Less deferred amount on refunding	(139,684)	(9,978)
 \$1,900,000 Public Facility Revenue Bond Series 2007 payable in various principal installments ranging from \$88,300 to \$164,100 beginning January 15, 2009, interest payable semiannually at 3.91%.	 <u>1,500,700</u>	 <u>111,800</u>
Total public facility bonds	\$ <u>5,484,816</u>	\$ <u>349,722</u>
<b><u>Public Facility Note:</u></b>		
\$2,704,077 Public Facility Revenue Note Series 2010 principal payable in one lump sum on January 1, 2013. Interest payable semiannually beginning July 1, 2011 at 1.59%.	\$ <u>2,704,077</u>	\$ <u>2,704,077</u>
<b><u>School General Obligation Bonds:</u></b>		
\$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.	\$ 480,394	\$ 116,598
\$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.	237,249	45,544

## COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements  
At June 30, 2012 (Continued)

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### **NOTE 7 - LONG-TERM OBLIGATIONS: (CONTINUED)**

#### Detail of Long-Term Obligations: (continued)

	<b><u>Amount Outstanding</u></b>	<b><u>Amounts Due Within One Year</u></b>
<i><u>School General Obligation Bonds: (continued)</u></i>		
\$1,000,000 Refunding School Bonds, 1999A, issued May 13, 1999, maturing annually in installments of \$50,000 through July 15, 2019, interest payable semiannually at 4.1%.	\$ 400,000	\$ 50,000
\$6,411,957 School Bonds, 2005A, issued November 10, 2005, maturing annually in installments ranging from \$273,104 to \$372,067 through July 15, 2025, interest payable semiannually at 5.1%.	4,678,743	302,842
\$67,525,000 School Bonds, 2008A, issued December 22, 2008, maturing annually in installments ranging from \$700,000 to \$5,115,000 through December 1, 2035, interest payable semiannually at 5.95%	66,825,000	1,430,000
Premium on School Bonds 2008A	428,842	27,582
\$5,420,000 School Bonds, 2009A, issued November 13, 2009, maturing annually in installments ranging from \$135,500 to \$387,143 through September 15, 2026. The interest rate is 0.0%.	5,284,500	135,500
Discount on School Bonds 2009A	<u>(475,452)</u>	<u>(31,697)</u>
Total school general obligation bonds	\$ <u>77,859,276</u>	\$ <u>2,076,369</u>
<i><u>State Literary Fund Loans:</u></i>		
\$3,500,000, issued June 15, 1992 due in annual installments of \$172,500 through June 15, 2011, final payment due June 15, 2012 in the amount of \$165,742, interest at 4%.	\$ 165,742	\$ 165,742
\$6,197,023, issued July 15, 2001 due in principal annual installments of \$309,851 through July 15, 2021, interest at 3%.	<u>3,098,512</u>	<u>309,851</u>
Total state literary fund loans	\$ <u>3,264,254</u>	\$ <u>475,593</u>

## COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements  
At June 30, 2012 (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.	\$ 197,046	\$ 46,312
\$217,963 capital lease dated December 22, 2002 payable in annual payments of principal and interest in the amount of \$28,186 through December 26, 2012. Interest payable annually at 4.97%. Lease is for Tanker Truck.	26,852	26,852
\$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.	329,302	41,718
Total capital leases	\$ 553,200	\$ 114,882
Landfill closure liability	\$ 850,907	\$ 32,727
Compensated absences	\$ 474,077	\$ 47,408
Total Governmental Funds	\$ 91,190,607	\$ 5,800,778
<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.	\$ 629,890	\$ 31,826
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.	900,000	60,000
Compensated absences	29,649	2,965
Total Enterprise Obligations	\$ 1,559,539	\$ 94,791
Total Primary Government	\$ 92,750,146	\$ 5,895,569

## COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements  
At June 30, 2012 (Continued)

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### **NOTE 7 - LONG-TERM OBLIGATIONS: (CONTINUED)**

#### **Component Unit School Board**

The following is a summary of long-term obligations for the fiscal year ended June 30, 2012:

	<b>Amounts Payable at July 1, 2011</b>	<b>Increases</b>	<b>Decreases</b>	<b>Amounts Payable at June 30, 2012</b>	<b>Amounts Due Within One Year</b>
Compensated absences payable	\$ 964,252	\$ 120,203	\$ 96,425	\$ 988,030	\$ 98,803
Total	<u>\$ 964,252</u>	<u>\$ 120,203</u>	<u>\$ 96,425</u>	<u>\$ 988,030</u>	<u>\$ 98,803</u>

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

### **NOTE 8 - DEFINED BENEFIT PENSION PLAN:**

#### **A. Plan Description**

Name of Plan: Virginia Retirement System (VRS)

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

Administering Entity: Virginia Retirement System (System)

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

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

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit.
- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.

## COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements  
At June 30, 2012 (Continued)

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### **NOTE 8 - DEFINED BENEFIT PENSION PLAN: (CONTINUED)**

#### **A. Plan Description:**

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

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

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

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS Web site at <http://www.varetire.org/Pdf/Publications/2011-annual-report.pdf> by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

#### **B. Funding Policy**

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County and School's contribution rate for the fiscal year ended 2012 were 10.57% and 5.52% of annual covered payroll.

The School Board's contributions for professional employees were \$2,666,276, \$2,094,436, and \$2,203,478 to the teacher cost-sharing pool for the fiscal years ended June 30, 2012, 2011 and 2010 respectively and these contributions represented 6.33%, 3.93%, and 8.81% respectively, of current covered payroll.

## COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements  
At June 30, 2012 (Continued)

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### **NOTE 8 - DEFINED BENEFIT PENSION PLAN: (CONTINUED)**

#### **C. Annual Pension Cost**

For fiscal year 2012, the County's annual pension cost of \$550,581 was equal to the County's required and actual contributions.

For fiscal year 2012, the County School Board's annual pension cost for the Board's non-professional employees was \$106,814 which was equal to the Board's required and actual contributions.

#### **Three Year Trend Information for the County and School Board**

<b><u>Fiscal Year Ending</u></b>	<b><u>Annual Pension Cost (APC) (1)</u></b>	<b><u>Percentage of APC Contributed</u></b>	<b><u>Net Pension Obligation</u></b>
County:			
June 30, 2012	\$ 550,581	100%	\$ -
June 30, 2011	558,946	100%	-
June 30, 2010	479,024	100%	-
School Board			
Non-Professional:			
June 30, 2012	\$ 106,814	100%	\$ -
June 30, 2011	107,190	100%	-
June 30, 2010	129,790	100%	-

(1) Employer portion only

The FY2012 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County's and the County and School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County's and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years.

#### **D. Funded Status and Funding Progress**

As of June 30, 2011, the most recent actuarial valuation date, the County's plan was 74.87% funded. The actuarial accrued liability for benefits was \$17,911,535, and the actuarial value of assets was \$13,410,873, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,500,662. The covered payroll (annual payroll of active employees covered by the plan) was \$5,312,618, and ratio of the UAAL to the covered payroll was 84.72%.

## COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements  
At June 30, 2012 (Continued)

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### **NOTE 8 - DEFINED BENEFIT PENSION PLAN: (CONTINUED)**

#### **D. Funded Status and Funding Progress: (Continued)**

As of June 30, 2011, the most recent actuarial valuation date, the County School Board's plan was 82.22% funded. The actuarial accrued liability for benefits was \$5,087,405, and the actuarial value of assets was \$4,182,897, resulting in an unfunded actuarial accrued liability (UAAL) of \$904,508. The covered payroll (annual payroll of active employees covered by the plan) was \$1,878,702, and ratio of UAAL to the covered payroll was 48.15%.

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

### **NOTE 9 - COMPENSATED ABSENCES:**

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

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

Primary Government	\$ 474,077
Enterprise Funds	\$ 29,649
Component Unit School Board	\$ 988,030

### **NOTE 10 – SELF INSURANCE/RISK MANAGEMENT:**

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

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

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

## COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements  
At June 30, 2012 (Continued)

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

#### **Employee Health Insurance:**

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

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 2012 is listed as follows:

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

### **NOTE 11 – DEFERRED/UNEARNED REVENUE – GOVERNMENTAL FUNDS:**

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Deferred revenue totaling \$2,275,246 for the Primary Government and \$19,000 for the Component Unit–School Board is comprised of the following:

#### **Primary Government**

- A. Deferred property tax revenues totaled \$2,273,461.
- B. Advanced notes funding for Secure Our Schools Grant \$1,785.

#### **Component Unit–School Board**

- C. Unspent grant funds for the School Board for \$19,000



## COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements  
At June 30, 2012 (Continued)

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### **NOTE 12 - CONTINGENT LIABILITIES:**

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

### **NOTE 13 - LITIGATION:**

At June 30, 2012, 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 \$850,907 reported as a landfill closure and postclosure care liability at June 30, 2012, 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 2012. 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, 2012 (Continued)

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### **NOTE 15 - SURETY BONDS:**

#### Fidelity and Deposit Company of Maryland - Surety:

Bouson E. Peterson, Jr., Clerk of the Circuit Court	\$ 25,000
Linda H. Lenherr, Treasurer	\$ 400,000
Andrew M. Sheridan, Commissioner of the Revenue	\$ 3,000
Ryant L. Washington, Sheriff	\$ 30,000

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

#### Western Surety Company - Surety:

Dr. Gena Keller, Superintendent of Schools	\$ 10,000
Brandi Critzer, Clerk of the School Board	\$ 10,000
Steven M. Nichols, County Administrator	\$ 2,000
Joseph Chessser, Supervisor	\$ 2,500
Shaun V. Kenney, Supervisor	\$ 2,500
Donald W. Weaver, Supervisor	\$ 2,500
Mozell Booker, Supervisor	\$ 2,500
Robert Ullenbruch, Supervisor	\$ 2,500

#### Continental Insurance Company - Surety:

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

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

At June 30, 2012 the County has several major projects under construction which are summarized below:

<b>Project</b>	<b>Contract Amounts</b>	<b>Expenditures as of June 30, 2012</b>	<b>Contract Balance</b>
High School	\$ 65,764,249	\$ 63,589,103	\$ 2,175,146
Total	\$ 65,764,249	\$ 63,589,103	\$ 2,175,146

## COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements  
At June 30, 2012 (Continued)

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### **NOTE 17 - TRUST FOR OTHER POST-EMPLOYMENT BENEFITS:**

The County of Fluvanna has established a irrevocable trust pursuant to Section 15.2-1544 of the Code of Virginia, as amended for the purpose of accumulated and investing assets to fund Other Post-Employment Benefits (OPEB) and to participate in the Virginia Pooled OPEB Trust Fund and has established a Local Finance Board to become a Participating Employer in the Trust Fund. The Trust Fund provides administrative, custodial and investment services to the Participating Employers in the Trust Fund. For the fiscal year ending June 30, 2012 the County contributed \$262,000 to the Trust Fund. There have been no expenses allocated to the Trust Fund during the fiscal year ended June 30, 2012.

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

### **NOTE 18-OTHER POST-EMPLOYMENT BENEFITS PROGRAM:**

#### **County:**

#### **A. Plan Description**

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

#### **B. Funding Policy**

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

## COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements  
At June 30, 2012 (Continued)

### **NOTE 18-OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)**

#### **County: (Continued)**

#### **C. Annual OPEB Cost and Net OPEB Obligation**

The annual cost of other post employment benefits (OPEB) under GASB 45 is calculated based on the annual required contribution or ARC, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The 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	\$	33,800
Interest on net OPEB asset		-
Adjustment to annual required contribution		-
Annual OPEB cost (expense)	\$	33,800
Contribution made		222,820
Increase in net OPEB asset	\$	(189,020)
Net OPEB obligation-beginning of year		-
Net OPEB obligation-end of year	\$	<u>(189,020)</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and the two preceding years are as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Asset</b>
June 30, 2012	\$ 33,800	-559%	\$ (189,020)
June 30, 2011	\$ 84,156	100%	\$ -
June 30, 2010	\$ 84,156	100%	\$ -

#### **Funded Status and Funding Progress**

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

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

## COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements  
At June 30, 2012 (Continued)

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### **NOTE 18-OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)**

#### **County: (Continued)**

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

##### Funded Status and Funding Progress: (Continued)

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

##### Actuarial Methods and Assumptions

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

##### 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.

## COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements  
At June 30, 2012 (Continued)

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### **NOTE 18-OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)**

#### **County: (Continued)**

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

##### Interest Assumptions

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

	<u>Funded</u>
Discount rate	7.5%
Payroll growth	3.75%

#### **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 \$99,200 for fiscal year 2012. 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.

## COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements  
At June 30, 2012 (Continued)

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### **NOTE 18-OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)**

#### **School Board:**

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

For 2012, the School Board's expected cash payment of \$99,200 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 2012 and the two preceding years are as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
June 30, 2012	\$ 99,200	100%	\$ -
June 30, 2011	278,928	100%	-
June 30, 2010	278,928	100%	-

#### **Funded Status and Funding Progress**

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

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

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

#### **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, 2012 (Continued)

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### **NOTE 18—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)**

#### **School Board: (Continued)**

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

##### Cost Method

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

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

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

##### Interest Assumptions

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

##### **Funded**

Discount rate	7.5%
Payroll growth	3.75%



## COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements  
At June 30, 2012 (Continued)

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### **NOTE 19—VRS HEALTH INSURANCE CREDIT OTHER POST-EMPLOYMENT BENEFITS:**

#### **A. Plan Description**

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

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

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

#### **A. 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 2012 was .10% of annual covered payroll.

#### **B. 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 2012, the County's contribution of \$4,763 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 2012 and the two preceding years are as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
June 30, 2010	\$ 9,349	100%	\$ -
June 30, 2011	5,288	100%	-
June 30, 2012	4,763	100%	-

## COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements  
At June 30, 2012 (Continued)

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

#### **C. Funded Status and Funding Progress**

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

Actuarial accrued liability (AAL)	\$	104,403
Actuarial value of plan assets		73,027
Unfunded actuarial accrued liability		31,376
Funded ratio (actuarial value of plan assets / AAL)		69.95%
Covered payroll (active plan members)		1,979,226
UAAL as a percentage of covered payroll		1.59%

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 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.

#### **D. Actuarial Methods and Assumptions**

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

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7.5% investment rate of return, compounded annually, including an inflation component of 2.5%, and a payroll growth rate of 3%. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining open amortization period at June 30, 2011 was 27 years.

#### **E. Professional Employees – Discretely Presented Component Unit School Board**

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

## COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements  
At June 30, 2012 (Continued)

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

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

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

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 0.60% of annual covered payroll. The School Board's contribution to VRS for the year ended June 30, 2012, was \$141,197, and equaled the required contributions for each year.

### **NOTE 20-RESTRICTED ASSETS:**

Restricted assets at June 30, 2012 consist of the following:

	<b><u>Governmental Activities</u></b>
Cash for Capital Projects - New High School	\$ <u>6,004,493</u>
Total	\$ <u><u>6,004,493</u></u>

### **NOTE 21-SUBSEQUENT EVENTS:**

On September 18, 2012 the County entered into a capital lease with BB&T for the purpose of acquiring a fire truck and eight public safety vehicles. The fire truck lease for \$546,321 has a ten year term with an annual interest rate of 2.64%. The vehicle lease for \$256,750 has a three year term with an annual interest rate of 2.05%.

On November 15, 2012, the County sold Virginia Public School Authority (VPSA) General Obligation School Bonds, Series 2012C, issued through the VPSA subsidy program, in the aggregate principal amount of \$3,995,000. The proceeds of the Bonds were used to refund the Series 2007 Bond and the Series 2010 Note.

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### **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, 2012

	General Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
General property taxes	\$ 24,688,995	\$ 24,688,995	\$ 25,783,612	\$ 1,094,617
Other local taxes	2,677,100	2,677,100	2,806,074	128,974
Permits, privilege fees and regulatory licenses	286,449	305,449	239,463	(65,986)
Fines and forfeitures	30,914	30,914	26,384	(4,530)
Revenue from use of money and property	38,700	38,700	34,475	(4,225)
Charges for services	250,800	250,800	225,215	(25,585)
Miscellaneous	92,598	92,932	96,485	3,553
Recovered costs	1,720,000	1,817,644	239,814	(1,577,830)
Intergovernmental:				
Commonwealth	7,731,035	8,346,116	7,824,876	(521,240)
Federal	1,349,664	1,445,329	1,006,891	(438,438)
Total revenues	\$ 38,866,255	\$ 39,693,979	\$ 38,283,289	\$ (1,410,690)
Expenditures:				
Current:				
General government administration	\$ 2,359,009	\$ 2,599,135	\$ 2,465,884	\$ 133,251
Judicial administration	964,942	990,635	966,938	23,697
Public safety	5,035,515	5,172,104	4,863,357	308,747
Public works	1,567,445	1,577,766	1,527,887	49,879
Health and welfare	5,141,720	6,077,080	5,163,813	913,267
Education	13,770,916	14,017,018	13,950,845	66,173
Parks, recreation, and cultural	663,417	685,350	680,500	4,850
Community development	693,114	778,688	477,573	301,115
Nondepartmental	769,875	868,072	435,867	432,205
Debt service:				
Principal retirement	2,285,259	2,285,259	2,285,259	-
Interest and other fiscal charges	5,733,591	5,733,591	4,689,001	1,044,590
Total expenditures	\$ 38,984,803	40,784,698	37,506,924	3,277,774
Excess (deficiency) of revenues over expenditures	\$ (118,548)	\$ (1,090,719)	\$ 776,365	\$ 1,867,084
Other financing sources (uses):				
Transfers in	\$ 41,370	\$ 24,445	\$ 11,616	\$ 12,829
Transfers (out)	(5,325,822)	(5,731,542)	(1,356,146)	4,375,396
Total other financing sources (uses)	\$ (5,284,452)	\$ (5,707,097)	\$ (1,344,530)	\$ 4,388,225
Changes in fund balances	\$ (5,403,000)	\$ (6,797,816)	\$ (568,165)	\$ 6,229,651
Fund balances at beginning of year	5,403,000	6,797,816	20,783,048	13,985,232
Fund balances at end of year	\$ -	\$ -	\$ 20,214,883	\$ 20,214,883

Schedule of Funding Progress for the Virginia Retirement System and Other Post Employment Benefits  
For the Year Ended June 30, 2012

**VIRGINIA RETIREMENT SYSTEM:****COUNTY:**

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability	Funded Ratio (2)/(3)	Annual Covered Payroll	UAAL as % of Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2011	\$ 13,410,873	\$ 17,911,535	\$ 4,500,662	74.87%	\$ 5,312,618	84.72%
6/30/2010	12,848,487	16,820,969	3,972,482	76.38%	5,569,325	71.33%
6/30/2009	12,421,768	15,169,725	2,747,957	81.89%	5,660,150	48.55%

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

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability	Funded Ratio (2)/(3)	Annual Covered Payroll	UAAL as % of Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2011	\$ 4,182,897	\$ 5,087,405	\$ 904,508	82.22%	\$ 1,878,702	48.15%
6/30/2010	4,010,577	4,870,931	860,354	82.34%	1,995,180	43.12%
6/30/2009	3,820,350	4,300,992	480,642	88.82%	2,018,118	23.82%

**OTHER POST EMPLOYMENT BENEFITS:****COUNTY:**

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

**DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD**

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

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

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)
6/30/2011	\$ 73,027	\$ 104,403	\$ 31,376	69.95%	\$ 1,979,226	1.59%
6/30/2010	60,799	100,837	40,038	60.29%	5,569,325	0.72%
6/30/2009	48,698	98,571	49,873	49.40%	5,660,150	0.88%



**OTHER SUPPLEMENTARY INFORMATION**

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## **Combining and Individual Fund Statements and Schedules**

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## Capital Projects Fund

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

Year Ended June 30, 2012

	<b>Original Budget</b>	<b>Budget As Amended</b>	<b>Actual</b>	<b>Variance From Amended Budget Positive (Negative)</b>
Revenues:				
Revenue from use of money	\$ -	\$ -	\$ 30,894	\$ 30,894
Miscellaneous	285,000	120,575	35,000	(85,575)
Intergovernmental:				
Federal	530,000	2,977,466	4,145	(2,973,321)
Total revenues	\$ 815,000	\$ 3,098,041	\$ 70,039	\$ (3,028,002)
Expenditures:				
General government administration:				
Financial management software	\$ -	\$ 427,031	\$ 127,847	\$ 299,184
Administration vehicle	-	-	20,811	(20,811)
Human services building	413,000	521,491	334,409	187,082
Total general government administration	\$ 413,000	\$ 948,522	\$ 483,067	\$ 465,455
Public safety:				
Radio communication study	\$ 3,500,000	\$ 3,500,000	\$ 1,631	\$ 3,498,369
Kent store firehouse building	-	-	1,900	(1,900)
Fork union firehouse building	100,000	2,528,629	26,341	2,502,288
Sheriff vehicles	475,000	795,000	218,436	576,564
Total public safety	\$ 4,075,000	\$ 6,823,629	\$ 248,308	\$ 6,575,321
Public works:				
Public works	\$ 220,000	\$ 375,000	\$ -	\$ 375,000
Total public works	\$ 220,000	\$ 375,000	\$ -	\$ 375,000
Education:				
High school construction	\$ -	\$ 43,527,419	\$ 14,130,933	\$ 29,396,486
Pupil transportation	80,000	180,000	54,853	125,147
Total education	\$ 80,000	\$ 43,707,419	\$ 14,185,786	\$ 29,521,633

## Capital Projects Fund

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

Year Ended June 30, 2012

	<b>Original Budget</b>	<b>Budget As Amended</b>	<b>Actual</b>	<b>Variance From Amended Budget Positive (Negative)</b>
Expenditures: (Continued)				
Parks, recreation, and cultural:				
Western trailhead	\$ -	\$ 1,026,842	\$ 21,234	\$ 1,005,608
Mill park	-	-	2,495	(2,495)
Pleasant grove house renovations	-	-	2,248	(2,248)
Carysbrook softball concession	-	-	10,000	(10,000)
Total parks, recreation, and cultural	\$ -	\$ 1,026,842	\$ 35,977	\$ 990,865
Community development:				
Fork union community plan	\$ -	\$ 28,501	\$ 5,376	\$ 23,125
Telecommunication study	1,100,000	1,539,358	34,327	1,505,031
Total community development	\$ 1,100,000	\$ 1,567,859	\$ 39,703	\$ 1,528,156
Total expenditures	\$ 5,888,000	\$ 54,449,271	\$ 14,992,841	\$ 39,456,430
Excess (deficiency) of revenues over expenditures	\$ (5,073,000)	\$ (51,351,230)	\$ (14,922,802)	\$ 36,428,428
Other financing sources (uses):				
Transfers in	\$ 4,598,000	\$ 7,823,812	\$ 851,907	\$ (6,971,905)
Issuance of long-term debt	475,000	43,527,418	-	(43,527,418)
Total other financing sources (uses)	\$ 5,073,000	\$ 51,351,230	\$ 851,907	\$ (50,499,323)
Changes in fund balances	\$ -	\$ -	\$ (14,070,895)	\$ (14,070,895)
Fund balance at beginning of the year	-	-	16,727,323	16,727,323
Fund balance at end of the year	\$ -	\$ -	\$ 2,656,428	\$ 2,656,428

Statement of Fiduciary Net Assets -  
Agency Fund  
At June 30, 2012

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	<u>Special Welfare Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ <u>71,858</u>
Total assets	\$ <u><u>71,858</u></u>
<b>LIABILITIES</b>	
Amounts held for social services clients	\$ <u>71,858</u>
Total liabilities	\$ <u><u>71,858</u></u>

Agency Fund  
Statement of Changes in Assets and Liabilities-Agency Fund  
Year Ended June 30, 2012

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	<b>Balance Beginning of Year</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance End of Year</b>
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ <u>91,638</u>	\$ <u>24,240</u>	\$ <u>44,020</u>	\$ <u>71,858</u>
Liabilities:				
Amounts held for social services clients	\$ <u>91,638</u>	\$ <u>24,240</u>	\$ <u>44,020</u>	\$ <u>71,858</u>
Total liabilities	\$ <u>91,638</u>	\$ <u>24,240</u>	\$ <u>44,020</u>	\$ <u>71,858</u>



**Discretely Presented Component Unit-School Board**

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Combining Balance Sheet - Discretely Presented Component Unit - School Board  
At June 30, 2012

	<b>School Operating Fund</b>	<b>School Cafeteria Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,058,190	\$ 75,603	\$ 1,133,793
Accounts receivable	16,452	-	16,452
Due from other governmental units	905,352	-	905,352
Total assets	<u>\$ 1,979,994</u>	<u>\$ 75,603</u>	<u>\$ 2,055,597</u>
<b>LIABILITIES</b>			
Accrued liabilities	\$ 1,960,994	\$ 40,760	\$ 2,001,754
Deferred revenue	19,000	-	19,000
Total liabilities	<u>\$ 1,979,994</u>	<u>\$ 40,760</u>	<u>\$ 2,020,754</u>
<b>FUND BALANCES</b>			
Assigned	\$ -	\$ 34,843	\$ 34,843
Total fund balances	<u>\$ -</u>	<u>\$ 34,843</u>	<u>\$ 34,843</u>
Total liabilities and fund balances	<u>\$ 1,979,994</u>	<u>\$ 75,603</u>	

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

When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the School Board as a whole.

9,848,253

Internal service funds are used by the School Board to charge the cost of health insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets. The internal service fund net assets are:

427,771

Long-term liabilities applicable to the School Board's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net assets.

(988,030)

Net assets of General Government Activities

\$ 9,322,837

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
 Governmental Funds - Discretely Presented Component Unit - School Board  
 Year Ended June 30, 2012

	<b>School Operating Fund</b>	<b>School Cafeteria Fund</b>	<b>Total</b>
Revenues:			
Revenue from use of money and property	\$ 14,570	\$ -	\$ 14,570
Charges for services	-	933,541	933,541
Miscellaneous	1,174,803	-	1,174,803
Recovered costs	111,504	-	111,504
Intergovernmental:			
County contribution to School Board	13,943,899	-	13,943,899
Commonwealth	18,064,548	16,523	18,081,071
Federal	2,209,695	596,784	2,806,479
Total revenues	\$ <u>35,519,019</u>	\$ <u>1,546,848</u>	\$ <u>37,065,867</u>
Expenditures:			
Current:			
Education	\$ <u>35,519,019</u>	\$ <u>1,603,828</u>	\$ <u>37,122,847</u>
Total expenditures	\$ <u>35,519,019</u>	\$ <u>1,603,828</u>	\$ <u>37,122,847</u>
Changes in fund balances	\$ -	\$ (56,980)	\$ (56,980)
Fund balances at beginning of year	-	91,823	91,823
Fund balances at end of year	\$ <u>-</u>	\$ <u>34,843</u>	\$ <u>34,843</u>

Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances  
to the Statement of Activities - Discretely Presented Component Unit - School Board  
For the Year Ended June 30, 2012

		<b>Component Unit School Board</b>
Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	\$	(56,980)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. The following details support this adjustment.		
Capital additions	\$ 17,372	
Depreciation expense	<u>(608,402)</u>	(591,030)
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.		
		427,771
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. This amount reflects the change in accrued leave.		
		(23,778)
Transfer of joint tenancy assets from Primary Government to the Component Unit		<u>705,872</u>
Change in net assets of governmental activities	\$	<u><u>461,855</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, 2012

	<b>School Operating Fund</b>			<b>Variance From Amended Budget Positive (Negative)</b>
	<b>Original Budget</b>	<b>Budget As Amended</b>	<b>Actual</b>	
Revenues:				
Revenue from use of money and property	\$ -	\$ -	\$ 14,570	\$ 14,570
Charges for services	-	-	-	-
Miscellaneous	-	86,500	1,174,803	1,088,303
Recovered costs	-	111,504	111,504	-
Intergovernmental:				
County contribution to School Board	13,763,970	14,010,072	13,943,899	(66,173)
Commonwealth	18,253,486	18,357,790	18,064,548	(293,242)
Federal	2,654,599	3,450,186	2,209,695	(1,240,491)
Total revenues	\$ 34,672,055	\$ 36,016,052	\$ 35,519,019	\$ (497,033)
Expenditures:				
Current:				
Instruction	\$ 26,806,222	\$ 27,657,350	\$ 27,141,934	\$ 515,416
Administration, attendance, and health	1,239,093	1,309,093	1,271,561	37,532
Pupil transportation	2,375,458	2,425,173	2,382,861	42,312
Operation and maintenance	3,155,966	3,358,858	3,429,544	(70,686)
School food service costs	-	-	-	-
Technology	1,095,316	1,265,578	1,293,119	(27,541)
Total expenditures	\$ 34,672,055	\$ 36,016,052	\$ 35,519,019	\$ 497,033
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	\$ -	\$ -
Net changes in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	\$ -	\$ -	\$ -	\$ -

Exhibit 19

School Cafeteria Fund			
Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -
1,734,994	1,734,994	933,541	(801,453)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	16,523	16,523
-	-	596,784	596,784
<u>\$ 1,734,994</u>	<u>\$ 1,734,994</u>	<u>\$ 1,546,848</u>	<u>\$ (188,146)</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
1,734,994	1,734,994	1,603,828	131,166
-	-	-	-
<u>\$ 1,734,994</u>	<u>\$ 1,734,994</u>	<u>\$ 1,603,828</u>	<u>\$ 131,166</u>
\$ -	\$ -	\$ (56,980)	\$ (56,980)
\$ -	\$ -	\$ (56,980)	\$ (56,980)
-	-	91,823	91,823
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,843</u>	<u>\$ 34,843</u>

Discretely Presented Component Unit - School Board  
Statement of Net Assets  
Internal Service Fund  
At June 30, 2012

---

	<b>Health Insurance Fund</b>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ <u>670,438</u>
Total assets	\$ <u><u>670,438</u></u>
<b>Liabilities</b>	
Current liabilities:	
Claims payable	\$ <u>242,667</u>
Total current liabilities	\$ <u><u>242,667</u></u>
<b>Net Assets</b>	
Unrestricted	\$ <u>427,771</u>
Total net assets	\$ <u><u>427,771</u></u>



Discretely Presented Component Unit - School Board  
Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Internal Service Fund  
Year Ended June 30, 2012

---

		<b>Health Insurance Fund</b>
		<hr/>
<b>Operating revenues</b>		
Charges for services	\$	4,006,617
<b>Operating Expenses</b>		
Benefits and related expenses		<hr/> 3,578,846
Operating income (loss)	\$	427,771
Change in net assets	\$	427,771
<b>Net assets, beginning of year</b>		<hr/> -
<b>Net assets, end of year</b>	\$	<hr/> <hr/> 427,771

Discretely Presented Component Unit - School Board  
Statement of Cash Flows  
Internal Service Fund  
Year Ended June 30, 2012

	<b>Health Insurance Fund</b>
<b>Cash flows from operating activities</b>	
Receipts from insured	\$ 4,006,617
Payments to suppliers	<u>(3,336,179)</u>
Net cash provided by (used for) by operating activities	\$ 670,438
Net increase (decrease) in cash and cash equivalents	\$ 670,438
<b>Balances, beginning of year</b>	<u>-</u>
<b>Balance, end of year</b>	<u><u>\$ 670,438</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>	
Operating income (loss)	\$ 427,771
Change in assets and liabilities:	
Claims payable	<u>242,667</u>
Net cash provided by (used for) by operating activities	<u><u>\$ 670,438</u></u>

## **Supporting Schedules**

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COUNTY OF FLUVANNA, VIRGINIA

Schedule 1

Page 1 of 3

Governmental Funds  
Schedule of Revenues -- Budget and Actual  
Year Ended June 30, 2012

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	\$ 17,066,927	\$ 17,066,927	\$ 17,795,340	\$ 728,413
Real and personal public service corporation taxes	3,091,735	3,091,735	3,126,717	34,982
Personal property taxes	4,179,241	4,179,241	4,456,703	277,462
Mobile home taxes	15,998	15,998	12,451	(3,547)
Machinery and tools taxes	4,594	4,594	4,630	36
Penalties	250,500	250,500	285,145	34,645
Interest	80,000	80,000	102,626	22,626
Total general property taxes	\$ 24,688,995	\$ 24,688,995	\$ 25,783,612	\$ 1,094,617
Other local taxes:				
Local sales and use taxes	\$ 1,062,600	\$ 1,062,600	\$ 1,217,038	\$ 154,438
Consumer utility taxes	420,000	420,000	418,280	(1,720)
Gross receipts tax - utilities	90,000	90,000	93,220	3,220
Motor vehicle licenses	726,000	726,000	688,726	(37,274)
Bank stock taxes	38,500	38,500	47,637	9,137
Recordation taxes	270,000	270,000	253,686	(16,314)
Tax on wills	70,000	70,000	87,487	17,487
Total other local taxes	\$ 2,677,100	\$ 2,677,100	\$ 2,806,074	\$ 128,974
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 15,000	\$ 15,000	\$ 17,622	\$ 2,622
Building permits	140,000	140,000	91,508	(48,492)
Other permits, fees, and licenses	131,449	150,449	130,333	(20,116)
Total permits, privilege fees and regulatory licenses	\$ 286,449	\$ 305,449	\$ 239,463	\$ (65,986)
Fines and Forfeitures:				
Court and other fines and forfeitures	\$ 30,914	\$ 30,914	\$ 26,384	\$ (4,530)
Revenue from use of money and property:				
Revenue from use of money	\$ 13,200	\$ 13,200	\$ 3,969	\$ (9,231)
Revenue from use of property	25,500	25,500	30,506	5,006
Total revenue from use of money and property	\$ 38,700	\$ 38,700	\$ 34,475	\$ (4,225)
Charges for services:				
Charges for Commonwealth Attorney	\$ 600	\$ 600	\$ 1,731	\$ 1,131
Charges for library	7,200	7,200	12,523	5,323
Law library fees	1,500	1,500	2,110	610
Courthouse maintenance fees	7,000	7,000	6,570	(430)
Courthouse security	30,000	30,000	23,771	(6,229)
Recreation program fees	95,225	95,225	88,342	(6,883)
Landfill fees	103,000	103,000	85,096	(17,904)
Other charges for services	525	525	1,040	515
Excess fees of clerk	5,750	5,750	4,032	(1,718)
Total charges for services	\$ 250,800	\$ 250,800	\$ 225,215	\$ (25,585)

Governmental Funds  
 Schedule of Revenues -- Budget and Actual  
 Year Ended June 30, 2012 (continued)

<b>Fund, Major and Minor Revenue Source</b>	<b>Original Budget</b>	<b>Budget As Amended</b>	<b>Actual</b>	<b>Variance From Amended Budget Positive (Negative)</b>
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous revenue:				
Miscellaneous	\$ 92,598	\$ 92,932	\$ 96,485	\$ 3,553
Total miscellaneous revenue	\$ 92,598	\$ 92,932	\$ 96,485	\$ 3,553
Recovered costs:				
Miscellaneous	\$ 1,720,000	\$ 1,817,644	\$ 239,814	\$ (1,577,830)
Total recovered costs	\$ 1,720,000	\$ 1,817,644	\$ 239,814	\$ (1,577,830)
Total revenue from local sources	\$ 29,785,556	\$ 29,902,534	\$ 29,451,522	\$ (451,012)
Intergovernmental revenue:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers tax	\$ 36,788	\$ 36,788	\$ 34,935	\$ (1,853)
Mobile home titling taxes	5,000	5,000	7,366	2,366
Auto rental taxes	2,800	2,800	5,076	2,276
Recordation taxes	95,000	95,000	92,155	(2,845)
Communication taxes	875,400	875,400	855,141	(20,259)
PPTRA	2,996,570	2,996,570	2,996,570	-
Total noncategorical aid	\$ 4,011,558	\$ 4,011,558	\$ 3,991,243	\$ (20,315)
Categorical aid:				
Shared expenses:				
Commonwealth's Attorney	\$ 244,348	\$ 244,348	\$ 242,637	\$ (1,711)
Sheriff	890,966	890,966	904,304	13,338
Commissioner of the Revenue	103,413	103,413	102,632	(781)
Treasurer	115,852	115,852	113,304	(2,548)
Registrar/electoral board	41,060	50,736	49,332	(1,404)
Clerk of the Circuit Court	235,817	235,817	267,637	31,820
Total shared expenses	\$ 1,631,456	\$ 1,641,132	\$ 1,679,846	\$ 38,714
Other categorical aid:				
Litter control	\$ 7,926	\$ 7,926	\$ 6,898	\$ (1,028)
Library grant	53,323	70,586	69,613	(973)
Public assistance and welfare administration	558,345	558,345	507,236	(51,109)
Comprehensive services act	1,250,321	1,821,374	1,406,422	(414,952)
E911 funds	60,000	60,000	56,581	(3,419)
Fire funds	51,092	63,445	68,456	5,011
Victim/witness coordinator grant	7,274	7,420	-	(7,420)
Two for life	22,000	24,590	24,727	137
Other categorical aid	77,740	79,740	13,854	(65,886)
Total other categorical aid	\$ 2,088,021	\$ 2,693,426	\$ 2,153,787	\$ (539,639)
Total categorical aid	\$ 3,719,477	\$ 4,334,558	\$ 3,833,633	\$ (500,925)
Total revenue from the Commonwealth	\$ 7,731,035	\$ 8,346,116	\$ 7,824,876	\$ (521,240)

Governmental Funds  
 Schedule of Revenues -- Budget and Actual  
 Year Ended June 30, 2012 (continued)

<b>Fund, Major and Minor Revenue Source</b>	<b>Original Budget</b>	<b>Budget As Amended</b>	<b>Actual</b>	<b>Variance From Amended Budget Positive (Negative)</b>
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Criminal justice grants	\$ -	\$ 1,666	\$ 35,561	\$ 33,895
Victim/witness coordinator grant	21,824	22,259	22,260	1
Commission for arts grant	5,000	5,000	5,000	-
Dept. motor vehicles grant	21,436	51,059	26,393	(24,666)
VEC grant	-	1,000	1,000	-
Homeland security program grant	28,540	28,540	38,740	10,200
Other federal revenue	169,443	208,239	33,457	(174,782)
Public assistance and welfare administration	1,103,421	1,127,566	844,480	(283,086)
Total revenue from the federal government	\$ 1,349,664	\$ 1,445,329	\$ 1,006,891	\$ (438,438)
Total General Fund	\$ 38,866,255	\$ 39,693,979	\$ 38,283,289	\$ (1,410,690)
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 30,894	\$ 30,894
Miscellaneous revenue:				
Miscellaneous	285,000	120,575	35,000	(85,575)
Total revenue from local sources	\$ 285,000	\$ 120,575	\$ 65,894	\$ (54,681)
Intergovernmental revenue:				
Revenue from the federal government:				
Categorical aid:				
EPA grant	\$ 530,000	\$ 2,977,466	\$ 4,145	\$ (2,973,321)
Total revenue from the federal government	\$ 530,000	\$ 2,977,466	\$ 4,145	\$ (2,973,321)
Total Capital Projects Fund	\$ 815,000	\$ 3,098,041	\$ 70,039	\$ (3,028,002)
Grand Total Revenues -- Primary Government	\$ 39,681,255	\$ 42,792,020	\$ 38,353,328	\$ (4,438,692)

General Fund - Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2012

<b>Fund, Function, Activities and Elements</b>	<b>Original Budget</b>	<b>Budget As Amended</b>	<b>Actual</b>	<b>Variance From Amended Budget Positive (Negative)</b>
Primary Government:				
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 153,875	\$ 369,360	\$ 299,339	\$ 70,021
General and financial administration:				
County administrator	\$ 375,285	\$ 372,196	\$ 339,716	\$ 32,480
County attorney	120,000	140,451	181,443	(40,992)
Commissioner of the revenue	313,944	316,914	315,006	1,908
Reassessment	250,000	188,193	145,638	42,555
Information technology	293,115	312,293	288,425	23,868
Treasurer	407,201	410,431	435,148	(24,717)
Finance department	269,187	280,798	262,953	17,845
Total general and financial administration	\$ 2,028,732	\$ 2,021,276	\$ 1,968,329	\$ 52,947
Board of Elections:				
Electoral board general registrar	\$ 176,402	\$ 208,499	\$ 198,216	\$ 10,283
Total board of elections	\$ 176,402	\$ 208,499	\$ 198,216	\$ 10,283
Total general government administration	\$ 2,359,009	\$ 2,599,135	\$ 2,465,884	\$ 133,251
Judicial administration:				
Courts:				
Circuit court	\$ 45,315	\$ 45,315	\$ 28,432	\$ 16,883
General district and juvenile relations court	7,614	7,614	6,706	908
Juvenile court service unit	3,417	3,417	2,541	876
VJCCCA	6,544	6,544	6,226	318
Clerk of the circuit court	529,181	552,140	552,140	-
Total courts	\$ 592,071	\$ 615,030	\$ 596,045	\$ 18,985
Commonwealth's attorney:				
Commonwealth's attorney	\$ 372,871	\$ 375,605	\$ 370,893	\$ 4,712
Total judicial administration	\$ 964,942	\$ 990,635	\$ 966,938	\$ 23,697
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,188,034	\$ 2,211,250	\$ 2,197,359	\$ 13,891
Drug forfeiture	-	-	1,314	(1,314)
Public safety grants	287,135	338,778	103,040	235,738
Total law enforcement and traffic control	\$ 2,475,169	\$ 2,550,028	\$ 2,301,713	\$ 248,315



General Fund - Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2012 (continued)

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Public Safety: (Continued)				
Fire and rescue services:				
Forest warden	\$ 9,053	\$ 9,053	\$ 9,053	\$ -
Volunteer fire and rescue	600,966	615,909	601,911	13,998
Emergency Medical Services Council	16,095	16,095	16,095	-
Total fire and rescue services	\$ 626,114	\$ 641,057	\$ 627,059	\$ 13,998
Correction and detention:				
Care of prisoners	\$ 861,104	\$ 861,104	\$ 867,674	\$ (6,570)
Total correction and detention	\$ 861,104	\$ 861,104	\$ 867,674	\$ (6,570)
Inspections:				
Building	\$ 233,445	\$ 235,060	\$ 230,232	\$ 4,828
Other protection:				
Animal control	\$ 101,059	\$ 107,768	\$ 113,029	\$ (5,261)
E-911	733,398	771,861	718,424	53,437
Legal aid service	3,563	3,563	3,563	-
Offender aid and restoration	1,663	1,663	1,663	-
Total other protection	\$ 839,683	\$ 884,855	\$ 836,679	\$ 48,176
Total public safety	\$ 5,035,515	\$ 5,172,104	\$ 4,863,357	\$ 308,747
Public works:				
Sanitation and waste removal:				
Landfill	\$ 134,229	\$ 142,036	\$ 131,207	\$ 10,829
Landfill post closure cost	35,000	35,000	24,956	10,044
Litter control	33,126	38,642	13,864	24,778
Total sanitation and waste removal	\$ 202,355	\$ 215,678	\$ 170,027	\$ 45,651
Maintenance of general buildings and grounds:				
Facilities	\$ 644,700	\$ 660,083	\$ 696,680	\$ (36,597)
Public works	225,090	226,705	216,709	9,996
General services	495,300	475,300	444,471	30,829
Total maintenance of general buildings and grounds	\$ 1,365,090	\$ 1,362,088	\$ 1,357,860	\$ 4,228
Total public works	\$ 1,567,445	\$ 1,577,766	\$ 1,527,887	\$ 49,879
Health and welfare:				
Health:				
Local health department	\$ 250,441	\$ 250,441	\$ 249,817	\$ 624
Mental health and mental retardation:				
Region Ten Community Services Board	\$ 80,750	\$ 80,750	\$ 80,750	\$ -

General Fund - Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2012 (continued)

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Health and Welfare: (Continued)				
Welfare:				
Public assistance and welfare administration	\$ 2,385,859	\$ 2,399,628	\$ 2,016,833	\$ 382,795
Comprehensive services act program	2,086,005	3,007,596	2,478,041	529,555
Jefferson area board on aging	118,750	118,750	118,750	-
JAUNT, Inc.	91,883	91,883	91,883	-
Shelter for help in emergency	8,550	8,550	8,550	-
Sexual assault resource agency	950	950	950	-
Fluvanna housing foundation	18,810	18,810	18,810	-
Piedmont housing alliance	1,900	1,900	1,900	-
Jefferson area chip	47,500	47,500	47,500	-
Children, youth and family services	1,900	1,900	1,900	-
Streamwatch	1,425	1,425	1,425	-
Youth advisory council	380	380	87	293
Piedmont workforce network	3,325	3,325	3,325	-
Monticello area community action agency	43,292	43,292	43,292	-
Total welfare	\$ 4,810,529	\$ 5,745,889	\$ 4,833,246	\$ 912,643
Total health and welfare	\$ 5,141,720	\$ 6,077,080	\$ 5,163,813	\$ 913,267
Education:				
Contributions to community colleges	\$ 6,946	\$ 6,946	\$ 6,946	\$ -
Contribution to Component Unit School Board	13,763,970	14,010,072	13,943,899	66,173
Total education	\$ 13,770,916	\$ 14,017,018	\$ 13,950,845	\$ 66,173
Parks, recreation and cultural:				
Parks and recreation:				
Parks and recreation	\$ 415,495	\$ 432,732	\$ 422,444	\$ 10,288
Total parks and recreation	\$ 415,495	\$ 432,732	\$ 422,444	\$ 10,288
Cultural enrichment:				
Cultural arts	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
County museum	475	475	475	-
Total cultural enrichment	\$ 10,475	\$ 10,475	\$ 10,475	\$ -
Library:				
Regional library	\$ 237,447	\$ 242,143	\$ 247,581	\$ (5,438)
Total parks, recreation and cultural	\$ 663,417	\$ 685,350	\$ 680,500	\$ 4,850

General Fund - Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2012 (continued)

<b>Fund, Function, Activities and Elements</b>	<b>Original Budget</b>	<b>Budget As Amended</b>	<b>Actual</b>	<b>Variance From Amended Budget Positive (Negative)</b>
Primary Government: (Continued)				
General Fund: (Continued)				
Community development:				
Planning and community development:				
Planning commission	\$ 30,110	\$ 36,110	\$ 23,356	\$ 12,754
Zoning board	5,450	5,450	450	5,000
Economic development	250,000	298,497	42,191	256,306
County planner	289,286	294,040	271,905	22,135
Plan development	-	26,000	24,000	2,000
Small business development center	2,375	2,375	2,375	-
Leadership development program	713	713	713	-
Thomas Jefferson Partnership for Economic Development	9,500	9,500	9,500	-
Thomas Jefferson Planning District Commission	28,230	28,230	28,230	-
Total planning and community development	\$ 615,664	\$ 700,915	\$ 402,720	\$ 298,195
Environmental management:				
Soil and water conservation district	\$ 15,200	\$ 15,200	\$ 15,200	\$ -
Total environmental management	\$ 15,200	\$ 15,200	\$ 15,200	\$ -
Cooperative extension program:				
Cooperative extension service	\$ 62,250	\$ 62,573	\$ 59,653	\$ 2,920
Total community development	\$ 693,114	\$ 778,688	\$ 477,573	\$ 301,115
Nondepartmental:				
Miscellaneous	\$ 507,875	\$ 606,072	\$ 173,867	\$ 432,205
Contribution to OPEB trust fund	262,000	262,000	262,000	-
Total nondepartmental	\$ 769,875	\$ 868,072	\$ 435,867	\$ 432,205
Debt service:				
Principal retirement	\$ 2,285,259	\$ 2,285,259	\$ 2,285,259	\$ -
Interest and fiscal charges	5,733,591	5,733,591	4,689,001	1,044,590
Total debt service	\$ 8,018,850	\$ 8,018,850	\$ 6,974,260	\$ 1,044,590
Total General Fund Expenditures	\$ 38,984,803	\$ 40,784,698	\$ 37,506,924	\$ 3,277,774

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## Statistical Section

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### Tables

#### Financial Trends

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

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These tables contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.

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These tables contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.

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

**COUNTY OF FLUVANNA, VIRGINIA**

## Net Assets by Component

Last Ten Fiscal Years

*(accrual basis of accounting)*

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

Table 1

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<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 8,820,288	\$ 8,715,583	\$ 9,453,382	\$ 12,884,537	\$ 15,481,925	\$ 17,779,481
-	-	3,922,469	12,966	-	-
<u>17,352,326</u>	<u>19,637,501</u>	<u>15,327,034</u>	<u>18,671,672</u>	<u>21,244,585</u>	<u>20,452,313</u>
<u>\$ 26,172,614</u>	<u>\$ 28,353,084</u>	<u>\$ 28,702,885</u>	<u>\$ 31,569,175</u>	<u>\$ 36,726,510</u>	<u>\$ 38,231,794</u>
\$ 2,834,924	\$ 3,431,925	\$ 3,572,328	\$ 4,548,235	\$ 4,359,941	\$ 4,220,066
1,009,433	-	-	-	-	-
<u>(396,731)</u>	<u>(728,810)</u>	<u>(945,709)</u>	<u>(657,499)</u>	<u>145,337</u>	<u>174,173</u>
<u>\$ 3,447,626</u>	<u>\$ 2,703,115</u>	<u>\$ 2,626,619</u>	<u>\$ 3,890,736</u>	<u>\$ 4,505,278</u>	<u>\$ 4,394,239</u>
\$ 11,655,212	\$ 12,147,508	\$ 13,025,710	\$ 17,432,772	\$ 19,841,866	\$ 21,999,547
1,009,433	-	3,922,469	12,966	-	-
<u>16,955,595</u>	<u>18,908,691</u>	<u>14,381,325</u>	<u>18,014,173</u>	<u>21,389,922</u>	<u>20,626,486</u>
<u>\$ 29,620,240</u>	<u>\$ 31,056,199</u>	<u>\$ 31,329,504</u>	<u>\$ 35,459,911</u>	<u>\$ 41,231,788</u>	<u>\$ 42,626,033</u>

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses</b>										
Governmental activities:										
General government administration	\$ 1,243,903	\$ 1,253,226	\$ 1,650,941	\$ 1,876,265	\$ 2,158,182	\$ 2,212,493	\$ 2,349,221	\$ 2,088,545	\$ 2,266,965	\$ 2,946,369
Judicial administration	761,871	776,509	829,676	969,016	1,106,540	1,140,519	1,160,816	1,111,127	1,092,325	1,147,418
Public Safety	2,997,683	3,157,159	4,056,943	4,427,947	3,885,133	4,374,838	4,738,756	5,458,590	4,875,996	5,298,372
Public works	684,334	770,854	796,359	878,458	1,214,823	1,484,129	1,405,843	1,506,088	1,324,088	1,461,832
Health and welfare	3,460,761	3,442,859	4,364,965	4,390,337	4,723,667	4,790,192	5,007,658	4,955,292	4,826,649	5,203,796
Education	6,530,466	8,304,113	12,059,052	13,403,847	14,463,598	15,276,510	16,408,027	16,020,958	10,796,609	14,938,085
Parks, recreation and cultural	648,408	763,112	695,784	853,116	790,866	872,307	909,931	741,582	723,393	736,581
Community development	728,258	337,043	356,903	408,255	457,810	453,556	606,155	509,233	447,602	592,966
Interest on long-term debt	772,555	582,099	591,538	648,514	853,223	1,090,223	1,046,588	637,891	4,667,841	4,653,204
Total governmental activities expenses	\$ 17,828,239	\$ 19,386,974	\$ 25,402,161	\$ 27,855,755	\$ 29,653,842	\$ 31,694,767	\$ 33,632,995	\$ 33,029,306	\$ 31,021,468	\$ 36,978,623
Business-type activities:										
Community Programs	\$ 96,608	\$ 101,512	\$ 103,581	\$ 19,779	\$ 43,989	\$ 62,667	\$ 60,912	\$ 50,157	\$ 45,710	\$ -
Water	328,592	305,324	342,629	321,998	460,964	405,108	445,563	379,109	368,737	391,788
Sewer	-	-	-	-	-	33,015	139,834	159,433	182,931	195,289
Landfill	354,750	531,272	466,396	559,611	826,973	1,588,412	264,311	165,517	-	-
Total business-type activities expenses	\$ 779,950	\$ 938,108	\$ 912,606	\$ 901,388	\$ 1,331,926	\$ 2,089,202	\$ 910,620	\$ 754,216	\$ 597,378	\$ 587,077
Total primary government expenses	\$ 18,608,189	\$ 20,325,082	\$ 26,314,767	\$ 28,757,143	\$ 30,985,768	\$ 33,783,969	\$ 34,543,615	\$ 33,783,522	\$ 31,618,846	\$ 37,565,700
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government administration	\$ -	\$ 81,004	\$ 98,260	\$ 166,588	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Judicial administration	66,260	130,754	114,280	167,650	125,397	68,352	83,773	69,546	74,985	64,598
Public safety	176,579	205,381	174,905	166,066	148,865	131,542	183,433	133,186	196,820	240,503
Public works	5,662	-	-	-	-	-	-	-	102,391	85,096
Parks, recreation and cultural	5,750	5,285	5,801	110,090	161,565	139,337	109,084	93,476	82,284	100,865
Community development	71,286	18,910	8,284	27,229	173,001	137,721	140,484	145,684	109,880	-
Operating grants and contributions	4,201,602	3,959,533	4,254,662	4,594,724	4,737,759	4,878,357	4,753,650	4,586,272	4,609,047	4,840,524
Capital grants and contributions	166,352	143,706	170,363	2,174,437	406,080	185,706	348,260	743,377	151,576	4,145
Total governmental activities program revenues	\$ 4,693,491	\$ 4,544,573	\$ 4,826,555	\$ 7,406,784	\$ 5,752,667	\$ 5,541,015	\$ 5,618,684	\$ 5,771,541	\$ 5,326,983	\$ 5,335,731
Business-type activities:										
Charges for services:										
Community Programs	\$ 73,020	\$ 96,953	\$ 115,952	\$ 25,191	\$ 35,299	\$ 49,505	\$ 49,339	\$ 36,172	\$ 30,134	\$ -
Water	294,526	355,701	277,788	295,050	315,046	328,873	320,562	279,980	301,071	302,522
Sewer	-	-	-	-	-	1,778	59,830	1,223,327	12,791	8,229
Landfill	381,097	465,134	442,030	657,094	616,775	404,191	124,695	97,752	-	-
Capital grants and contributions	-	-	-	-	1,185,272	60,527	-	258,300	-	-
Total business-type activities program revenues	\$ 748,643	\$ 917,788	\$ 835,770	\$ 977,335	\$ 2,152,392	\$ 844,874	\$ 554,426	\$ 1,895,531	\$ 343,996	\$ 310,751
Total primary government program revenues	\$ 5,442,134	\$ 5,462,361	\$ 5,662,325	\$ 8,384,119	\$ 7,905,059	\$ 6,385,889	\$ 6,173,110	\$ 7,667,072	\$ 5,670,979	\$ 5,646,482
Net (expense) / revenue										
Governmental activities	\$ (13,134,748)	\$ (14,842,401)	\$ (20,575,606)	\$ (20,448,971)	\$ (23,901,175)	\$ (26,153,752)	\$ (28,014,311)	\$ (27,257,765)	\$ (25,694,485)	\$ (31,642,892)
Business-type activities	(31,307)	(20,320)	(76,836)	75,947	820,466	(1,244,328)	(356,194)	1,141,315	(253,382)	(276,326)
Total primary government net expense	\$ (13,166,055)	\$ (14,862,721)	\$ (20,652,442)	\$ (20,373,024)	\$ (23,080,709)	\$ (27,398,080)	\$ (28,370,505)	\$ (26,116,450)	\$ (25,947,867)	\$ (31,919,218)



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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 11,609,997	\$ 12,353,034	\$ 14,226,876	\$ 17,142,347	\$ 17,752,214	\$ 21,008,065	\$ 21,534,695	\$ 22,880,842	\$ 24,510,584	\$ 26,319,292
Local sales and use taxes	2,810,086	868,289	790,835	876,163	944,465	1,070,306	1,062,461	1,062,633	1,061,791	1,217,038
Taxes on recordation and wills	-	-	400,795	501,235	467,307	377,965	277,611	241,505	244,066	418,280
Motor vehicle licenses taxes	-	398,447	424,029	425,872	376,200	368,629	373,002	438,089	667,940	688,726
Consumer utility taxes	-	938,626	1,033,668	1,057,777	1,186,143	1,369,502	1,285,679	1,306,540	1,290,455	253,686
Other local taxes	-	824,412	564,512	595,716	365,473	217,929	210,213	197,684	236,955	228,344
Unrestricted grants and contributions	2,823,051	2,790,504	3,252,990	3,301,337	3,416,980	3,171,261	3,166,206	3,145,750	3,152,927	3,991,243
Unrestricted revenues from use of money and property	509,162	63,417	278,144	226,914	857,089	863,366	525,726	445,339	307,436	65,369
Miscellaneous	117,039	15,225	63,778	20,285	335,513	362,539	207,765	528,475	247,590	131,485
Transfers	(50,000)	-	(30,000)	136,137	(291,384)	(475,340)	(279,246)	(122,802)	(867,924)	(165,287)
Total governmental activities	\$ 17,819,335	\$ 18,251,954	\$ 21,005,627	\$ 24,283,783	\$ 25,410,000	\$ 28,334,222	\$ 28,364,112	\$ 30,124,055	\$ 30,851,820	\$ 33,148,176
Business-type activities:										
Unrestricted revenues from use of money and property	\$ 4,627	\$ 3,345	\$ 6,517	\$ 22,476	\$ 36,996	\$ 24,477	\$ 452	\$ -	\$ -	\$ -
Transfers	50,000	-	30,000	(136,137)	291,384	475,340	279,246	122,802	867,924	165,287
Total business-type activities	\$ 54,627	\$ 3,345	\$ 36,517	\$ (113,661)	\$ 328,380	\$ 499,817	\$ 279,698	\$ 122,802	\$ 867,924	\$ 165,287
Total primary government	\$ 17,873,962	\$ 18,255,299	\$ 21,042,144	\$ 24,170,122	\$ 25,738,380	\$ 28,834,039	\$ 28,643,810	\$ 30,246,857	\$ 31,719,744	\$ 33,313,463
<b>Change in Net Assets</b>										
Governmental activities	\$ 4,684,587	\$ 3,409,553	\$ 430,021	\$ 3,834,812	\$ 1,508,825	\$ 2,180,470	\$ 349,801	\$ 2,866,290	\$ 5,157,335	\$ 1,505,284
Business-type activities	23,320	(16,975)	(40,319)	(37,714)	1,148,846	(744,511)	(76,496)	1,264,117	614,542	(111,039)
Total primary government	\$ 4,707,907	\$ 3,392,578	\$ 389,702	\$ 3,797,098	\$ 2,657,671	\$ 1,435,959	\$ 273,305	\$ 4,130,407	\$ 5,771,877	\$ 1,394,245

**COUNTY OF FLUVANNA, VIRGINIA**

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Reserved	301,877	411,677	283,527	110,269
Restricted	-	-	-	-
Unreserved, designated for capital projects	-	-	-	-
Unreserved, designated for high school debt service	-	-	-	-
Unreserved, designated for subsequent expenditures	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unreserved, undesignated	7,984,130	7,637,629	7,486,780	8,645,692
Unassigned	-	-	-	-
Total general fund	<u>\$ 8,286,007</u>	<u>\$ 8,049,306</u>	<u>\$ 7,770,307</u>	<u>\$ 8,755,961</u>
All other governmental funds				
Reserved for Capital Projects	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Unassigned	-	-	-	-
Unreserved, reported in:				
Capital projects funds	-	(287,393)	(261,771)	(398,886)
Total all other governmental funds	<u>\$ -</u>	<u>\$ (287,393)</u>	<u>\$ (261,771)</u>	<u>\$ (398,886)</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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ -	\$ -	\$ -	\$ -	\$ 35,080	\$ 2,000
78,938	78,938	4,001,407	91,904	-	-
-	-	-	-	78,938	-
-	1,858,037	2,033,250	2,526,018	-	-
-	-	1,036,500	2,761,681	-	-
-	10,015,676	-	-	-	-
-	-	-	-	7,077,296	9,834,019
-	-	-	-	63,698	29,914
8,982,217	6,846,383	15,346,007	15,032,678	-	-
-	-	-	-	13,528,036	10,348,950
<u>\$ 9,061,155</u>	<u>\$ 18,799,034</u>	<u>\$ 22,417,164</u>	<u>\$ 20,412,281</u>	<u>\$ 20,783,048</u>	<u>\$ 20,214,883</u>
\$ 3,553,451	\$ 9,071,275	\$ 67,190,334	\$ 43,912,030	\$ -	\$ -
-	-	-	-	16,544,058	3,312,322
-	-	-	-	183,265	-
-	-	-	-	-	(655,894)
-	-	-	-	-	-
<u>\$ 3,553,451</u>	<u>\$ 9,071,275</u>	<u>\$ 67,190,334</u>	<u>\$ 43,912,030</u>	<u>\$ 16,727,323</u>	<u>\$ 2,656,428</u>

# COUNTY OF FLUVANNA, VIRGINIA

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

	2003	2004	2005	2006
<b>Revenues</b>				
General property taxes	\$ 11,118,921	\$ 11,985,006	\$ 13,913,702	\$ 15,341,412
Other local taxes	2,810,086	3,029,774	3,213,839	3,456,763
Permits, privilege fees and regulatory licenses	236,955	286,385	273,165	437,914
Fines and forfeitures	40,895	4,153	24,496	82,323
Revenue from use of money and property	509,162	63,417	278,144	226,914
Charges for services	47,687	150,796	103,869	117,386
Miscellaneous	117,038	15,225	63,778	20,285
Recovered costs	12,810	12,038	6,271	18,965
Intergovernmental:				
Contribution from School Board	484,332	-	-	-
Commonwealth	6,090,380	5,801,934	6,363,759	7,824,255
Federal	1,100,625	1,091,809	1,314,256	2,229,074
Total revenues	\$ 22,568,891	\$ 22,440,537	\$ 25,555,279	\$ 29,755,291
<b>Expenditures</b>				
General government administration	\$ 1,219,216	\$ 1,304,476	\$ 1,540,692	\$ 1,847,681
Judicial administration	601,752	615,062	692,038	830,530
Public safety	2,790,993	3,002,473	3,455,390	4,333,143
Public works	684,322	740,550	786,948	2,074,486
Health and welfare	3,419,535	3,414,233	4,303,490	4,421,708
Education	9,940,741	11,087,704	11,397,534	12,410,194
Parks, recreation and cultural	640,218	617,689	655,250	856,134
Community development	419,536	325,589	352,449	406,666
Capital projects	2,386,947	414,027	1,287,338	-
Nondepartmental	-	-	-	-
Debt service				
Principal	568,481	531,518	534,603	561,972
Interest and other fiscal charges	767,540	623,917	646,488	484,439
Bond Issuance Costs	-	-	-	-
Total expenditures	\$ 23,439,281	\$ 22,677,238	\$ 25,652,220	\$ 28,226,953
Excess of revenues over (under) expenditures	\$ (870,390)	\$ (236,701)	\$ (96,941)	\$ 1,528,338
<b>Other financing sources (uses)</b>				
Transfers in	\$ 2,415,209	\$ 108,712	\$ 1,510,334	\$ 1,367,417
Transfers out	(2,465,209)	(108,712)	(1,540,334)	(1,231,279)
Bonds issued	-	-	-	8,832,057
Early retirement of indebtedness	-	-	-	(7,500,000)
Payments to refunded bond escrow agent	-	-	-	(2,529,552)
Issuance of capital leases	-	-	-	-
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	\$ (50,000)	\$ -	\$ (30,000)	\$ (1,061,357)
Net change in fund balances	\$ (920,390)	\$ (236,701)	\$ (126,941)	\$ 466,981
<b>Debt service as a percentage of noncapital expenditures</b>				
	6.35%	5.19%	4.85%	3.71%

Table 4

2007	2008	2009	2010	2011	2012
\$ 17,550,665	\$ 21,261,041	\$ 21,348,203	\$ 22,881,694	\$ 24,333,649	\$ 25,783,612
3,339,588	3,404,331	3,208,966	3,246,451	3,501,207	2,806,074
476,668	399,327	424,842	361,142	347,774	239,463
21,594	17,895	36,545	27,752	60,363	26,384
857,089	863,366	525,726	445,339	307,436	65,369
110,566	59,730	55,387	52,998	158,223	225,215
335,513	362,539	207,764	528,475	247,590	131,485
168,970	220,734	215,758	252,899	218,277	239,814
46,045	248,648	-	-	-	-
7,065,830	7,053,225	7,004,314	6,860,079	6,761,028	7,824,876
1,477,182	1,182,099	1,263,803	1,615,320	1,152,522	1,011,036
\$ 31,449,710	\$ 35,072,935	\$ 34,291,308	\$ 36,272,149	\$ 37,088,069	\$ 38,353,328
\$ 1,964,112	\$ 1,999,645	\$ 2,178,358	\$ 1,998,758	\$ 2,283,864	\$ 2,948,951
940,159	991,983	991,921	941,916	924,825	966,938
5,264,255	4,841,652	4,610,938	6,132,985	5,551,650	5,111,665
1,278,835	1,668,794	1,530,900	1,435,000	1,444,944	1,527,887
4,720,466	4,814,963	4,934,848	4,928,507	4,858,939	5,163,813
13,736,102	15,774,008	18,395,167	37,947,333	41,174,205	28,136,631
1,173,154	2,307,236	2,088,594	689,922	629,182	716,477
463,347	490,571	623,204	531,699	453,826	517,276
-	-	-	-	-	-
45,450	88,617	380,835	509,718	383,995	435,867
1,083,734	1,150,687	1,394,882	1,476,141	1,436,343	2,285,259
838,181	939,119	2,867,392	4,923,406	4,748,216	4,689,001
-	-	777,900	-	-	-
\$ 31,507,795	\$ 35,067,275	\$ 40,774,939	\$ 61,515,385	\$ 63,889,989	\$ 52,499,765
\$ (58,085)	\$ 5,660	\$ (6,483,631)	\$ (25,243,236)	\$ (26,801,920)	\$ (14,146,437)
\$ 2,237,244	\$ 910,587	\$ 6,370,065	\$ 976,518	\$ 1,157,587	\$ 863,523
(2,528,628)	(1,260,263)	(6,649,311)	(1,099,320)	(1,203,684)	(1,356,146)
4,195,000	9,400,000	67,525,000	5,420,000	2,704,077	-
-	(1,500,000)	-	(4,830,000)	(2,670,000)	-
-	-	525,066	-	-	-
412,000	170,415	-	(507,149)	-	-
-	-	450,000	-	-	-
\$ 4,315,616	\$ 7,720,739	\$ 68,220,820	\$ (39,951)	\$ (12,020)	\$ (492,623)
\$ 4,257,531	\$ 7,726,399	\$ 61,737,189	\$ (25,283,187)	\$ (26,813,940)	\$ (14,639,060)
6.62%	6.34%	14.37%	23.95%	24.98%	22.81%

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

<b>Fiscal Year June 30</b>	<b>Real Estate</b>	<b>Personal Property</b>	<b>Mobile Homes</b>	<b>Machinery and Tools</b>	<b>Public Service</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Assessed Value as a Percentage of Actual Value</b>
2003	\$ 1,267,333,061	\$ 142,226,232	\$ 3,181,700	\$ 2,248,824	\$ 156,891,453	\$ 1,571,881,270	\$ 6.98	\$ 1,950,224,901	80.60%
2004	1,340,661,591	143,647,549	3,186,818	2,348,392	162,462,759	1,652,307,109	7.06	2,244,982,485	73.60%
2005	1,936,489,728	174,026,238	3,599,965	1,584,926	290,920,203	2,406,621,060	6.70	2,568,432,295	93.70%
2006	2,014,078,500	173,845,016	3,088,633	1,810,416	468,961,464	2,661,784,029	6.88	3,246,078,084	82.00%
2007	2,944,590,400	183,039,939	2,638,402	1,573,171	414,309,104	3,546,151,016	6.56	3,546,151,016	100.00%
2008	2,997,714,100	189,245,088	2,629,502	258,300	513,525,759	3,703,372,749	6.81	3,948,158,581	93.80%
2009	3,056,760,900	173,090,987	2,577,958	234,509	487,403,843	3,720,068,197	6.85	3,720,068,197	100.00%
2010	3,064,883,350	175,944,814	2,571,353	218,951	507,275,582	3,750,894,050	6.93	3,750,894,050	100.00%
2011	3,095,758,000	181,590,092	2,576,016	216,911	533,735,987	3,813,877,006	7.29	3,813,877,006	100.00%
2012	3,112,787,100	184,437,171	2,587,284	230,729	532,397,425	3,832,439,709	0.00	3,832,439,709	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	
2003	0.64	3.70	0.64	2.00	6.98
2004	0.68	3.70	0.68	2.00	7.06
2005	0.50	3.70	0.50	2.00	6.70
2006	0.59	3.70	0.59	2.00	6.88
2007	0.43	3.70	0.43	2.00	6.56
2008	0.48	3.85	0.48	2.00	6.81
2009	0.50	3.85	0.50	2.00	6.85
2010	0.54	3.85	0.54	2.00	6.93
2011	0.57	4.15	0.57	2.00	7.29
2012	0.5981	4.15	0.57	2.00	7.3181

(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 2012			
Taxpayer	Type Business	2012 Assessed Valuation	% of Total Assessed Valuation
Tenaska Virginia Partners, LP	Utility/Electric	310,371,521	8.10%
Virginia Electric and Power	Utility/Electric	110,179,097	2.87%
Central Va. Electric Co-op	Utility/Electric	36,474,111	0.95%
Aqua Resources	Utility/Water	21,265,436	0.55%
Transcontinental Gas Pipeline	Utility/Gas	11,299,670	0.29%
Colonial Pipeline Co.	Utility/Gas	10,668,630	0.28%
Central Telephone of Virginia	Utility/Water	10,063,166	0.26%
CSX Transportation	Railroad	9,296,307	0.24%
East Coast Transport	Commercial Property	8,256,712	0.22%
Virginia Properties LLC	Commercial Property	5,490,300	0.14%
		<u>\$ 533,364,950</u>	<u>13.92%</u>

Fiscal Year 2003			
Taxpayer	Type Business	2003 Assessed Valuation	% of Total Assessed Valuation
Virginia Electric & Power	Utility/Electric	79,113,846	5.03%
Tenaska Virginia Partners, LP	Utility/Electric	20,736,794	1.32%
Central Va. Electric Co-op	Utility/Electric	16,591,064	1.06%
Central Telephone Co. of Va	Utility/Telephone	11,591,504	0.74%
Colonial Pipeline Co.	Utility/Gas	7,643,898	0.49%
Lake Monticello Service Co.	Utility/Water	6,453,520	0.41%
Transcontinental Gas Pipeline	Utility/Gas	5,828,377	0.37%
CSX Transportation	Railroad	4,344,082	0.28%
Williams Com.	Utility/Gas	3,901,796	0.25%
Alltel Com.	Utility/Telephone	1,223,545	0.08%
		<u>\$ 78,314,580</u>	<u>4.98%</u>



Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year (1)		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date				
			Amount	Percentage of Levy		Amount	Percentage of Levy			
2003	\$	13,906,887	\$	13,317,866	95.76%	\$	240,817	\$	13,558,683	97.50%
2004		15,013,364		14,123,660	94.07%		250,722		14,374,382	95.74%
2005		16,598,696		15,908,764	95.84%		282,456		16,191,220	97.55%
2006		19,426,926		18,299,002	94.19%		248,706		18,547,708	95.47%
2007		30,368,234	(2)	27,813,792	91.59%		881,398		28,695,190	94.49%
2008		23,963,600		23,110,441	96.44%		951,979		24,062,420	100.41%
2009		24,173,299		19,998,028	82.73%		844,170		20,842,198	86.22%
2010		25,271,025		24,399,808	96.55%		805,611		25,205,419	99.74%
2011		27,322,612		22,860,700	83.67%		682,585		23,543,285	86.17%
2012		29,015,715		27,372,053	94.34%		-		27,372,053	94.34%

Source: Commissioner of Revenue, County Treasurer's office

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

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Years	Governmental Activities				Business- Type Activities	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds (2)	Literary Fund Loans	Other Notes/ Bonds	Capital Leases	General Obligation Bonds			
2003	\$ 5,817,085	\$ 7,709,881	\$ 8,569,268	\$ 54,151	\$ 953,721	\$ 23,104,106	4.04%	\$ 1,003
2004	5,495,418	7,214,530	8,521,866	37,026	1,194,700	22,463,540	3.53%	934
2005	5,130,666	6,719,179	8,387,431	18,992	1,189,588	21,445,856	3.02%	871
2006	11,284,594	6,223,828	-	-	791,892	18,300,314	2.50%	757
2007	14,701,638	5,728,476	-	617,625	1,971,586	23,019,325	2.50%	916
2008	14,683,236	5,233,125	7,500,000	629,104	1,883,808	29,929,273	3.13%	1,178
2009	81,455,801	4,737,774	7,500,000	932,008	1,792,254	96,417,837	10.71%	3,807
2010	86,057,976	4,242,423	2,670,000	769,043	1,709,406	95,448,848	10.48%	3,715
2011	85,223,117	3,746,605	2,704,077	663,377	1,620,960	93,958,136	9.71%	3,615
2012	83,530,386	3,264,254	2,704,077	553,200	1,529,890	91,581,807	8.90%	3,483

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

<b>Fiscal Year</b>	<b>Gross Bonded Debt (3)</b>	<b>Ratio of Net General Obligation Debt to Assessed Value (2)</b>	<b>Net Bonded Debt per Capita (1)</b>
2003	\$ 23,049,955	1.34%	\$ 1,042
2004	22,426,514	1.22%	1,035
2005	21,426,864	0.80%	1,054
2006	18,300,314	0.66%	1,008
2007	22,401,700	0.63%	891
2008	29,300,169	0.79%	1,153
2009	95,485,829	2.56%	3,770
2010	94,679,805	2.52%	3,685
2011	93,294,759	2.45%	3,590
2012	91,028,607	2.38%	3,462

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

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

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

**COUNTY OF FLUVANNA, VIRGINIA**Debt Policy Information  
Last Ten Fiscal Years

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	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Total net debt applicable to debt limits (1)	\$ 89,498,717	\$ 91,673,799	\$ 92,970,399	\$ 93,693,575
Ratio of net debt to assessed taxable property value (2)	16.77%	2.40%	2.48%	2.52%
Debt limit per policy for property value	3.50%	3.50%	3.50%	3.50%
Total general governmental revenue (3)	37,088,069	38,353,328	36,272,149	34,291,308
Debt service to general governmental revenues (3)	16.68%	18.18%	6.87%	7.40%
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

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	<u>2008</u>		<u>2007</u>		<u>2006</u>		<u>2005</u>		<u>2004</u>		<u>2003</u>
\$	27,416,361	\$	20,430,114	\$	17,508,422	\$	20,237,276	\$	21,231,814	\$	22,096,234
	0.74%		0.58%		0.66%		0.84%		1.28%		1.41%
	3.50%		4.00%		4.00%		4.00%		4.00%		4.00%
	35,072,935		31,449,710		29,755,291		25,555,279		22,440,537		22,568,891
	5.96%		6.11%		4.76%		6.24%		6.88%		7.73%
	12.00%		10.00%		10.00%		10.00%		10.00%		10.00%

Demographic and Economic Statistics  
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population(1)</u>	<u>Personal Income(1)</u>	<u>Per Capita Personal Income(1)</u>	<u>School Enrollment(2)</u>	<u>Unemployment Rate(3)</u>
2003	23,039	\$ 581,800,000	\$ 25,253	3,336	3.4%
2004	24,040	639,814,000	26,615	3,395	3.1%
2005	24,624	698,043,000	28,348	3,590	3.6%
2006	24,165	774,911,000	32,067	3,670	2.3%
2007	25,138	842,400,000	33,511	3,686	2.4%
2008	25,411	895,322,000	35,234	3,850	3.2%
2009	25,328	883,936,000	34,900	3,736	6.1%
2010	25,691	894,204,000	34,806	3,761	5.7%
2011	25,989	951,419,000	36,609	3,703	5.1%
2012	26,290	1,012,294,861	38,504	3,696	4.9%

Source: Weldon Cooper Center, Annual school report - prepared by the School Board, [www.fedstats.gov](http://www.fedstats.gov).

(1) Source: Population estimates for 2003 to 2011 (last year available) from Weldon Cooper Center for Public Service, Charlottesville, VA. Population estimate for 2012 based on estimated growth from 2010 to 2011. Personal income estimates for 2003 to 2011 (last year available) from Bureau of Economic Analysis. Personal income for 2012 based on estimated growth from 2010 to 2011. Per capita personal income is calculated by dividing the personal income estimate by the population estimate.

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

(3) Source: Virginia Employment Commission

Principal Employers  
Current Year and Nine Years Ago

Fiscal Year 2012			
Employer	Employees	Rank	% of Total County Employment
Fluvanna County Public Schools	490	1	3.37%
Fluvanna Correctional Center	480	2	3.30%
Fork Union Military Academy	190	3	1.31%
County of Fluvanna	141	4	0.97%
S&N Locating Services, LLC	100	5	0.69%
Dominos Pizza	50	6	0.34%
Lake Monticello Owners	50	7	0.34%
Dominion Virginia Power	50	8	0.34%
Food Lion	50	9	0.34%
Karlise In Home Care LLC	50	10	0.34%
	<u>1,651</u>		<u>11.35%</u>

Fiscal Year 2002			
Employer	Employees	Rank	% of Total County Employment
Fluvanna County Public Schools	500	1	4.20%
Fluvanna Correctional Center	250	2	2.10%
Thomasville Furniture Industry	250	3	2.10%
Fork Union Military Academy	100	4	0.84%
County of Fluvanna	100	5	0.84%
Lake Monticello Owners	50	7	0.42%
Correctional Medical Services	50	8	0.42%
Dominion Virginia Power	99	6	0.83%
Food Lion Inc	50	9	0.42%
Friendship Camp	50	10	0.42%
Totals	<u>1,499</u>		<u>12.59%</u>

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

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

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government	28	28	33	28	24	24	24	22	21	22.5
Judicial administration	11	13	14	12	12	12	12	12	12	12
Public safety										
Sheriffs department	45	43	49	55	51	54	53	53	39	43
Fire & rescue	0	0	0	0	0	0	0	0	0	0
Building inspections	4	3	3	3	3	4	4	4	3	4
Animal control	1	1	1	1	1	2	2	2	2	2
Public works										
General maintenance	12	13	13	17	18	18	18	18	18	16
Landfill	5	6	5	3	4	4	3	3	0	2
Engineering	1	1	1	1	1	1	1	1	0	1
Health and welfare										
Department of social services	26	27	29	28	26	21	25	25	22	25
Culture and recreation										
Parks and recreation	7	7	5	5	5	7	7	7	5	5
Museum	0	0	0	0	0	0	0	0	0	0
Library	3	3	3	3	3	6	6	6	3	3
Community development										
Planning	4	4	4	4	5	5	5	5	4	5.5
Totals	<u>147</u>	<u>149</u>	<u>160</u>	<u>160</u>	<u>153</u>	<u>158</u>	<u>160</u>	<u>158</u>	<u>129</u>	<u>141</u>

Source: County Payroll Records.



Operating Indicators by Function  
Last Seven Fiscal Years

Function	2006	2007	2008	2009	2010	2011	2012
Public safety							
Sheriffs department:							
Arrests	844	1121	1735	1625	1985	2246	1,648
Traffic violations	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Civil papers received	7034	7131	6021	7115	7911	7179	7,907
E911:							
All Calls to 911 center	22,428	24,048	26,000	24058	21158	25507	24,926
Fire calls:							
Number of calls answered	1980	1608	1859	1958	1981	963	1,641
Building inspections:							
Permits issued	658	698	478	439	385	415	424
Animal control:							
Number of calls answered	1376	1806	1973	n/a	1852	1952	1,345
Public works							
Facilities Service Requests	2840	3420	4500	5280	6000	6950	376
Landfill:							
Refuse collected (tons/day)	42.84	53.38	27.79	8.88	6.98	7.23	6.56
Recycling (tons/day)	0.345	3.477	3.09	n/a	0.62	0.45	0.37
Health and welfare							
Department of Social Services:							
Adoption Cases	93	105	87	91	159	154	176
Adult Services	643	680	649	638	665	765	850
Child Protective Services Cases	337	187	208	314	262	285	327
Family Services Cases	1262	1387	1163	1326	1186	1127	991
Foster Care Cases	308	346	386	376	264	296	240
VIEW Cases	91	107	143	153	245	229	358
Auxiliary Grant Cases	121	115	88	76	75	43	55
General Relief Cases	132	95	96	51	61	30	43
Medicaid Cases	10680	14257	14687	12618	19122	20930	22,646
SLH Applications	51	45	37	27	0	0	0
SNAP Cases	8676	8361	9615	11512	16463	19341	22,163
TANF Cases	341	263	364	404	587	622	715
Caseload	22735	25948	27523	27586	39089	43822	4,856
Culture and recreation							
Parks and recreation:							
Recreation hall permits issued	0	0	0	0	0	0	0
After-school program participants	98	162	172	180	190	100	150
Youth sports participants	994	1030	1078	1128	1200	1300	1,350
Community development							
Planning:							
Zoning permits issued	330	421	295	246	227	185	157
Component Unit - School Board							
Education:							
School age population enrolled	3670	3686	3850	3736	3761	3703	3,696
Number of teachers	280	291	315	311	303	286	293
Local expenditures per pupil	\$ 8,053	\$ 8,885	\$ 9,773	\$ 9,967	\$ 9,999	\$ 9,249	\$ 9,153

Source: Individual county departments

Note: Information not available prior to fiscal year 2006.

Capital Asset Statistics by Function  
Last Eight Fiscal Years

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

Source: Individual county departments.

Note: Information not available prior to fiscal year 2005.

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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## **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***

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Fluvanna, Virginia, as of and for the year ended June 30, 2012, which collectively comprise the County of Fluvanna, Virginia's basic financial statements and have issued our report thereon dated December 17, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

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

*Robinson, Farnell, Cox Associates*

Charlottesville, Virginia  
December 17, 2012

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

### **Compliance**

We have audited the County of Fluvanna, Virginia's Compliance with the types of compliance requirements described in the (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, 2012. The County of Fluvanna, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of County of Fluvanna, Virginia's management. Our responsibility is to express an opinion on County of Fluvanna, Virginia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Fluvanna, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County of Fluvanna, Virginia's compliance with those requirements.

In our opinion, the County of Fluvanna, Virginia complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

### **Internal Control Over Compliance**

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

**Internal Control Over Compliance: (Continued)**

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

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

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

*Robinson, Farnell, Cox Associates*

Charlottesville, Virginia  
December 17, 2012

**COUNTY OF FLUVANNA, VIRGINIA**

Schedule of Expenditures of Federal Awards - Primary Government and  
Discretely Presented Component Unit  
Year Ended June 30, 2012

<b>Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title</b>	<b>Pass-through Entity Identifying Number</b>	<b>Federal CFDA Number</b>	<b>Federal Expendi- tures</b>
<b>PRIMARY GOVERNMENT:</b>			
<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	\$ 174,392
Total Department of Agriculture			\$ 174,392
<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	\$ 33,895
Bulletproof vest partnership program	N/A	16.607	1,666
Crime victim assistance	09VAGX0007	16.575	22,260
Total Department of Justice			\$ 57,821
<u>DEPARTMENT OF TRANSPORTATION:</u>			
<u>Pass through payments:</u>			
Virginia Department of Motor Vehicles:			
State and community highway safety	SC1252085	20.600	\$ 17,610
Alcohol open container requirements	154AL 11 51384	20.607	8,783
Virginia Department of Transportation:			
Highway planning and construction	N/A	20.205	4,145
Total Department of Transportation			\$ 30,538
<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	\$ 10,527
Temporary assistance for needy families	0400109/0400110	93.558	142,640
Refugee and entrant assistance - state administered programs	0500109/0500110	93.566	242
Low-income home energy assistance	0600409/0600410	93.568	12,393
Child care and development block grant (Child Care Cluster)	0770109/0770110	93.575	52,799
Child care mandatory and matching funds of the child care and development fund			
Cand development fund (Child Care Cluster)	0760109/0760110	93.596	48,648
Chafee education and training vouchers program	9160108/9160109	93.599	707
Stephanie Tubbs Jones Child welfare services - state grants program	0900109	93.645	396
Foster care-title IV-E	1100109/1100110	93.658	110,170
Adoption assistance	1120109/1120110	93.659	81,985
Social services block grant	1000109/1000110	93.667	96,085
Chafee foster care independence program	915108/9150109/9150110	93.674	5,061
Children's health insurance program	0540109/0540110	93.767	4,297
Medical assistance program	1200109/1200110	93.778	104,138
Total Department of Health and Human Services			\$ 670,088

**COUNTY OF FLUVANNA, VIRGINIA**

Schedule of Expenditures of Federal Awards - Primary Government and  
Discretely Presented Component Units  
Year Ended June 30, 2012 (Continued)

<b>Federal Grantor/State Pass - Through Grantor/ Program Title</b>	<b>Pass-through Entity Identifying Number</b>	<b>Federal CFDA Number</b>	<b>Federal Expendi- tures</b>
<b>PRIMARY GOVERNMENT: (CONTINUED)</b>			
<u>NATIONAL ENDOWMENT FOR THE ARTS:</u>			
<u>Pass through payments:</u>			
<u>Virginia commission for the arts</u>			
Promotion of the arts - partnership agreements	99910-10-0440	45.025	\$ 5,000
<u>DEPARTMENT OF HOMELAND SECURITY:</u>			
<u>Pass through payments:</u>			
<u>Virginia Department of Emergency Management</u>			
Disaster grants - Public Assistance (Presidentially Declared Disasters)	N/A	97.036	\$ 33,457
State homeland security program	N/A	97.073	38,740
Total Department of Homeland Security			\$ 72,197
<u>U.S. ELECTION ASSISTANCE COMMISSION:</u>			
<u>Pass through payments:</u>			
<u>Virginia Election Commission:</u>			
Help America vote act requirement payments	N/A	90.401	\$ 1,000
<b>Total Primary Government</b>			<b>\$ 1,011,036</b>
<b>COMPONENT UNIT-SCHOOL BOARD:</b>			
<u>DEPARTMENT OF AGRICULTURE:</u>			
<u>Pass through payments:</u>			
<u>Department of Agriculture and Consumer Services:</u>			
Food distribution (Child Care Cluster)	N/A	10.555	\$ 51,022
<u>Department of Education:</u>			
National school lunch program (Child Care Cluster)	10.555/2009/2010	10.555	435,015
			486,037
National school breakfast program (Child Care Cluster)	10.553/2009/2010	10.553	\$ 110,747
Total Department of Agriculture			\$ 596,784
<u>DEPARTMENT OF EDUCATION:</u>			
<u>Pass through payments:</u>			
<u>Department of Education:</u>			
Title 1 grants to local educational agencies (Title I Cluster)	S010A080046	84.010	\$ 427,570
ARRA-Title 1 grants to local educational agencies (Title I Cluster)	S389A090046	84.389	1,625
Special education - grants to states (Special Education Cluster)	H027A090107	84.027	675,947
ARRA-Special education - grants to states (Special Education Cluster)	H391A090107	84.391	28,597
Career and technical education - basic grants to states	V048A070046	84.048	41,174
Adult education - basic grants to states	N/A	84.002	20,337
Special education - preschool grant (Special Education Cluster)	H173A090112	84.173	19,689
English language acquisition state grants		84.365	5,250
ARRA-School Improvement Grants		84.388	870,825
ARRA-Education Jobs Fund	S410A100047	84.410	20,460
Improving teacher quality - state grants	S367A080044	84.367	98,221
Total Department of Education			\$ 2,209,695
<b>Total Component Unit School Board</b>			<b>\$ 2,806,479</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 3,817,515</b>

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, 2012

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### 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, 2012. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the County of Fluvanna, Virginia, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County of Fluvanna, Virginia.

### Note 2 - Basis of Accounting

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

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

### Note 3 - 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	\$ 1,006,891
Capital Projects Fund	<u>4,145</u>
Total primary government	\$ <u>1,011,036</u>

Component Unit Public Schools:

School Operating Fund	\$ 2,209,695
School Cafeteria Fund	<u>596,784</u>
Total component unit public schools	\$ <u>2,806,479</u>

Total federal expenditures per basic financial statements	\$ <u><u>3,817,515</u></u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ <u><u>3,817,515</u></u>
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## COUNTY OF FLUVANNA, VIRGINIA

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2012

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### Section I - Summary of Auditor's Results

#### Financial Statements

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

#### Federal Awards

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

CFDA #	Name of Federal Program or Cluster
84.027/84.173/84.391	Special Education Cluster
84.388	ARRA-School Improvement Grants
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 and Questioned Costs

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