FLUVANNA COUNTY VIRGINIA
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County of Fluvanna, Virginia

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2017

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

COUNTY OF FLUVANNA, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2017

Prepared By:

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

COUNTY OF FLUVANNA, VIRGINIA

Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2017

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COUNTY OF FLUVANNA

"Responsive & Responsible Government"

132 Main Street
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November 30, 2017

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

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) for the County of Fluvanna (the "County") for the fiscal year ended June 30, 2017. 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, 2017, 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.

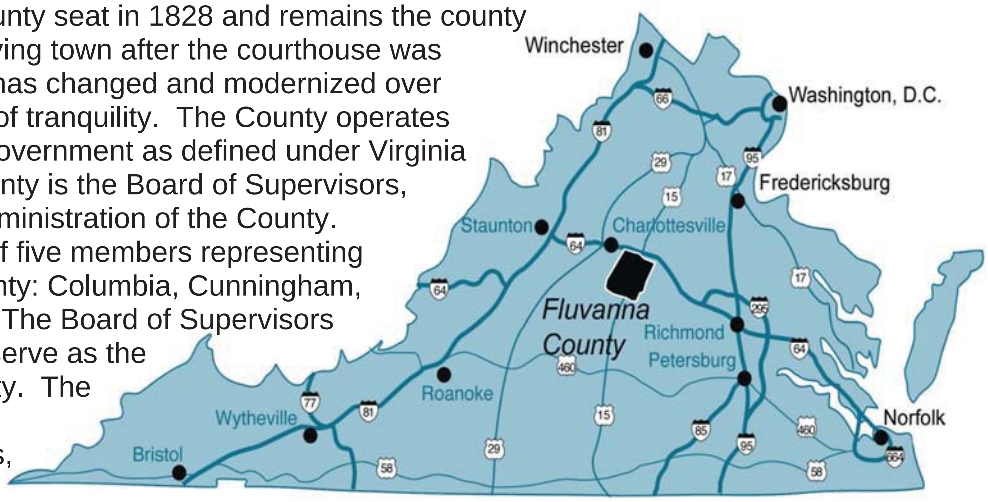
The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended June 30, 2017 are fairly presented in all material respects, in conformity with GAAP. The auditors' report 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. The County is bounded, in effect, by Interstate 64 to the north and by the James River to the south. The Rivanna River, the Commonwealth's first designated "Scenic River", bisects the county and joins the James at the historic town of Columbia. Agriculture remains important in Fluvanna's economy. Two-thirds of the county's land is forested with most open land devoted to farming and grazing.

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

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

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

Public Works is comprised of the departments of Facilities, Utilities, and Public Works which administers capital projects of the County and oversees solid waste management, sewer, and the Fork Union Sanitary District.

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

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

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

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

The School Board administers its own appropriations within the categories defined by the Commonwealth of Virginia. The Board of Supervisors' financial accountability over the School Board is also limited to approving transfers to the education funds and authorizing school debt issuances. The Fluvanna County Public Schools is the single largest service provided by the County. The elected School Board is composed of five members who represent the five electoral districts. The School Board appoints a Superintendent to administer the policies of the School Board. The school system is comprised of one high school, one middle school, and three elementary schools. The K-12 End-of-Year Membership as of June 2017 totaled 3,488 students. The Fluvanna High School Completion Rate is 97.4% (VA On-Time Graduation Rate) with 80% of graduates seeking higher education.

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

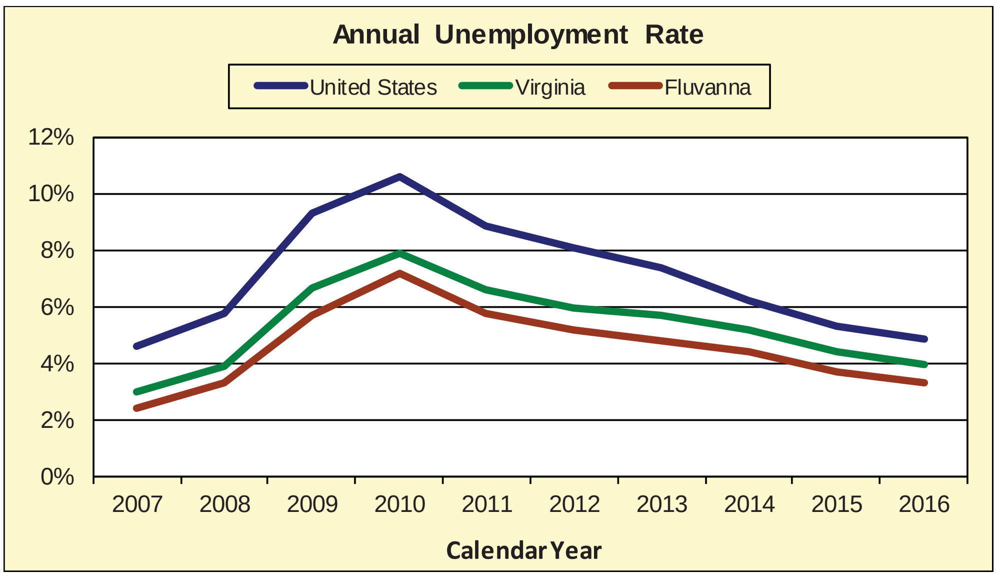
When necessary, the Board of Supervisors approves amendments to the adopted budget in accordance with 15.2-2507, Code of Virginia of 1950, as amended. Budgetary compliance is monitored and reported at the department level. The budget is implemented through appropriations that the Board makes annually,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

FACTORS AFFECTING FINANCIAL CONDITION

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

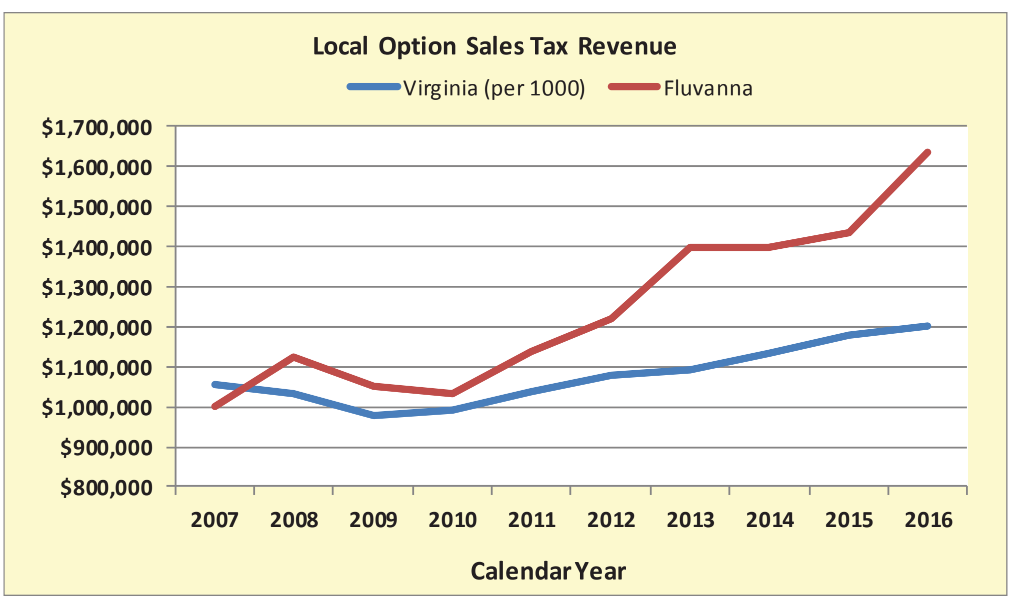
Local Economy

Based on available economic data, the annual local unemployment rate for 2016 was 3.3%, 0.4% lower than the 3.7% annual local unemployment rate for 2015. The local unemployment rate compares favorably to the state and national rate of 4.0% and 4.9%, respectively. The predominant industries are government, education, administrative and support services, health care, and retail trade. As seen in the chart below, while unemployment in Fluvanna County continues to compare favorably to the state and national numbers, unemployment remains 0.9% higher than at pre-recession levels in 2007.



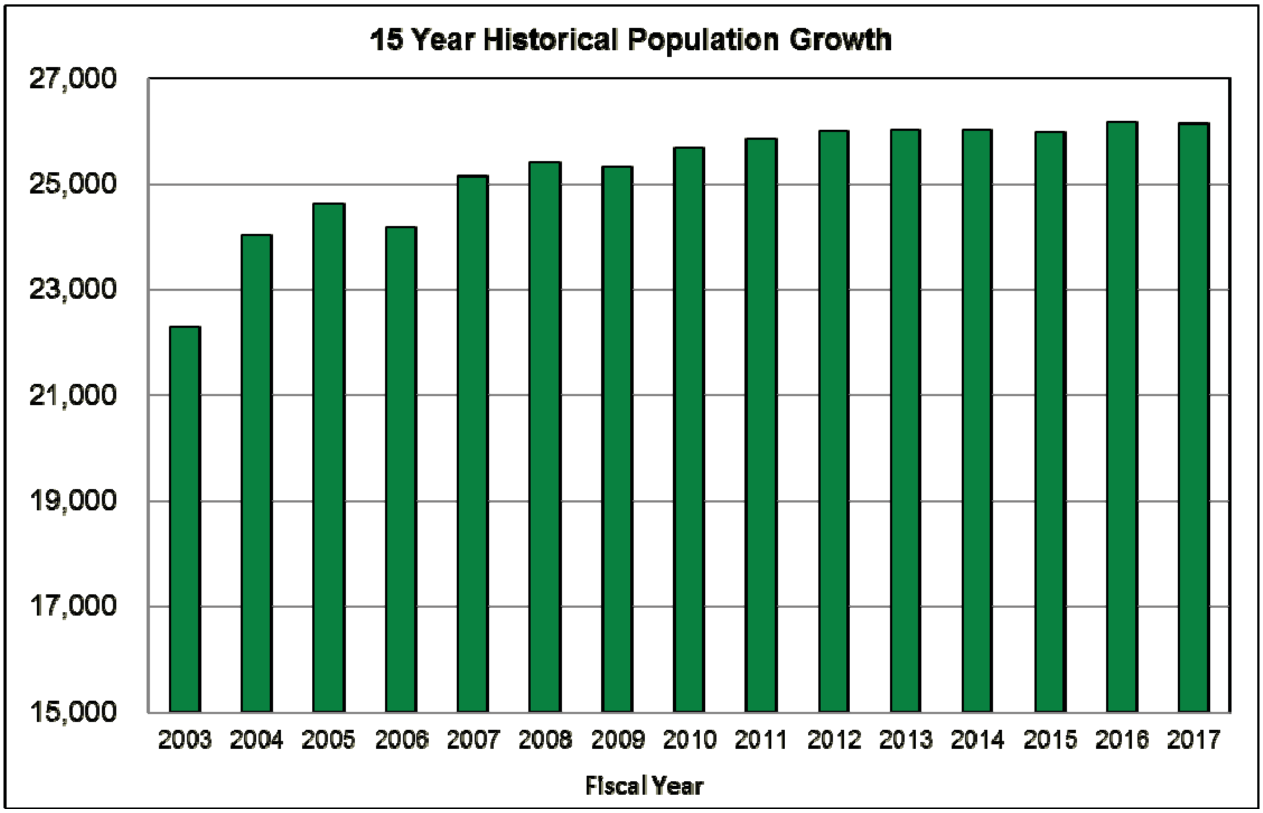
Source: Virginia Employment Commission, Local Area Unemployment Statistics - Annual, Not Seasonally Adjusted

Sales tax revenue can also be an indicator of the overall condition of the County's economy. As seen in the chart below, there has been strong growth in sales tax revenue in Fluvanna County over the past ten years. The effects of the recession are seen in 2009 and 2010; however, post-recession sales tax revenue has increased 63.8% from 2010 to 2016. In contrast, Virginia has seen a 13.8% increase during the same time period.



Source: Virginia Department of Taxation, Revenue Forecasting – Annual

The population growth in the County has increased over the years due to competitively priced housing, a rural setting, and approximation to major urban centers including Charlottesville and Richmond. Fluvanna County saw an increase of 28.2% in population growth between the 2000 and the 2010 census. However, population growth has moderated from the 2010 census to 2017 at a rate of 1.7%.



Source: Weldon Cooper Center for Public Service, Demographics & Workforce Group - July 1st Estimates

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

Financial Policies

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

MAJOR INITIATIVES

For fiscal year 2017, 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:

Zion Crossroads Water and Sewer System

This system will provide water and sewer infrastructure for Fluvanna County's growth corridor from the intersection of U.S. Route 250/Route 15, going west approximately 2.5 miles on U.S. Route 250 towards Charlottesville and going south approximately 1 mile on Route 15. For fiscal year 2014, the Board of Supervisors appropriated $575,000 from unassigned fund balance for the design of the Zion Crossroads Water and Sewer System. For fiscal year 2015, the Board of Supervisors approved in the budget $4.1 million towards the project, with the funding source to be long-term debt. In fiscal year 2017, the Board of Supervisors approved an additional $4.0 million towards the project, again planning to issue long-term debt. Prior to debt issuance, additional project funds from unassigned fund balance in excess of $200,000 have been approved for the design phases of the project. In August 2017, a Water and Sewer Revenue Bond was issued, providing $8.5 million in project funds. The final design was just completed and approved by the Board of Supervisors in November 2017. An Invitation For Bid (IFB) for construction will be issued in December 2017 and the project will take approximately 18 months to complete after construction begins.

James River Water Authority (JRWA) Water System

The James River Water Authority is supported 50/50 and made up of the County of Fluvanna and the County of Louisa. This project will construct a raw water intake system and pipeline from the James River to serve the 50 year water supply needs of Fluvanna and Louisa County. The pipeline from the water intake system will stop at Route 6 in the southeast corner of Fluvanna County. Both County's will have access to the system and be responsible for building any future pipelines that connect to the system. In fiscal year 2014, the Board of Supervisors appropriated $175,000 from unassigned fund balance for initial permitting and design costs of the JRWA Water System. In fiscal year 2015, the Board of Supervisors appropriated an additional $362,500 from unassigned fund balance for design costs on the project. In May 2016, a Revenue Bond was issued, providing $9.0 million in project funds. The project is currently in the permitting phase. The project will take 18 months to complete after construction begins.

Public Safety Emergency Communications Radio System

For fiscal year 2012, the Board of Supervisors appropriated $3.5 million from unassigned fund balance for the planning of a new Public Safety Emergency Communication Radio System. For fiscal year 2013, the Board of Supervisors appropriated an additional $4.0 million from unassigned fund balance towards the project. The primary intent of the original project was to upgrade the current system, provide new equipment to all Public Safety personnel and build (1) class III self-supported lattice tower and lease additional tower space from a third-party to provide a better system for the citizens and Public Safety personnel. A contract was awarded and a lease purchase financing agreement was executed in June 2015 for $6.6 million, therefore allowing $6.6 to be uncommitted from fund balance for the project. Toward the end of fiscal year 2016, the Board of Supervisors determined that it would be beneficial long-term for the County to build their own class III self-supported lattice towers for the communications equipment. This change will lower the overall costs long-term, by reducing the number of tower leases the County has to obtain from other tower providers in the County. This change to the project added building (3) class III self-supported lattice towers on County owned land for an additional $1.4 million. In October 2016, the Board of Supervisors refinanced the original capital lease and a new capital lease in the amount $8.2 million was issued for the entire project. The scheduled completion date for the project is December 2017.

Energy Performance Contracting

In fiscal year 2016, the Board of Supervisors and the School Board begun the process of Energy Performance Contracting, which is intended to replace and enhance energy-powered equipment and appliances throughout the buildings and schools in the County. The type of projects include; HVAC replacements/upgrades, lighting improvements, weatherization, and control system upgrades. In addition to upgrading aging systems and equipment, the energy savings achieved will offset the ongoing debt service payments, making the project cost neutral. The Board of Supervisors and the School Board jointly awarded an Energy Performance Contract and approved a Qualified Energy Conservation Revenue Bond for the project in February 2017 through the VA Saves Green Community Program, providing $7.4 million in project funds. This project is eligible for a federal interest rate subsidy, making the effective interest rate 0.91%. The project began in April 2017 and is expected to be completed in December 2017.

Middle School Renovation

For fiscal year 2015, the Board of Supervisors approved Virginia Public School Authority Bonds for the renovation of Fluvanna Middle School. This issuance provided $5.1 million in project funds for a new HVAC system, roofing, new dropped ceilings, LED lighting, gymnasium flooring, bathroom renovations and other improvements. This project was awarded in the spring of 2015 and the renovations/upgrades have taken place over the summer of 2015, 2016 and 2017. The final renovations/upgrades are scheduled for the summer of 2018.

Route 15 and Route 53 Roundabout Project

In fiscal year 2012, the County appropriated $570,000 from unassigned fund balance to take part in the VDOT Revenue Sharing Program to build a roundabout at the intersection of Route 15 and Route 53. This was a matching funds program and subsequently VDOT provided the remaining funds needed to start the project. Construction began in the spring of 2017 and the project was completed in August 2017. This will be the second roundabout in the County, with one already built at Route 53 and Route 600. A third roundabout is planned to be built by VDOT at Route 53 and Route 618 around 2019-2020.

Municipal Software

For fiscal year 2014, the Board of Supervisors appropriated $185,000 for the purchase of the Munis financial software system for the School Board. The County implemented the same system in May 2010. The Schools project implementation began in October 2014. The financial module including general ledger, budgeting, purchasing, and accounts payable went live July 2015. The implementation of the HR/payroll module has been ongoing and went live in July 2017.

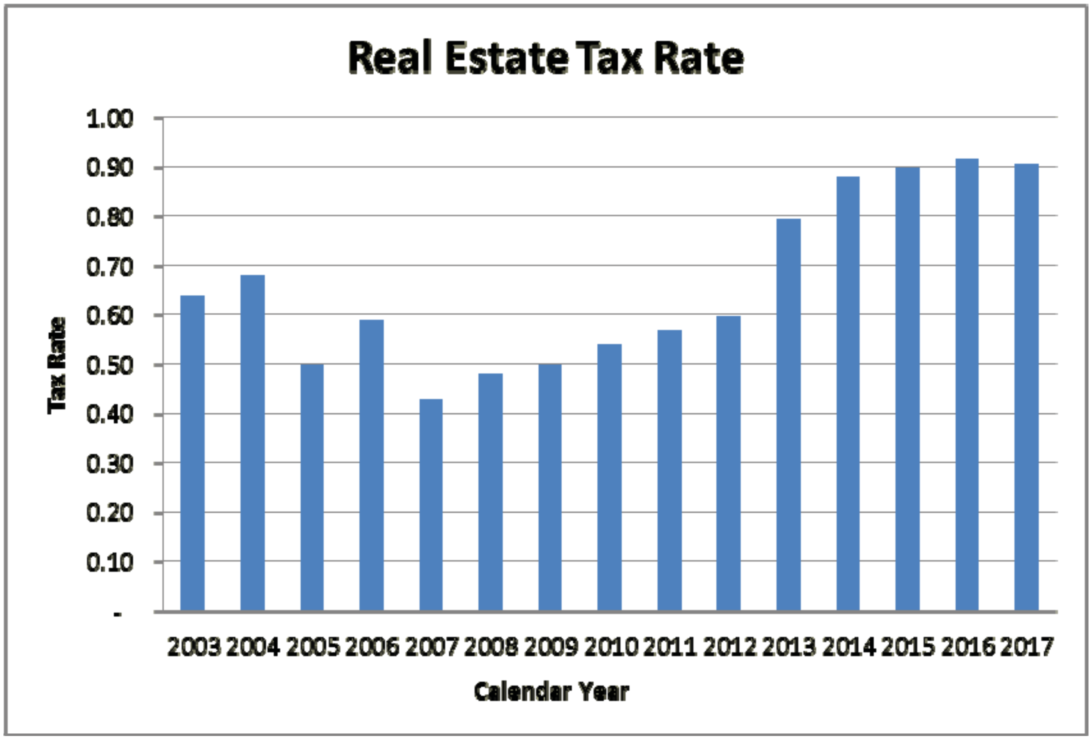
For fiscal year 2017, the Board of Supervisors appropriated $84,000 from unassigned fund balance for the purchase of the EnerGov Community Development and Infrastructure software module that integrates into our financial software system Munis. EnerGov platform uses GIS to automate and centrally connect critical processes, including land use planning and project review, regulatory management, inspections, code enforcement, citizen requests, asset management, work order management and more. Project implementation began in the spring of 2017 and is targeted for completion by the end of 2017.

County and School Fiber Infrastructure Project

In fiscal year 2017, the County appropriated $483,500 from unassigned fund balance to construct a fiber infrastructure to connect all school buildings and a majority of the County buildings. This project will provide reliable connectivity and the necessary bandwidth for instruction and operation, meet federal Erate modernization bandwidth requirements, and eliminate expense of leasing connectivity between sites. Construction began in July 2017 and the project will be completed by June 2018.

FUTURE BUDGET CONSIDERATIONS

For fiscal year 2018, the Board of Supervisors approved an Operating Budget of $75.6 million inclusive of a General Fund budget of $49.9 million. The Board of Supervisors elected to decrease the real estate tax rate from $0.917 to $0.907 per $100 of assessed value for calendar year 2017. Below is the real estate tax rate history for 15 years.



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, 2016. This is the tenth year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

Steven M. Nichols
County Administrator

Eric M. Dahl
Deputy County Administrator/Director of Finance

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COUNTY OF FLUVANNA, VIRGINIA

DIRECTORY OF PRINCIPAL OFFICIALS
June 30, 2017

Board of Supervisors

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

Constitutional Officers

Andrew M. Sheridan .... Commissioner of Revenue
Linda H. Lenherr .... Treasurer
Jeffrey W. Haislip .... Commonwealth's Attorney
Eric B. Hess .... Sheriff
Tristana Treadway. .... Clerk of the Circuit Court

County Administrative Officials

Steven M. Nichols .... County Administrator

School Board

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

School Administrative Officials

Chuck Winkler. .... Interim Superintendent of Schools
Frank Leach .... Interim Assistant Superintendent

Social Services Board

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

Social Services Administrative Official

Kimberly Mabe .... Director of Social Services

Other Officials

Hon. Richard E. Moore .... Judge of the Circuit Court
Hon. Dale B. Durrer .... Judge of the General District Court
Hon. Claude V. Worrell .... Judge of the Juvenile and Domestic Relations District Court

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Fluvanna

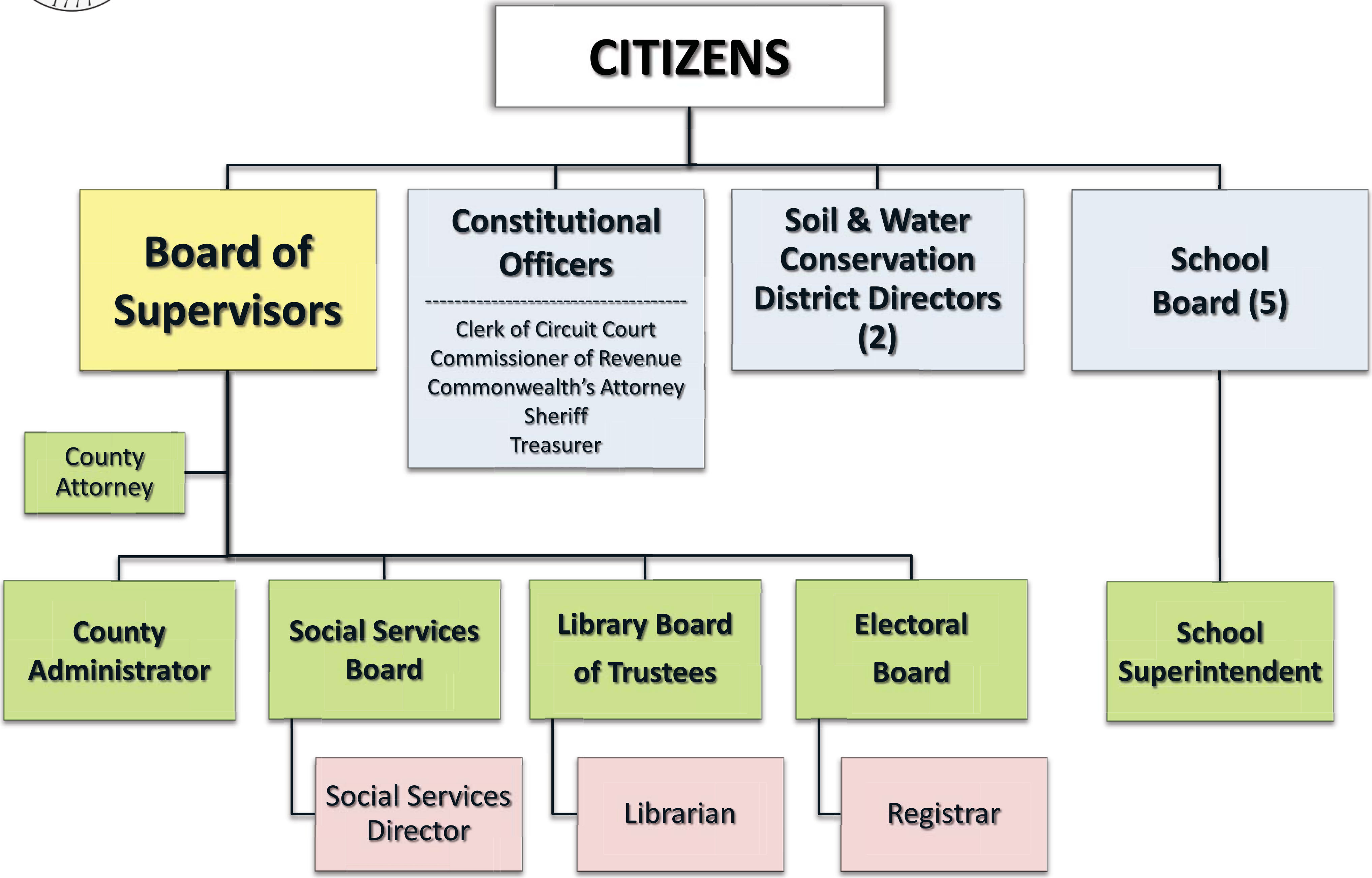
Virginia

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2016

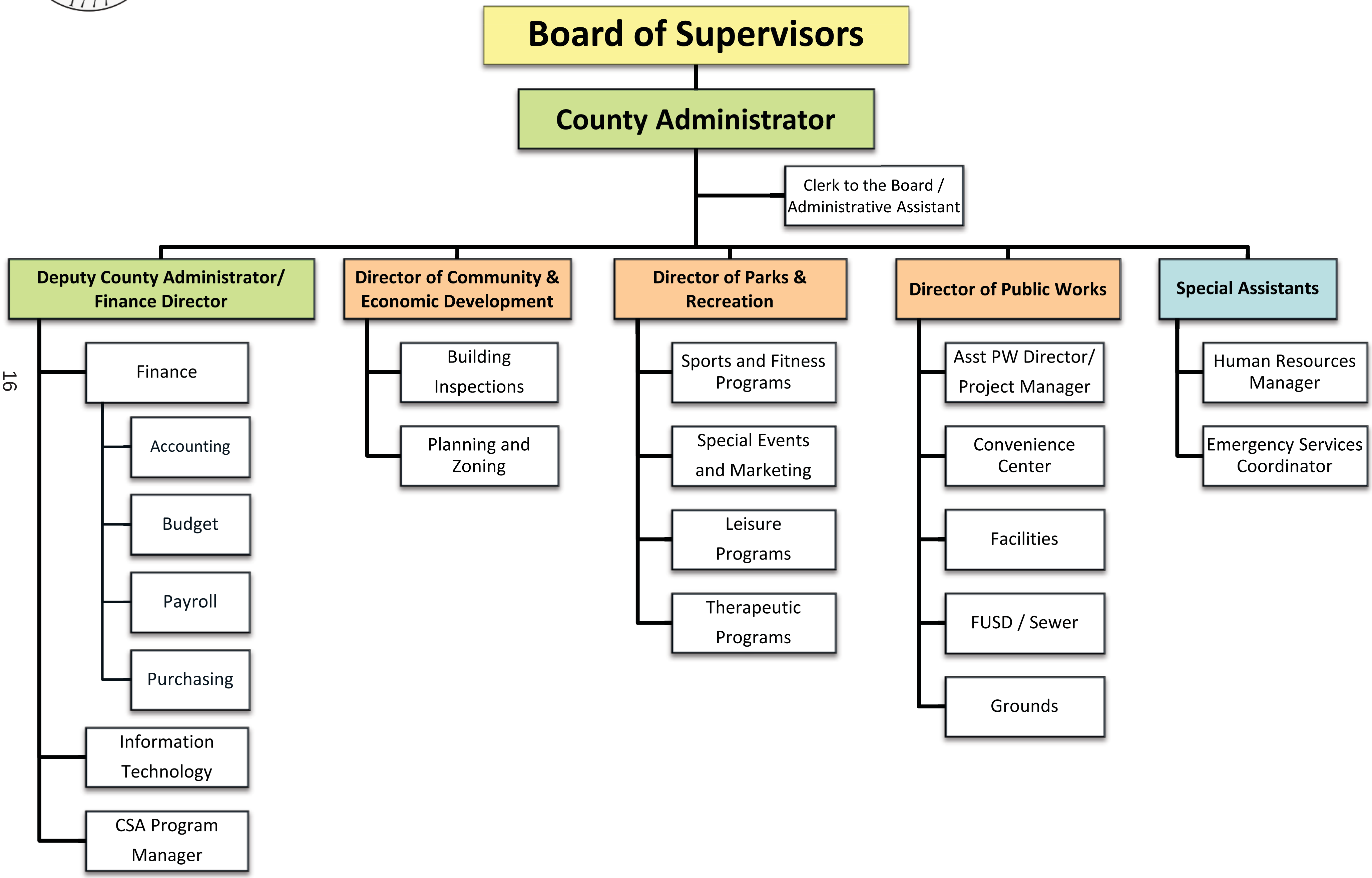
Executive Director/CEO

County Organization



County Administration Structure

Eff. July 1, 2016



Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Fluvanna, Virginia, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

*Opinion*s

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Fluvanna, Virginia, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 19-28, 119, and 120-128 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Fluvanna, Virginia's basic financial statements. The introductory section, other supplementary information, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2017, on our consideration of the County of Fluvanna, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Fluvanna, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
November 30, 2017

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, 2017. We encourage readers to read this discussion and analysis in conjunction with the transmittal letter in the Introductory Section of this report, and the County's financial statements which follow this discussion and analysis.

Financial Highlights

- The assets and deferred outflows of the County exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by $45.8 million (net position). Of this amount, $23.3 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

- The County's total net position increased by $1.9 million, of which the governmental activities increased by $1.8 million and business-type activities increased by $100,000.

- As of the close of fiscal year 2017, the County's governmental funds reported combined ending fund balances of $28.1 million (Exhibit 3). Approximately 56.5% of this amount ($15.9 million) is available for spending at the government's discretion (unassigned fund balance).

- At the end of the current fiscal year, unrestricted fund balance (the total of committed, assigned, and unassigned components of fund balance) for the general fund was $22.5 million, or approximately 51.8% of total general fund expenditures.

- The County's total long-term obligations increased by $3.3 million during fiscal year 2017. This net increase was the result of a new capital lease obligation, the issuance of a Qualified Energy Conservation Revenue Bond and reductions from principal payments on existing debt for fiscal year 2017.

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.

Government-Wide Financial Statements

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

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

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

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

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

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

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

Fund Financial Statements

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

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

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

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

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

<u>Notes to the financial statements</u> - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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

Government-wide Overall Financial Analysis

Statement of Net Position

Table 1 summarizes the Statement of Net Position (Exhibit 1 in the Financial Section of the CAFR) for the primary government as of June 30, 2017 and 2016.

Table 1

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

	Primary Government					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	$ 52.1	46.6	$ 0.5	$ 0.4	$ 52.6	$ 47.0
Capital assets	107.0	105.3	4.9	5.1	111.9	110.4
Total assets	$ 159.1	$ 151.9	$ 5.4	$ 5.5	$ 164.5	$ 157.4
Total deferred outflows of resources	15.5	16.6	-	-	15.5	16.6
Long-term liablilities outstanding	$ 104.9	101.5	$ 1.0	$ 1.1	$ 105.9	$ 102.6
Other liabilities	11.2	9.1	0.2	0.2	11.4	9.3
Total liabilities	$ 116.1	$ 110.6	$ 1.2	$ 1.3	$ 117.3	$ 111.9
Total deferred inflows of resources	16.9	17.4	-	-	16.9	17.4
Net position:						
New investment in capital assets	$ 18.6	17.9	$ 3.8	$ 3.9	$ 22.4	$ 21.8
Restricted	0.1	0.1	-	-	0.1	0.1
Unrestricted	22.9	21.8	0.4	0.2	23.3	22.0
Total net position	$ 41.6	$ 39.8	$ 4.2	$ 4.1	$ 45.8	$ 43.9

As noted earlier, net position over time may serve as a useful indicator of a County's financial position. The County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $45.8 million at the close of the most recent fiscal year. The County's overall net position increased $1.9 million from the prior year. The reasons for this overall increase are discussed in the following sections for governmental and business-type activities.

The County's investment in capital assets of $22.4 million, or 48.9% of total net position, reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens, like schools, libraries, law enforcement, fire and emergency medical services. Consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities (i.e., the County's investment in capital assets is of a permanent nature, as assets acquired are generally not sold or otherwise disposed of during their useful life).

The remaining $23.4 million balance of net position contains $23.3 million unrestricted, which may be used to meet the County's ongoing obligations to citizens and creditors, and $100,000 restricted, due to an assets liability.

Statement of Activities

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

Table 2

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

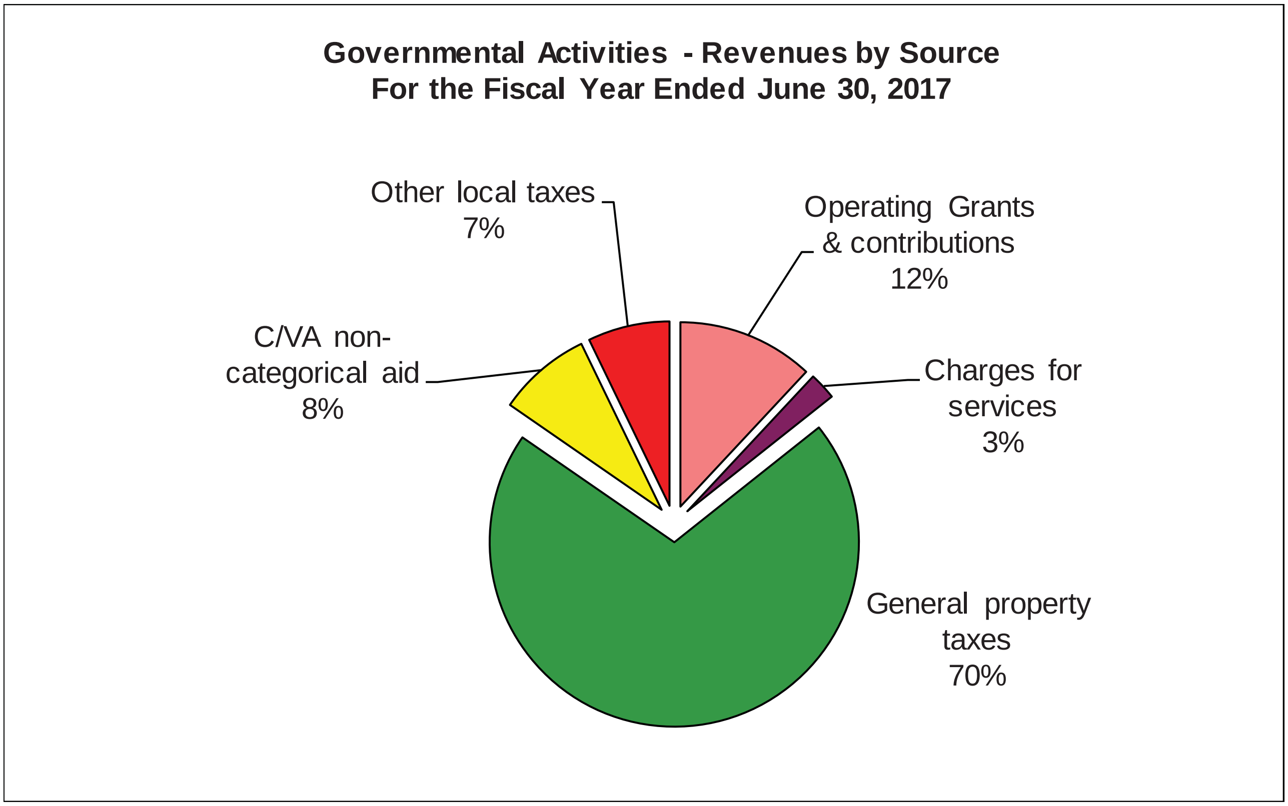
	Primary Government					
	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	$ 1.1	$ 1.0	$ 0.4	$ 0.4	$ 1.5	$ 1.4
Operating grants and contributions	5.7	5.3	-	-	5.7	5.3
Capital grants and contributions	-	0.1	-	-	-	0.1
General revenues:						
General property taxes	33.7	32.8	-	-	33.7	32.8
Other local taxes	3.4	3.1	-	-	3.4	3.1
Use of money and property	0.1	0.2	-	-	0.1	0.2
C/VA non-categorical aid	3.9	3.9	-	-	3.9	3.9
Other general revenues	0.1	0.1	-	-	0.1	0.1
Total revenues	$ 48.0	$ 46.5	$ 0.4	$ 0.4	$ 48.4	$ 46.9
Expenses:						
General government administration	$ 2.6	$ 2.3	$ -	$ -	$ 2.6	$ 2.3
Judicial administration	1.3	1.1	-	-	1.3	1.1
Public safety	7.9	7.1	-	-	7.9	7.1
Public works	1.7	3.5	-	-	1.7	3.5
Health and welfare	6.1	5.4	-	-	6.1	5.4
Education	21.1	21.4	-	-	21.1	21.4
Parks, recreation, and cultural	0.8	0.9	-	-	0.8	0.9
Community development	0.9	1.0	-	-	0.9	1.0
Interest and other fiscal charges	3.6	3.7	-	-	3.6	3.7
Water	-	-	0.4	0.4	0.4	0.4
Sewer	-	-	0.3	0.2	0.3	0.2
Total expenses	$ 46.0	$ 46.4	$ 0.7	$ 0.6	$ 46.7	$ 47.0
Increase in net position before transfers	$ 2.0	$ 0.1	$ (0.3)	$ (0.2)	$ 1.7	$ (0.1)
Transfers	(0.3)	(0.2)	0.3	0.2	-	-
Increase in net position	$ 1.7	$ (0.1)	$ -	$ -	$ 1.7	$ (0.1)
Net position, July 1, 2016	39.8	39.9	4.1	4.1	43.9	44.0
Net position, June 30, 2017	$ 41.5	$ 39.8	$ 4.1	$ 4.1	$ 45.6	$ 43.9

The net position for governmental activities increased $1.7 million for the current fiscal year, for an ending balance of $41.5 million. Generally, net asset changes are the result of the difference between revenues and expenses. Total revenues exceeded expenses by $2.0 million in the current fiscal year, but transfers of $300,000 reduced the net position. Key revenue elements include:

- General property taxes are the largest source of County revenue, totaling $33.7 million for fiscal year 2017, an increase of $900,000, or 2.7%, in comparison to fiscal year 2016. The County had a general reassessment that exceeded last year's total assessed value of real property by 3.98% percent. With the increase in total assessed value of real property effective January 01, 2017, it resulted in higher tax levies for the second half billing for fiscal year 2017. In addition, there was higher than anticipated collection of delinquent real property and personal property taxes, as well as penalties and interest.

- Other local taxes increased $300,000, with $200,000 from the local sales and use tax and $100,000 from recordation taxes.

- Operating grants and contributions increased $400,000, while the net of all other remaining revenues reflect a $100,000 decrease.



For the fiscal year June 30, 2017, the expenses for governmental activities totaled $46.0 million, a decrease of $400,000 compared to the prior fiscal year. Key expense elements include:

- General Government Administration increased $300,000, primarily as a result of $100,000 in increased legal costs and $200,000 in capital expenses.

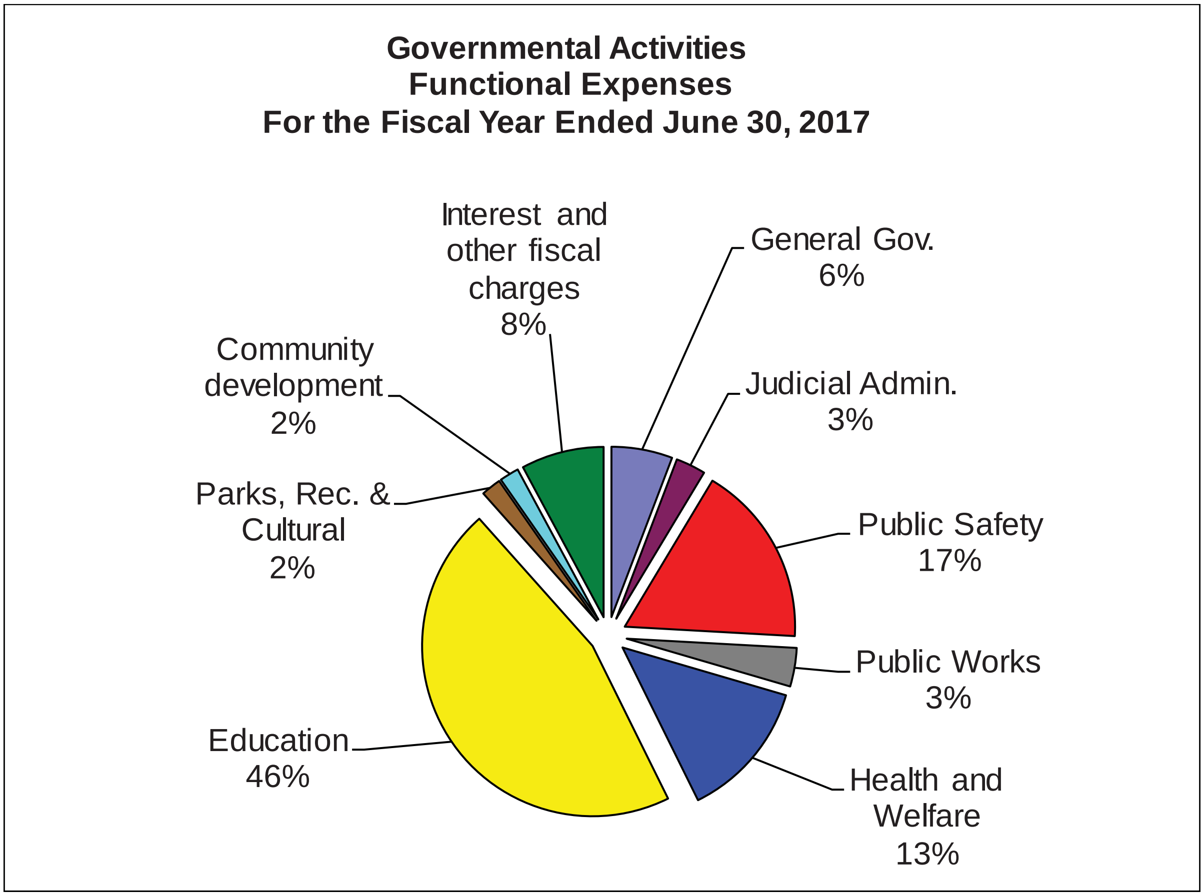
- Public Safety increased $800,000; $200,000 for increased Correction and Detention costs, $200,000 increase for the Sheriff from new personnel and reduced vacancies, and the remaining $400,000 increase from capital expenses.

- Public Works decreased $1.8 million as a result of decreased capital expenses.

- Health and Welfare increased $700,000, with $600,000 attributed to increased services for the Children's Services Act (CSA) and $100,000 increase for the Department of Social Services from new personnel and reduced vacancies.

- Education decreased $300,000 over the previous fiscal year, with a $700,000 increase in operational costs and a $1.0 million decrease in capital expenses.

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



Business-Type Activities – For the County's business-type activities, the net position for the current fiscal year remains unchanged for an ending balance of $4.1 million. While revenues and expenses were virtually unchanged from the previous fiscal year, expenses exceeded revenues by $300,000. A transfer from the General Fund of $300,000 resulted in the net position remaining unchanged.

Financial Analysis of the Governmental Funds

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

Governmental Funds

At June 30, 2017, the County's governmental funds reported combined ending fund balances of $28.1 million (Exhibit 3), increasing in comparison with the prior year by $3.6 million. Of the $28.1 million fiscal year 2017 fund balance, $100,000 is nonspendable from a note receivable; $5.2 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; $6.7 million is classified as committed to indicate that it has been set aside for specific purposes by the County's Board of Supervisors; $200,000 is assigned to expenditures for capital outlays; and $15.9 million is unassigned or available for any purpose, but maintained at targeted levels in accordance with sound financial management practices.

Financial Analysis of the Governmental Funds: (Continued)

The General Fund is the main operating fund of the County. The fund balance of the General Fund increased by $500,000 (Exhibit 4) at $22.7 million during fiscal year 2017, of which $6.6 million is committed and $15.9 million is unassigned. The excess of revenues over expenditures was $4.1 million, offset by $3.7 million of interfund transfers for the Capital Improvements Fund and the Sewer Fund. General Fund revenues exceeded budget by $400,000, with the biggest impact coming from higher than anticipated collection of general property taxes and other local taxes. General Fund expenditures came in below budget by $2.7 million, with significant savings from Public Safety, Health & Welfare and Education. 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 33.4% of General Fund revenues for fiscal year 2017. 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 $7.5 million.

The fund balance in the Capital Projects Fund increased by $3.2 million, to a balance of $5.4 million for fiscal year 2017. This increase resulted from unexpended Qualified Energy Conservation Revenue Bond proceeds during 2017, issued for the combined County and School energy project.

Proprietary Funds

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

General Fund Budgetary Highlights

General fund budget amendments resulted in an increase of $1.0 million between the original budget and the final budget. Significant appropriations included:

- $775,726 increase – Children's Services Act
    - Anticipating costs and services associated with the Children's Services Act can be difficult and can change dramatically depending upon the type of services required. In April of fiscal year 2017, encumbered services had reached the original fiscal year 2017 budget. The average funding match is 62% state and 38% local funding. The local funding for this budget amendment was to come from unassigned fund balance. At the end of the fiscal year, actuals came in $285,991 under budget.

- $189,525 increase – Hazard Mitigation Grant Program
    - The County was awarded a VDEM-FEMA grant to mitigate damaged structures and create green space in the former Town of Columbia. The County match is $9,975, with the remaining to come from state/federal funds

- $30,000 increase – Community Development Block Grant
    - The County was awarded a Virginia Department of Housing and Community Development planning grant for assessing current senior affordable housing needs within the County and will develop an implementation plan for curing those deficiencies identified. Funding is to come from state/federal funds.

Capital Asset and Debt Administration

Capital assets

The County's investment in capital assets as of June 30, 2017 totals $111.9 million, net of accumulated depreciation. This represents an increase of $1.6 million, or 1.5% above fiscal year 2016. Capital assets are illustrated in Table 3 below.

Table 3

($ in millions)

	Governmental Activities	Business-type Activities	Totals at June 30 2017	Totals at June 30 2016
Land and improvements	$ 1.9	$ 0.3	$ 2.2	$ 2.1
Construction in progress - jointly owned	7.8	-	7.8	3.7
Construction in progress	9.3	-	9.3	7.5
Subtotal, capital assets not being depreciated	$ 19.0	$ 0.3	$ 19.3	$ 13.3
Buildings and improvements	$ 22.6	$ -	$ 22.6	$ 21.8
Equipment	9.0	0.2	9.2	8.2
Infrastructure	-	7.0	7.0	6.9
Jointly owned assets	79.5	-	79.5	83.2
Subtotal, capital assets being depreciated	$ 111.1	$ 7.2	$ 118.3	$ 120.1
Less: accumulated depreciation	$ 23.1	$ 2.6	$ 25.7	$ 23.1
Net capital assets being depreciated	$ 88.0	$ 4.6	$ 92.6	$ 97.0
Capital assets, net	$ 107.0	$ 4.9	$ 111.9	$ 110.3

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, 2017.

Table 4

($ in millions)

	Governmental Activities	Business-type Activities	Totals at June 30 2017	Totals at June 30 2016
General obligations bonds	$ 83.5	$ -	$ 83.5	$ 87.5
Qualified energy conservation revenue bonds	7.7	-	7.7	-
State moral obligation bonds	2.8	-	2.8	3.2
Utility bonds	-	1.1	1.1	1.2
Capital lease obligations	8.2	-	8.2	7.1
Total	$ 102.2	$ 1.1	$ 103.3	$ 99.0

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 2017, the County's debt service to revenue ratio was 16.0%, which decreased 0.7% from the previous fiscal year. The second ratio is the net general obligation of debt to assessed value which should not exceed 3.5%. This ratio measures the relationship between County's tax-supported debts to the taxable value of property in the County. In fiscal year 2017, this ratio increased 0.3%, to 3.3% (Table 10).

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

Economic Factors and Next Year's Budgets and Rates

Economic Factors

The annual local unemployment rate was 3.3% for calendar year 2016, which is a 0.4% improvement from 3.7% for calendar year 2015. The local unemployment rate compares favorably to the State's rate of 4.0% and national rate of 4.9% for calendar year 2016.

Fiscal Year 2018 Budget and Rates

For the fiscal year ending June 30, 2018, the adopted budget is $75.6 million, a decrease of $2.7 million from fiscal year 2017. This net decrease over the previous fiscal year was primarily the result of the following:

- $8.0 million decrease for capital projects

- $2.6 million increase for debt service
  - $1.6 million for Literary Loan early redemption
  - $1.0 million for new debt service payments

- $1.3 million increase for County operations
  - $700,000 increase for Public Safety
  - $200,000 increase for Health & Welfare
  - $400,000 increase for all others combined

- $1.4 million increase for Education

For calendar year 2017, the real estate tax rate decreased from $0.917 to $0.907 per $100 of assessed value. Although the tax rate decreased, the County had a general reassessment that exceeded last year's total assessed value of real property by 3.98% percent. With the increase in total assessed value of real property, the lowered tax rate was an effective tax rate increase.

Key factors that are expected to impact future budgets include:

- Continued gradual recovery of assessed property values
- Increased revenue from EMS Cost Recovery
- Options for new revenue sources and enhancing existing sources
- State mandates on localities
- Economic Development opportunities for Zions Crossroads and the County as a whole
- Debt service for capital improvement projects
- Maintenance, repair and replacement of County government and school buildings
- Increases for Health and Welfare services
- Increases for Public Safety services, personnel, vehicles and equipment

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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Government-wide Financial Statements

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Statement of Net Position
At June 30, 2017

	Primary Government			Component Unit	Component Unit
	Governmental Activities	Business Type Activities	Total	School Board	Fluvanna County EDA
ASSETS					
Current Assets					
Cash and cash equivalents	$ 19,492,565	$ 494,826	$ 19,987,391	$ 1,745,845	$ 75,246
Restricted assets	8,618,864	-	8,618,864	-	-
Receivables (net of allowance for uncollectibles):					
Property taxes	20,640,701	-	20,640,701	-	-
Accounts receivable	304,772	19,036	323,808	34,843	-
Notes receivable	82,133	-	82,133	-	-
Prepaid expenses	36,685	-	36,685	-	-
Due from other governments	2,656,431	-	2,656,431	781,297	-
Total Current Assets	$ 51,832,151	$ 513,862	$ 52,346,013	$ 2,561,985	$ 75,246
Noncurrent Assets					
Net other postemployment benefit asset	$ 229,887	$ -	$ 229,887	$ -	$ -
Capital assets (net of accumulated depreciation):					
Land	$ 1,908,616	$ 296,176	$ 2,204,792	$ 359,782	$ -
Buildings and improvements	15,290,882	1,549	15,292,431	2,703,974	-
Infrastructure	-	4,556,602	4,556,602	-	-
Equipment	3,010,020	7,654	3,017,674	2,639,239	-
Jointly owned assets	69,681,844	-	69,681,844	12,662,273	-
Construction in progress	17,127,144	-	17,127,144	425,894	-
Total capital assets	$ 107,018,506	$ 4,861,981	$ 111,880,487	$ 18,791,162	$ -
Total Noncurrent Assets	$ 107,248,393	$ 4,861,981	$ 112,110,374	$ 18,791,162	$ -
Total Assets	$ 159,080,544	$ 5,375,843	$ 164,456,387	$ 21,353,147	$ 75,246
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	$ 14,434,761	$ -	$ 14,434,761	$ -	$ -
Items related to measurement of net pension liability/asset	1,051,524	31,958	1,083,482	5,947,823	-
Total Deferred Outflows of resources	$ 15,486,285	$ 31,958	$ 15,518,243	$ 5,947,823	$ -
Total Assets and Deferred Outflows of Resources	$ 174,566,829	$ 5,407,801	$ 179,974,630	$ 27,300,970	$ 75,246
LIABILITIES					
Current Liabilities					
Accounts payable and other current liabilities	$ 2,989,955	$ 14,757	$ 3,004,712	$ 2,280,222	$ -
Amounts held for others	196,027	-	196,027	-	-
Unearned revenue - grants	1,785	-	1,785	-	-
Accrued interest payable	1,547,004	-	1,547,004	-	-
Notes payable	-	82,133	82,133	-	-
Current portion of long-term obligations	6,437,403	102,421	6,539,824	152,666	-
Total Current Liabilities	$ 11,172,174	$ 199,311	$ 11,371,485	$ 2,432,888	$ -
Noncurrent Liabilities					
Noncurrent portion of long-term obligations	104,917,220	1,035,815	105,953,035	37,409,129	-
Total Liabilities	$ 116,089,394	$ 1,235,126	$ 117,324,520	$ 39,842,017	$ -
DEFERRED INFLOWS OF RESOURCES					
Deferred revenues - taxes	$ 16,781,326	$ -	$ 16,781,326	$ -	$ -
Items related to measurement of net pension liability/asset	146,721	3,772	150,493	2,628,133	
Total Deferred Inflows of resources	$ 16,928,047	$ 3,772	$ 16,931,819	$ 2,628,133	$ -
NET POSITION					
Net investment in capital assets	$ 18,561,846	$ 3,806,518	$ 22,368,364	$ 18,791,162	$ -
Restricted for:					
Debt service	59,520	-	59,520	-	-
Unrestricted	22,928,022	362,385	23,290,407	(33,960,342)	75,246
Total Net Position	$ 41,549,388	$ 4,168,903	$ 45,718,291	$ (15,169,180)	$ 75,246
Total Liabilities, Deferred Outflows of Resources, and Net Position	$ 174,566,829	$ 5,407,801	$ 179,974,630	$ 27,300,970	$ 75,246

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

COUNTY OF FLUVANNA, VIRGINIA

Statement of Activities
Year Ended June 30, 2017

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	$ 2,660,192	$ -	$ 289,763	$ -
Judicial administration	1,302,495	101,825	563,532	-
Public safety	7,949,729	836,723	1,280,976	-
Public works	1,683,873	82,127	8,269	-
Health and welfare	6,063,693	-	3,497,265	-
Education	21,054,581	-	-	-
Parks, recreation, and cultural	869,068	118,073	76,600	-
Community development	854,527	-	-	-
Interest on long-term debt	3,611,012	-	-	-
Total governmental activities	$ 46,049,170	$ 1,138,748	$ 5,716,405	$ -
Business-type activities:				
Fork Union Sanitary District	$ 361,760	$ 365,562	$ -	$ -
Sewer	302,949	42,255	-	-
Total business-type activities	$ 664,709	$ 407,817	$ -	$ -
Total primary government	$ 46,713,879	$ 1,546,565	$ 5,716,405	$ -
COMPONENT UNITS:				
School Board	$ 40,968,336	$ 814,948	$ 22,071,667	$ -
Fluvanna County EDA	3,216	4,073	-	-
Total component units	$ 40,971,552	$ 819,021	$ 22,071,667	$ -

General revenues:
- General property taxes
- Local sales and use taxes
- Consumer utility taxes
- Motor vehicle license taxes
- Recordation taxes
- Other local taxes
- Commonwealth of Virginia non-categorical aid
- Unrestricted revenues from use of money and property
- Miscellaneous
- Contribution from county

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

Net position - ending

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Unit	Component Unit
Governmental Activities	Business Type Activities	Total	School Board	Fluvanna County EDA
$ (2,370,429)	$ -	$ (2,370,429)	$ -	$ -
(637,138)	-	(637,138)	-	-
(5,832,030)	-	(5,832,030)	-	-
(1,593,477)	-	(1,593,477)	-	-
(2,566,428)	-	(2,566,428)	-	-
(21,054,581)	-	(21,054,581)	-	-
(674,395)	-	(674,395)	-	-
(854,527)	-	(854,527)	-	-
(3,611,012)	-	(3,611,012)	-	-
$ (39,194,017)	$ -	$ (39,194,017)	$ -	$ -
$ -	$ 3,802	$ 3,802	$ -	$ -
-	(260,694)	(260,694)		
$ -	$ (256,892)	$ (256,892)	$ -	$ -
$ -	$ (256,892)	$ (39,450,909)	$ -	$ -
$ -	$ -	$ -	$ (18,081,721)	$ -
-	-	-	-	857
$ -	$ -	$ -	$ (18,081,721)	$ 857
$ 33,676,413	$ -	$ 33,676,413	$ -	$ -
1,696,819	-	1,696,819	-	-
438,801	-	438,801	-	-
733,566	-	733,566	-	-
352,133	-	352,133	-	-
215,290	-	215,290	-	-
3,925,416	-	3,925,416	-	-
91,055	-	91,055	13,913	60
113,059	-	113,059	553,527	-
-	-	-	18,424,993	1,000
(300,308)	300,308	-	-	-
$ 40,942,244	$ 300,308	$ 41,242,552	$ 18,992,433	$ 1,060
$ 1,748,227	$ 43,416	$ 1,791,643	$ 910,712	$ 1,917
39,801,161	4,125,487	43,926,648	(16,079,892)	73,329
$ 41,549,388	$ 4,168,903	$ 45,718,291	$ (15,169,180)	$ 75,246

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Fund Financial Statements

Balance Sheet - Governmental Funds
At June 30, 2017

	Governmental Funds		
	General	**Capital Projects**	**Total Governmental Funds**
ASSETS			
Cash and cash equivalents	$ 20,663,373	$ -	$ 20,663,373
Cash in custody of others	-	8,618,864	8,618,864
Receivables (Net of allowance for uncollectibles):			
Taxes, including penalties	20,640,701	-	20,640,701
Accounts	304,772	-	304,772
Notes receivable	82,133	-	82,133
Prepaid items	36,685	-	36,685
Due from other governmental units	2,656,431	-	2,656,431
Total assets	$ 44,384,095	$ 8,618,864	$ 53,002,959
LIABILITIES			
Accounts payable and accrued expenses	$ 923,896	$ 2,066,059	$ 2,989,955
Reconciled overdraft	-	1,170,808	1,170,808
Unearned revenue - grants	1,785	-	1,785
Amounts held for others	196,027	-	196,027
Total liabilities	$ 1,121,708	$ 3,236,867	$ 4,358,575
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	$ 20,579,039	$ -	$ 20,579,039
FUND BALANCES			
Nonspendable	$ 118,818	$ -	$ 118,818
Restricted	59,520	5,175,016	5,234,536
Committed	6,649,051	27,535	6,676,586
Assigned	-	179,446	179,446
Unassigned	15,855,959	-	15,855,959
Total fund balances	$ 22,683,348	$ 5,381,997	$ 28,065,345
Total liabilities, deferred inflows of resources and fund balances	$ 44,384,095	$ 8,618,864	

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

When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the assets of the County as a whole.	$ 107,018,506
The net other postemployment benefits asset is not an available resource and, therefore, is not reported in the funds.	229,887
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(1,547,004)
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay current-period expenditures. Those assets (for example, receivables) are offset by unavailable revenues in the governmental funds and thus are not included in the fund balance.	
Unavailable revenue - property taxes	3,797,713
Items related to measurement of net pension liability	(146,721)
Deferred outflows - Pension deferrals	1,051,524
Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities-both current and long-term--are reported in the statement of net position.	(96,919,862)
Net position of General Government Activities	$ 41,549,388

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, 2017

	Governmental Funds		
	General	Capital Projects	Total Governmental Funds
Revenues:			
General property taxes	$ 33,035,019	$ -	$ 33,035,019
Other local taxes	3,436,609	-	3,436,609
Permits, privilege fees and regulatory licenses	325,604	-	325,604
Fines and forfeitures	52,335	-	52,335
Revenue from use of money and property	51,892	39,163	91,055
Charges for services	760,809	-	760,809
Miscellaneous	113,059	-	113,059
Recovered costs	116,344	358,968	475,312
Intergovernmental:			
Commonwealth	8,491,421	-	8,491,421
Federal	1,150,400	-	1,150,400
Total revenues	$ 47,533,492	$ 398,131	$ 47,931,623
Expenditures:			
Current:			
General government administration	$ 2,571,167	$ 104,716	$ 2,675,883
Judicial administration	1,140,751	-	1,140,751
Public safety	6,870,756	2,232,489	9,103,245
Public works	1,842,047	1,224,635	3,066,682
Health and welfare	6,047,790	-	6,047,790
Education	15,623,059	5,430,957	21,054,016
Parks, recreation, and cultural	824,491	16,905	841,396
Community development	779,505	-	779,505
Nondepartmental	25,699	-	25,699
Debt service:			
Principal retirement	4,406,065	6,981,424	11,387,489
Interest and other fiscal charges	3,252,642	249,183	3,501,825
Bond issuance cost	-	272,142	272,142
Total expenditures	$ 43,383,972	$ 16,512,451	$ 59,896,423
Excess (deficiency) of revenues over (under) expenditures	$ 4,149,520	$ (16,114,320)	$ (11,964,800)
Other financing sources (uses):			
Transfers in	$ -	$ 3,398,928	$ 3,398,928
Transfers (out)	(3,699,236)	-	(3,699,236)
Issuance of lease revenue bonds	-	7,653,740	7,653,740
Issuance of capital lease	-	8,223,125	8,223,125
Total other financing sources (uses)	$ (3,699,236)	$ 19,275,793	$ 15,576,557
Changes in fund balances	$ 450,284	$ 3,161,473	$ 3,611,757
Fund balances at beginning of year	22,233,064	2,220,524	24,453,588
Fund balances at end of year	$ 22,683,348	$ 5,381,997	$ 28,065,345

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, 2017

		Primary Government Governmental Funds
Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balances - total governmental funds		$ 3,611,757
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period. The following details support this adjustment.		
Capital outlay	$ 7,856,540	
Depreciation expense	(3,351,433)	4,505,107
Transfer of joint tenancy assets from Primary Government to the Component Unit		(2,809,314)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. Details of this item consist of the change in unavailable taxes.		
Unearned revenue - property taxes	$ 641,394	
(Increase) decrease in deferred inflows related to the measurement of the net pension liability	421,704	1,063,098
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. A summary of items supporting this adjustment is as follows:		
Proceeds from debt issued	$ (15,876,865)	
Principal retired on school general obligation bonds	3,650,056	
Principal retired on public facility note	345,000	
Principal retired on capital lease obligations	7,082,582	
Principal retired on state literary fund loans	309,851	
Landfill postclosure costs	27,111	(4,462,265)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. The following is a summary of items supporting this adjustment:		
Change in compensated absences	$ (21,976)	
Change in net other postemployment benefits asset	(2,084)	
Deferred amount on refunding	(764,976)	
Amortization of bond discount	(31,697)	
Amortization of bond premium	699,808	
Change in net pension liability	(905,412)	
Change in deferred outflows related to pensions	634,212	
Change in accrued interest payable	231,969	(160,156)
Change in net position of governmental activities		$ 1,748,227

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

Statement of Net Position
Proprietary Funds
At June 30, 2017

	Business-Type Activities - Enterprise Funds		
	Fork Union Sanitary District	**Sewer**	**Totals**
ASSETS			
Current Assets			
Cash and cash equivalents	$ 55,790	$ 439,036	$ 494,826
Accounts receivable	16,624	2,412	19,036
Total Current Assets	$ 72,414	$ 441,448	$ 513,862
Noncurrent Assets			
Capital assets:			
Land and construction in progress	$ 11,736	$ 284,440	$ 296,176
Other capital assets, net of depreciation	1,525,345	3,040,460	4,565,805
Total Noncurrent Assets	$ 1,537,081	$ 3,324,900	$ 4,861,981
Total Assets	$ 1,609,495	$ 3,766,348	$ 5,375,843
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	$ 22,191	$ 9,767	$ 31,958
Total Assets and Deferred Outflows of Resources	$ 1,631,686	$ 3,776,115	$ 5,407,801
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	$ 13,084	$ 1,673	$ 14,757
Note payable	82,133	-	82,133
Current portion of long-term obligations	41,415	61,006	102,421
Total Current Liabilities	$ 136,632	$ 62,679	$ 199,311
Noncurrent Liabilities			
Noncurrent portion of long-term obligations	$ 472,638	$ 563,177	$ 1,035,815
Total Liabilities	$ 609,270	$ 625,856	$ 1,235,126
DEFERRED INFLOWS OF RESOURCES			
Items related to measurement of net pension liability	$ 2,814	$ 958	$ 3,772
NET POSITION			
Net investment in capital assets	$ 1,081,618	$ 2,724,900	$ 3,806,518
Unrestricted	(62,016)	424,401	362,385
Total Net Position	$ 1,019,602	$ 3,149,301	$ 4,168,903
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 1,631,686	$ 3,776,115	$ 5,407,801

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

Statement of Revenues, Expenses and Changes in Net Position --
Proprietary Funds
Year Ended June 30, 2017

	Business-Type Activities - Enterprise Funds		
	Fork Union Sanitary District	**Sewer**	**Totals**
Operating revenues:			
Charges for services	$ 365,562	$ 42,255	$ 407,817
Total operating revenues	$ 365,562	$ 42,255	$ 407,817
Operating expenses:			
Personal services	$ 99,128	$ 79,463	$ 178,591
Fringe benefits	35,086	28,990	64,076
Contractual services	39,620	48,846	88,466
Other charges	79,213	49,035	128,248
Depreciation	87,280	96,615	183,895
Total operating expenses	$ 340,327	$ 302,949	$ 643,276
Operating income (loss)	$ 25,235	$ (260,694)	$ (235,459)
Nonoperating revenues (expenses):			
Interest expense	$ (21,433)	$ -	$ (21,433)
Total nonoperating revenues (expenses)	$ (21,433)	$ -	$ (21,433)
Income (loss) before contributions and transfers	$ 3,802	$ (260,694)	$ (256,892)
Transfers			
Transfers in	$ -	$ 300,308	$ 300,308
Change in net position	$ 3,802	$ 39,614	$ 43,416
Net position at beginning of year	1,015,800	3,109,687	4,125,487
Net position at end of year	$ 1,019,602	$ 3,149,301	$ 4,168,903

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

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2017

	Business-Type Activities - Enterprise Funds		
	Fork Union Sanitary District	**Sewer**	**Totals**
Cash flows from operating activities:			
Receipts from customers and users	$ 381,138	$ 41,226	$ 422,364
Payments to suppliers	(129,069)	(98,156)	(227,225)
Payments to employees (including fringe benefits)	(133,520)	(109,758)	(243,278)
Net cash provided by (used for) operating activities	$ 118,549	$ (166,688)	$ (48,139)
Cash flows from noncapital financing activities:			
Transfers in	$ -	$ 300,308	$ 300,308
Increase (decrease) in due to other funds	(17,867)	-	(17,867)
Net cash provided by (used for) noncapital financing activities	$ (17,867)	$ 300,308	$ 282,441
Cash flows from capital and related financing activities:			
Interest expense	$ (21,433)	$ -	$ (21,433)
Retirement of indebtedness	(38,088)	(60,000)	(98,088)
Net cash provided by (used for) capital and related financing activities	$ (59,521)	$ (60,000)	$ (119,521)
Increase (decrease) in cash and cash equivalents	$ 41,161	73,620	$ 114,781
Cash and cash equivalents at beginning of year	14,629	365,416	380,045
Cash and cash equivalents at end of year	$ 55,790	$ 439,036	$ 494,826
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	$ 25,235	$ (260,694)	$ (235,459)
Adjustments to reconcile net loss to net cash provided by (used for) operating activities:			
Depreciation	$ 87,280	$ 96,615	$ 183,895
Changes in operating assets, liabilities, and deferred inflows/outflows of resources:			
(Increase)/decrease in accounts receivable	15,576	(1,029)	14,547
(Increase)/decrease in deferred outflows	(9,141)	(5,466)	(14,607)
Increase/(decrease) in compensated absences	2,493	2,373	4,866
Increase/(decrease) in net pension liability	20,141	6,393	26,534
Increase/(decrease) in deferred inflows	(12,799)	(4,605)	(17,404)
Increase/(Decrease) in accounts payable and accrued expenses	(10,236)	(275)	(10,511)
Total adjustments	$ 93,314	$ 94,006	$ 187,320
Net cash provided by (used for) operating activities	$ 118,549	$ (166,688)	$ (48,139)

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

Statement of Fiduciary Net Position
Fiduciary Funds
At June 30, 2017

		Other Post - Employment Benefits Trust		Agency Fund
ASSETS				
Cash and cash equivalents	$	-	$	146,837
Investments:				
Fixed income		615,788		
Stocks		877,030		
Real Estate		130,621		
Alternative investments		242,583		-
Total investments	$	1,866,022	$	-
Total assets	$	1,866,022	$	146,837
LIABILITIES				
Amounts held for social services clients	$	-	$	146,837
Total liabilities	$	-	$	146,837
NET POSITION				
Restricted - postemployment benefits other than pensions	$	1,866,022	$	-
Total liabilities and net position	$	1,866,022	$	146,837

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

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

		Other Post - Employment Benefits Trust
ADDITIONS		
Contributions:		
Employer	$	110,460
Total contributions	$	110,460
Investment income or (loss)		
Net increase in the fair market value of investments	$	213,116
Total investment earnings	$	213,116
Total additions	$	323,576
DEDUCTIONS		
Benefits	$	110,460
Administrative expenses		2,479
Total deductions	$	112,939
Change in net position	$	210,637
Net Position Restricted for Postemployment Benefits other than Pensions		
Net position - beginning		1,655,385
Net position - ending	$	1,866,022

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

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

Government-wide and Fund Financial Statements

Government-wide Financial Statements

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

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

Statement of Net Position

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

Statement of Activities

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

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

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

Fund Financial Statements

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

Budgetary Comparison Schedules

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

A. Financial Reporting Entity

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

B. Individual Component Unit Disclosures

Blended component Units:

The County has no blended component units.

Discretely Presented Component Units:

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

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

B. Individual Component Unit Disclosures: (Continued)

Discretely Presented Component Units: (Continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

1. Governmental Funds

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

a. General Fund

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

b. Capital Projects Fund

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

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

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

2. Proprietary Funds

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

Enterprise Funds

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

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

3. Fiduciary Funds (Trust and Agency Funds)

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

D. Budgets and Budgetary Accounting

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

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

2. Public hearings are conducted to obtain citizen comments.

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

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

D. Budgets and Budgetary Accounting: (Continued)

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

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

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

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

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

E. Cash and Cash Equivalents

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

F. Investments

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs) and external investment pools are measured at amortized cost. All other 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) All other outstanding balances between funds are reported as "advances to/from other funds." (i.e. the noncurrent portion of interfund loans).

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

G. Receivables and Payables: (Continued)

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately $268,323 at June 30, 2017 and is comprised of the following:

Fork Union Sanitary District	$	22,469
Sewer		6,584
Property Taxes		239,270
Total	$	268,323

Property Tax Calendar

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

H. Prepaid Items

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

I. Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as land, buildings, road registered vehicles, and equipment with an initial individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition 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, 2017.

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

I. Capital Assets: (Continued)

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

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

J. Compensated Absences

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

K. Long-term Obligations

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

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

L. Fund Balances

Financial Policies

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

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

L. Fund Balances: (Continued)

Financial Policies: (Continued)

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

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

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

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

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

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

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

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

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

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

L. Fund Balances: (Continued)

Category		General Fund		Capital Projects Fund		Component Unit School Board Cafeteria Fund
Nonspendable:						
Prepaid Items	$	36,685	$	-	$	-
Note Receivable		82,133		-		-
Total Nonspendable	$	118,818	$	-	$	-
Restricted:						
Unexpended Bond Proceeds - School	$	-	$	414,892	$	-
Unexpended Bond Proceeds - E911 Radio Project		-		340,988		-
Unexpended Bond Proceeds - VA Saves Energy Project		-		4,419,136		-
USDA Debt Reserve		59,520		-		-
Total Restricted	$	59,520	$	5,175,016	$	-
Committed:						
Capital Projects:						
Replacement of Co Bldg HVAC	$	13,279	$	-	$	-
E911 Radio		374,084		-		-
Old HS WW treatment plant PH I-FY12		27,450		-		-
County Fiber Infrastructure		31,592		-		-
School Fiber Infrastructure		298,475		-		-
County Capital Reserve		226,391		-		-
School Capital Reserve		240,644		-		-
Schools Computer Instructional Technology and Infrastructure		210,401		-		-
School Board Office Renovations		297,524		-		-
Courts Building Lighting Upgrades		30,000		-		-
Schools Safety and Security Upgrades		33,774		-		-
Schools MUNIS Financial Systems		1,856		-		-
Elementary School Flooring and Playground Equipment		-		27,535		-
Access Control Monitoring		82,814		-		-
Hydrogeologic Study		22,591		-		-
Water/Sewer Zion Crossroads		72,653		-		-
Building Assessment		21,860		-		-
County Admin Complex Foundation & Drainage Repairs		150,000		-		-
Library & Public Safety - Combined Water System		50,000		-		-
Treasurer/COR Building Upgrades		106,774		-		-
Computer Aided Dispatch/Records Management System		498,543		-		-
County VoIP Phone Equipment		144,925		-		-
Facilities Security Upgrade		4,840		-		-
Convenience Center Road & Trailer		21,475		-		-
Courts Fire Detection and Alarm System		35,000		-		-
F&R Personal Protective Equipment		20,021		-		-
F&R Vehicle Replacement and Rechasis		60,000		-		-
F&R Thermal Imaging Camera Replacement		50,400		-		-
F&R Toughbook Replacement		28,000		-		-
Recoat Central WW Treatment Plant		70,000		-		-
Carysbrook School Renovation		138,978		-		-
Server Consolidation & Disaster Recovery		21,766		-		-
Phillips MRx Wireless Link Upgrade		7,044		-		-
Carysbrook Roof Replacement		73,246		-		-
Building Envelope Exterior Repairs		120,130		-		-
Pleasant Grove Road Paving		98,000		-		-
County Government Vehicles		89,915		-		-
Schools Floor Covering Replacement		156,784		-		-
Sheriff Reserve for Vehicles		164,260		-		-
Social Services Vehicles		24,593		-		-
School Buses		401,146		-		-
School Transportation & Facility Vehicles		30,017		-		-
FY18 Budget - Use of Fund Balance		2,022,734		-		-
Other Carryforwards		75,072		-		-
Total Committed	$	6,649,051	$	27,535	$	-
Assigned:						
Other capital projects	$	-	$	179,446	$	-
Cafeteria		-		-		281,763
Total Assigned	$	-	$	179,446	$	281,763
Unassigned:	$	15,855,959	$	-	$	-
Total Fund Balance	$	22,683,348	$	5,381,997	$	281,763

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

M. Net Position

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

N. Use of Estimates

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

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

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

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

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

P. Net Position Flow Assumption

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

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

Q. Deferred Outflows/Inflows of Resources

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

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

R. Pensions

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

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.

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, 2017 were rated by Standard & Poor’s and the ratings are presented below using Standard & Poor’s rating scale.

Rated Debt Investments' Values

Rated Debt Investments	Fair Value	AAAm	AAA	AA+
Virginia Investment Pool	$ 7,155,722	$ 7,155,722	$ -	$ -
Money Market Mutual Funds (SNAP)	8,618,864	8,618,864	-	-
Total	$ 15,774,586	$ 15,774,586	$ -	$ -

NOTE 2 - DEPOSITS AND INVESTMENTS: (CONTINUED)

Interest Rate Risk

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

Investment Maturities (in years)		
Investment Type	**Fair Value**	**Less Than 1 Year**
Virginia Investment Pool	$ 7,155,722	$ 7,155,722
Money Market Mutual Funds (SNAP)	8,618,864	8,618,864
Total	$ 15,774,586	$ 15,774,586

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.

Fair Value Measurements:

Fair value of the Virginia Investment Pool is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The County has measured fair value of the above investments at the net asset value (NAV).

External Investment Pool

The State Non-Arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission. In May 2016, the Board voted to convert the SNAP fund to an LGIP structure, which would be managed in conformance with GASB 79. On October 3, 2016, the Prime Series became a government money market fund and the name was changed to Government Select Series. The Government Select Series has a policy of investing at least 99.5% of its assets in cash, U.S. Government securities (including securities issued or guaranteed by the U.S. government or its agencies or instrumentalities) and/or repurchase agreements that are collateralized fully.

NOTE 3 - DUE FROM OTHER GOVERNMENTAL UNITS:

Receivables due from other governmental units consist of the following at June 30, 2017:

	Primary Government	Component Unit School Board
Commonwealth of Virginia:		
Local sales tax	$ 306,986	$ -
Communication tax	130,008	-
Public assistance and welfare administration	21,324	-
State sales tax	-	765,010
PPTRA	1,438,261	-
Shared expenses	147,368	-
Children's services	486,937	-
Other	26,821	-
Federal Government:		
School grants	-	12,599
Public assistance and welfare administration	81,049	-
Other	17,677	3,688
Totals	$ 2,656,431	$ 781,297

NOTE 4 - INTERFUND OBLIGATIONS/TRANSFERS:

There were no Interfund obligations at June 30, 2017.

Interfund transfers for the year ended June 30, 2017, consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government		
General Fund	$ -	$ 3,699,236
Sewer	300,308	-
Capital Projects Fund	3,398,928	-
Total	$ 3,699,236	$ 3,699,236

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

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

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

NOTE 6 - CAPITAL ASSETS:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2017:

	Beginning Balance July 1, 2016	Additions	Deletions	Ending Balance June 30, 2017
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 1,827,916	$ 80,700	$ -	$ 1,908,616
Construction in progress-jointly owned assets	3,708,557	4,346,472	279,106	7,775,923
Construction in progress	7,499,138	2,248,773	396,690	9,351,221
Total capital assets not being depreciated	$ 13,035,611	$ 6,675,945	$ 675,796	$ 19,035,760
Capital assets being depreciated:				
Buildings and improvements	$ 21,809,492	$ 805,094	$ -	$ 22,614,586
Equipment	7,952,116	1,051,297	28,300	8,975,113
Jointly owned assets	83,208,041	-	3,744,907	79,463,134
Total capital assets being depreciated	$ 112,969,649	$ 1,856,391	$ 3,773,207	$ 111,052,833
Less accumulated depreciation for:				
Buildings and improvements	$ 6,736,391	$ 587,313	$ -	$ 7,323,704
Equipment	5,215,851	777,542	28,300	5,965,093
Jointly owned assets	8,730,305	1,986,578	935,593	9,781,290
Total accumulated depreciation	$ 20,682,547	$ 3,351,433	$ 963,893	$ 23,070,087
Total capital assets being depreciated, net	$ 92,287,102	$ (1,495,042)	$ 2,809,314	$ 87,982,746
Governmental activities capital assets, net	$ 105,322,713	$ 5,180,903	$ 3,485,110	$ 107,018,506

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, 2017, the School component unit capital assets financed by the outstanding County guaranteed debt with a book value of $77,457,767 were reported in the Primary Government as tenant in common with the School Board.

NOTE 6 - CAPITAL ASSETS: (CONTINUED)

	Beginning Balance July 1, 2016	Additions	Deletions	Ending Balance June 30, 2017
Business-type Activities:				
Fork Union Sanitary District:				
Capital assets, not being depreciated:				
Land	$ 11,736	$ -	$ -	$ 11,736
Total capital assets not being depreciated	$ 11,736	$ -	$ -	$ 11,736
Capital assets being depreciated:				
Buildings and improvements	$ 18,079	$ -	$ -	$ 18,079
Infrastructure	3,100,962	-	-	3,100,962
Equipment	163,911	-	-	163,911
Total capital assets being depreciated	$ 3,282,952	$ -	$ -	$ 3,282,952
Less accumulated depreciation for:				
Buildings and improvements	$ 16,308	$ 222	$ -	$ 16,530
Infrastructure	1,505,415	79,405	-	1,584,820
Equipment	148,604	7,653	-	156,257
Total accumulated depreciation	$ 1,670,327	$ 87,280	$ -	$ 1,757,607
Total capital assets being depreciated, net	$ 1,612,625	$ (87,280)	$ -	$ 1,525,345
Fork Union Sanitary District capital assets, net	$ 1,624,361	$ (87,280)	$ -	$ 1,537,081

NOTE 6 - CAPITAL ASSETS: (CONTINUED)

	Beginning Balance July 1, 2016	Additions	Deletions	Ending Balance June 30, 2017
Business-type Activities: (continued)				
Sewer Fund:				
Capital assets, not being depreciated:				
Land	$ 284,440	$ -	$ -	$ 284,440
Total capital assets not being depreciated	$ 284,440	$ -	$ -	$ 284,440
Capital assets being depreciated:				
Infrastructure	$ 3,864,580	$ -	$ -	$ 3,864,580
Total capital assets being depreciated	$ 3,864,580	$ -	$ -	$ 3,864,580
Less accumulated depreciation for:				
Infrastructure	$ 727,505	$ 96,615	$ -	$ 824,120
Total accumulated depreciation	$ 727,505	$ 96,615	$ -	$ 824,120
Total capital assets being depreciated, net	$ 3,137,075	$ (96,615)	$ -	$ 3,040,460
Sewer capital assets, net	$ 3,421,515	$ (96,615)	$ -	$ 3,324,900
Business-type activities capital assets, net	$ 5,045,876	$ (183,895)	$ -	$ 4,861,981

NOTE 6 - CAPITAL ASSETS: (CONTINUED)

	Beginning Balance July 1, 2016	Additions	Deletions	Ending Balance June 30, 2017
Discretely Presented Component-Unit School Board:				
Capital assets, not being depreciated:				
Land	$ 359,782	$ -	$ -	$ 359,782
Construction in progress	1,008,505	220,503	803,114	425,894
Total capital assets not being depreciated	$ 1,368,287	$ 220,503	$ 803,114	$ 785,676
Capital assets being depreciated:				
Buildings and improvements	$ 8,608,767	$ 279,106	$ -	$ 8,887,873
Equipment	5,979,549	1,351,059	219,474	7,111,134
Jointly owned assets	18,184,958	3,744,907	-	21,929,865
Total capital assets being depreciated	$ 32,773,274	$ 5,375,072	$ 219,474	$ 37,928,872
Less accumulated depreciation for:				
Buildings and improvements	$ 5,485,142	$ 698,757	$ -	$ 6,183,899
Equipment	4,159,895	531,474	219,474	4,471,895
Jointly owned assets	8,331,999	935,593	-	9,267,592
Total accumulated depreciation	$ 17,977,036	$ 2,165,824	$ 219,474	$ 19,923,386
Total capital assets being depreciated, net	$ 14,796,238	$ 3,209,248	$ -	$ 18,005,486
School Board capital assets, net	$ 16,164,525	$ 3,429,751	$ 803,114	$ 18,791,162

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	$	175,808
Judicial administration		185,130
Public safety		727,494
Public works		88,550
Health and welfare		33,494
Education		1,986,578
Parks, recreation and cultural		79,654
Community development		74,725
Total	$	3,351,433
Business-Type Activities:		
Fork Union Sanitary District	$	87,280
Sewer	$	96,615
Component Unit School Board	$	1,230,231 (1)
(1) Depreciation Expense	$	1,230,231
Accumulated depreciation on joint tenancy asset transfer		935,593
Total additions to accumulated depreciation	$	2,165,824

NOTE 7 - LONG-TERM OBLIGATIONS:

The following is a summary of changes in long-term obligation transactions for the fiscal year ended June 30, 2017:

	Balance July 1, 2016	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2017	Amounts Due Within One Year
Governmental Activities:					
School general obligation bonds	$ 85,598,934	$ -	$ 3,650,056	$ 81,948,878	$ 3,710,736
Premium on general obligation bonds	6,434,241	-	604,787	5,829,454	592,200
Discount on general obligation bonds	(348,664)	-	(31,697)	(316,967)	(31,697)
Infrastructure and state moral obligation revenue bonds	3,180,000	-	345,000	2,835,000	355,000
Premium on infrastructure revenue bonds	438,972	-	95,021	343,951	85,358
Qualified energy conservation revenue bonds	-	7,653,740	-	7,653,740	236,000
Landfill postclosure costs	757,593	7,674	34,785	730,482	34,785
Capital leases	7,082,582	8,223,125	7,082,582	8,223,125	1,096,159
Literary fund loans	1,859,107	-	309,851	1,549,256	309,851
Net pension liability	1,162,183	2,149,591	1,244,179	2,067,595	-
Compensated absences	468,133	68,789	46,813	490,109	49,011
Total governmental activities	$ 106,633,081	$ 18,102,919	$ 13,381,377	$ 111,354,623	$ 6,437,403

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

	Balance July 1, 2016	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2017	Amounts Due Within One Year
Business-type Activities:					
Compensated absences	$ 20,948	$ 6,961	$ 2,095	$ 25,814	$ 2,581
Net pension liability	30,425	60,768	34,234	56,959	-
Water facilities bonds	493,551	-	38,088	455,463	39,840
Sewer system revenue bonds	660,000	-	60,000	600,000	60,000
Total business-type activities	$ 1,204,924	$ 67,729	$ 134,417	$ 1,138,236	$ 102,421
Total Primary Government	$ 107,838,005	$ 18,170,648	$ 13,515,794	$ 112,492,859	$ 6,539,824

NOTE 7 - LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government

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

	Literary Fund Loans		General Obligation Bonds		Infrastructure and State Moral Obligation Revenue Bond	
Year	Principal	Interest	Principal	Interest	Principal	Interest
2018	$ 309,851	$ 46,478	$ 3,710,736	$ 2,868,462	$ 355,000	$ 133,247
2019	309,851	37,182	3,846,143	2,723,148	385,000	114,284
2020	309,851	27,887	3,956,834	2,600,794	400,000	94,168
2021	309,851	18,591	3,973,139	2,483,111	420,000	74,631
2022	309,852	9,296	4,114,442	2,327,283	440,000	54,069
2023	-	-	4,286,073	2,151,613	205,000	37,541
2024	-	-	4,292,128	1,959,676	220,000	26,650
2025	-	-	4,458,030	1,780,723	230,000	15,119
2026	-	-	4,624,210	1,611,025	180,000	4,612
2027	-	-	4,407,143	1,443,584	-	-
2028	-	-	4,195,000	1,276,646	-	-
2029	-	-	4,340,000	1,134,003	-	-
2030	-	-	4,480,000	989,337	-	-
2031	-	-	4,240,000	817,391	-	-
2032	-	-	4,415,000	645,883	-	-
2033	-	-	4,575,000	489,720	-	-
2034	-	-	4,535,000	353,025	-	-
2035	-	-	4,675,000	214,875	-	-
2036	-	-	4,825,000	72,375	-	-
Totals	$ 1,549,256	$ 139,434	$ 81,948,878	$ 27,942,674	$ 2,835,000	$ 554,321

NOTE 7 - LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

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

	Qualified Energy Conservation Revenue Bonds		Capital Leases		Revenue Bonds: Water Facilities Bond		Revenue Bonds: Sewer System Revenue Bond	
Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018	$ 236,000	$ 270,114	$ 1,096,159	$ 140,041	$ 39,840	$ 19,680	$ 60,000	$ -
2019	472,812	278,636	1,148,393	87,807	41,670	17,850	60,000	-
2020	478,320	260,184	1,163,885	72,315	43,584	15,936	60,000	-
2021	483,893	241,517	1,179,587	56,614	45,587	13,934	60,000	-
2022	489,530	222,632	1,195,500	40,701	47,681	11,839	60,000	-
2023	495,233	203,528	1,211,628	24,573	49,871	9,649	60,000	-
2024	501,002	184,201	1,227,973	8,227	52,162	7,358	60,000	-
2025	506,839	164,649	-	-	54,559	4,961	60,000	-
2026	512,744	144,869	-	-	57,065	2,455	60,000	-
2027	518,717	124,859	-	-	23,444	209	60,000	-
2028	524,760	104,615	-	-	-	-	-	-
2029	530,873	84,136	-	-	-	-	-	-
2030	537,058	63,418	-	-	-	-	-	-
2031	543,315	42,459	-	-	-	-	-	-
2032	549,644	21,255	-	-	-	-	-	-
2033	273,000	5,296	-	-	-	-	-	-
Totals	$ 7,653,740	$ 2,416,368	$ 8,223,125	$ 430,278	$ 455,463	$ 103,871	$ 600,000	$ -

The total cost of equipment under current capital leases is $8,223,125.

NOTE 7 - LONG-TERM OBLIGATIONS: (CONTINUED)

Detail of Long-Term Obligations

	Amount Outstanding	Amounts Due Within One Year
Infrastructure and State Moral Obligation Revenue Bonds:		
$3,520,000 Virginia Resources Authority Infrastructure and State Moral Obligation Revenue Bonds Series 2014C, issued November 19, 2014 maturing annually in installments ranging from $180,000 to $440,000 through October 1, 2025. Interest payable semiannually at ranging 3.007% to 5.125%.	$ 2,835,000	$ 355,000
Premium on School Bonds 2014C	343,951	85,358
Total infrastructure and state moral obligation revenue bonds	$ 3,178,951	$ 440,358
School General Obligation Bonds:		
$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%.	$ 150,000	$ 50,000
$6,411,957 School Bonds, 2005A, issued November 10, 2005, maturing annually in installments ranging from $273,104 to $372,067 through July 15, 2025, interest payable semiannually at 5.1%.	3,128,403	323,911
$67,525,000 School Bonds, 2008A, issued December 22, 2008, maturing annually in installments ranging from $700,000 to $5,115,000 through December 1, 2018, interest payable semiannually at 5.95%.	3,625,000	1,770,000

NOTE 7 - LONG-TERM OBLIGATIONS: (CONTINUED)

Detail of Long-Term Obligations: (Continued)

	Amount Outstanding	Amounts Due Within One Year
School General Obligation Bonds: (continued)		
Premium on School Bonds 2008A	$ 12,242	$ 12,242
$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%.	3,990,475	426,825
Discount on School Bonds 2009A	(316,967)	(31,697)
$66,120,000 School Refunding Bonds, 2012B, issued December 20, 2012, maturing annually in installments ranging from $345,000 to $4,825,000 through June 30, 2036, interest payable semiannually at ranging from 1.25% to 5.00%.	63,850,000	675,000
Premium on School Bonds 2012B	5,059,453	462,530
$3,995,000 School Bonds, 2012, issued November 15, 2012, maturing annually in installments ranging from $135,000 to $305,000 through July 15, 2032, interest payable semiannually at ranging from 2.05% to 5.05%.	3,170,000	240,000
Premium on School Bonds 2012	221,699	41,864
$4,420,000 School Bonds, 2014C, issued November 20, 2014, maturing annually in installments ranging from $170,000 to $405,000 through July 15, 2029, interest payable semiannually at ranging from 2.05% to 5.05%.	4,035,000	225,000
Premium on School Bonds 2014C	536,060	75,564
Total school general obligation bonds	$ 87,461,365	$ 4,271,239
State Literary Fund Loans:		
$6,197,023, issued July 15, 2001 due in principal annual installments of $309,851 through July 15, 2021, interest at 3%.	$ 1,549,256	$ 309,851
Total state literary fund loans	$ 1,549,256	$ 309,851

NOTE 7 - LONG-TERM OBLIGATIONS: (CONTINUED)

Detail of Long-Term Obligations: (Continued)

	Amount Outstanding	Amounts Due Within One Year
Qualified Energy Conservation Revenue Bonds:		
$7,653,740 Qualified Energy Conservation Revenue Bonds, Series 2017, issued February 28, 2017, maturing annually in installments ranging from $236,000 to $549,644 through August 1, 2032, interest payable semiannually at 3.88%.	$ 7,653,740	$ 236,000
Capital Leases:		
$8,223,125 capital lease dated October 31, 2016 maturing annually in installments ranging from $1,096,159 to $1,227,973 through September 1, 2023. Interest payable semiannually at 1.34%. Lease is for Radio Equipment.	$ 8,223,125	$ 1,096,159
Total capital leases	$ 8,223,125	$ 1,096,159
Landfill postclosure costs	$ 730,482	$ 34,785
Net pension liability	$ 2,067,595	$ -
Compensated absences	$ 490,109	$ 49,011
Total Governmental Funds	$ 111,354,623	$ 6,437,403
Business-type Activities:		
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.	$ 455,463	$ 39,840
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.	600,000	60,000
Net pension liability	56,959	-
Compensated absences	25,814	2,581
Total Business-type Activities Obligations	$ 1,138,236	$ 102,421
Total Primary Government	$ 112,492,859	$ 6,539,824

NOTE 7 - LONG-TERM OBLIGATIONS: (CONTINUED)

USDA Revenue Bond

Under the terms of the USDA Revenue Bonds, the County is required to establish a reserve equal to 10% of the monthly installments of principal and interest until an amount equal to twelve monthly installments has been established. The funds are not required to be held in a separate bank account. The County has established this reserve and has a balance of $59,520. The reserve had been reflected as restricted fund balance in the General Fund in the accompanying financial statements.

Component Unit School Board

The following is a summary of long-term obligations for the fiscal year ended June 30, 2017:

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017	Amounts Due Within One Year
Compensated absences	$ 1,802,734	$ 180,273	$ 456,345	$ 1,526,662	$ 152,666
Net pension liability	32,436,490	10,025,162	6,426,519	36,035,133	-
Total	$ 34,239,224	$ 10,205,435	$ 6,882,864	$ 37,561,795	$ 152,666

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

NOTE 8 - PENSION PLAN:

Plan Description

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

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

NOTE 8 - PENSION PLAN: (CONTINUED)

Plan Description: (Continued)

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

<table>
<tr><th colspan="3">RETIREMENT PLAN PROVISIONS</th></tr>
<tr><th>PLAN 1</th><th>PLAN 2</th><th>HYBRID RETIREMENT PLAN</th></tr>
<tr><td>About Plan 1
Plan 1 is a defined benefit plan. The retirement benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</td><td>About Plan 2
Plan 2 is a defined benefit plan. The retirement benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</td><td>About the Hybrid Retirement Plan
The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see “Eligible Members”)
• The defined benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula.
• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.</td></tr>
</table>

NOTE 8 - PENSION PLAN: (CONTINUED)

Plan Description: (Continued)

<table>
<tr><th colspan="3">RETIREMENT PLAN PROVISIONS (CONTINUED)</th></tr>
<tr><th>PLAN 1</th><th>PLAN 2</th><th>HYBRID RETIREMENT PLAN</th></tr>
<tr><td>About Plan 1 (Cont.)</td><td>About Plan 2 (Cont.)</td><td>About the Hybrid Retirement Plan (Cont.)

• In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.</td></tr>
<tr><td>Eligible Members
Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.

Hybrid Opt-In Election
VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</td><td>Eligible Members
Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.

Hybrid Opt-In Election
Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</td><td>Eligible Members
Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:
• Political subdivision employees*
• School division employees
• Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.

*Non-Eligible Members
Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:
• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.</td></tr>
</table>

NOTE 8 - PENSION PLAN: (CONTINUED)

Plan Description: (Continued)

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

NOTE 8 - PENSION PLAN: (CONTINUED)

Plan Description: (Continued)

<table>
<tr><th colspan="3">RETIREMENT PLAN PROVISIONS (CONTINUED)</th></tr>
<tr><th>PLAN 1</th><th>PLAN 2</th><th>HYBRID RETIREMENT PLAN</th></tr>
<tr>
<td>Creditable Service
Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member’s total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</td>
<td>Creditable Service
Same as Plan 1.</td>
<td>Creditable Service
<u>Defined Benefit Component:</u>
Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member’s total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

<u>Defined Contributions Component:</u>
Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</td>
</tr>
</table>

NOTE 8 - PENSION PLAN: (CONTINUED)

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.	**Vesting** Same as Plan 1.	**Vesting** **Defined Benefit Component:** Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component. **Defined Contributions Component:** Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. • After two years, a member is 50% vested and may withdraw 50% of employer contributions.

NOTE 8 - PENSION PLAN: (CONTINUED)

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Vesting (Cont.)	**Vesting (Cont.)**	**Vesting (Cont.)** **Defined Contributions Component: (Cont.)** • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70½.
Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.	**Calculating the Benefit** See definition under Plan 1.	**Calculating the Benefit** **Defined Benefit Component:** See definition under Plan 1 **Defined Contribution Component:** The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.

NOTE 8 - PENSION PLAN: (CONTINUED)

Plan Description: (Continued)

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

NOTE 8 - PENSION PLAN: (CONTINUED)

Plan Description: (Continued)

<table>
<tr><th colspan="3">RETIREMENT PLAN PROVISIONS (CONTINUED)</th></tr>
<tr><th>PLAN 1</th><th>PLAN 2</th><th>HYBRID RETIREMENT PLAN</th></tr>
<tr><td>Earliest Unreduced Retirement Eligibility
VRS: Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.

Political subdivisions hazardous duty employees: Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</td><td>Earliest Unreduced Retirement Eligibility
VRS: Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.

Political subdivisions hazardous duty employees: Same as Plan 1.</td><td>Earliest Unreduced Retirement Eligibility
<u>Defined Benefit Component:</u>
VRS: Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

Political subdivisions hazardous duty employees: Not applicable.

<u>Defined Contribution Component:</u>
Members are eligible to receive distributions upon leaving employment, subject to restrictions.</td></tr>
<tr><td>Earliest Reduced Retirement Eligibility
VRS: Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.

Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.</td><td>Earliest Reduced Retirement Eligibility
VRS: Age 60 with at least five years (60 months) of creditable service.

Political subdivisions hazardous duty employees: Same as Plan 1.</td><td>Earliest Reduced Retirement Eligibility
<u>Defined Benefit Component:</u>
VRS: Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

Political subdivisions hazardous duty employees: Not applicable.

<u>Defined Contribution Component:</u>
Members are eligible to receive distributions upon leaving employment, subject to restrictions.</td></tr>
</table>

NOTE 8 - PENSION PLAN: (CONTINUED)

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.	**Cost-of-Living Adjustment (COLA) in Retirement** The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.	**Cost-of-Living Adjustment (COLA) in Retirement** **Defined Benefit Component:** Same as Plan 2. **Defined Contribution Component:** Not applicable.
Eligibility: For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.	**Eligibility:** Same as Plan 1	**Eligibility:** Same as Plan 1 and Plan 2.
Exceptions to COLA Effective Dates: The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability.	**Exceptions to COLA Effective Dates:** Same as Plan 1	**Exceptions to COLA Effective Dates:** Same as Plan 1 and Plan 2.

NOTE 8 - PENSION PLAN: (CONTINUED)

Plan Description: (Continued)

<table>
<tr><th colspan="3">RETIREMENT PLAN PROVISIONS (CONTINUED)</th></tr>
<tr><th>PLAN 1</th><th>PLAN 2</th><th>HYBRID RETIREMENT PLAN</th></tr>
<tr><td>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)

<u>Exceptions to COLA Effective Dates: (Cont.)</u>
• The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).
• The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
• The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.</td><td>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</td><td>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</td></tr>
<tr><td>Disability Coverage
Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</td><td>Disability Coverage
Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</td><td>Disability Coverage
Employees of political subdivisions and School divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</td></tr>
</table>

NOTE 8 - PENSION PLAN: (CONTINUED)

Plan Description: (Continued)

<table>
<tr><th colspan="3">RETIREMENT PLAN PROVISIONS (CONTINUED)</th></tr>
<tr><th>PLAN 1</th><th>PLAN 2</th><th>HYBRID RETIREMENT PLAN</th></tr>
<tr><td>Disability Coverage (Cont.)

VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</td><td>Disability Coverage (Cont.)

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</td><td>Disability Coverage (Cont.)

Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</td></tr>
<tr><td>Purchase of Prior Service
Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</td><td>Purchase of Prior Service
Same as Plan 1.</td><td>Purchase of Prior Service
<u>Defined Benefit Component:</u>
Same as Plan 1, with the following exceptions:
• Hybrid Retirement Plan members are ineligible for ported service.
• The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation.
• Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost.

<u>Defined Contribution Component:</u>
Not applicable.</td></tr>
</table>

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2016 Comprehensive Annual Financial Report (CAFR). A copy of the 2016 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2016-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

NOTE 8 - PENSION PLAN: (CONTINUED)

Employees Covered by Benefit Terms

As of the June 30, 2015 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	73	48
Inactive members:		
Vested inactive members	28	11
Non-vested inactive members	51	34
Inactive members active elsewhere in VRS	93	21
Total inactive members	172	66
Active members	141	93
Total covered employees	386	207

Contributions

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

The County's contractually required contribution rate for the year ended June 30, 2017 was 8.35% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were $545,998 and $641,170 for the years ended June 30, 2017 and June 30, 2016, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2017 was 5.40% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

NOTE 8 - PENSION PLAN: (CONTINUED)

Contributions (Continued)

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were $120,005 and $153,781 for the years ended June 30, 2017 and June 30, 2016, respectively.

Net Pension Liability/Asset

The County's and Component Unit School Board's (nonprofessional) net pension liability/asset were measured as of June 30, 2016. The total pension liabilities used to calculate the net pension liability/asset were determined by an actuarial valuation performed as of June 30, 2015, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2015, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

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

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

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

Largest 10 – Non-LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

NOTE 8 - PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Non-LEOS:

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

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

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

Actuarial Assumptions – Public Safety Employees

The total pension liability for Public Safety employees in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2015, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

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

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

NOTE 8 - PENSION PLAN: (CONTINUED)

Actuarial Assumptions – Public Safety Employees (Continued)

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

Largest 10 – Non-LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – LEOS:

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

NOTE 8 - PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return

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

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

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

NOTE 8 - PENSION PLAN: (CONTINUED)

Discount Rate

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

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2015	$ 20,284,324	$ 19,091,716	$ 1,192,608
Changes for the year:			
Service cost	$ 776,673	$ -	$ 776,673
Interest	1,388,974	-	1,388,974
Differences between expected and actual experience	31,303	-	31,303
Contributions - employer	-	636,560	(636,560)
Contributions - employee	-	299,883	(299,883)
Net investment income	-	340,419	(340,419)
Benefit payments, including refunds of employee contributions	(883,686)	(883,686)	-
Administrative expenses	-	(11,717)	11,717
Other changes	-	(143)	143
Net changes	$ 1,313,264	$ 381,316	$ 931,948
Balances at June 30, 2016	$ 21,597,588	$ 19,473,032	$ 2,124,556

NOTE 8 - PENSION PLAN: (CONTINUED)

Changes in Net Pension Liability (Asset)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2015	$ 5,686,195	$ 5,838,622	$ (152,427)
Changes for the year:			
Service cost	$ 205,816	$ -	$ 205,816
Interest	389,212	-	389,212
Differences between expected and actual experience	290,694	-	290,694
Contributions - employer	-	149,321	(149,321)
Contributions - employee	-	111,415	(111,415)
Net investment income	-	104,465	(104,465)
Benefit payments, including refunds of employee contributions	(252,043)	(252,043)	-
Administrative expenses	-	(3,586)	3,586
Other changes	-	(44)	44
Net changes	$ 633,679	$ 109,528	$ 524,151
Balances at June 30, 2016	$ 6,319,874	$ 5,948,150	$ 371,724

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

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
County			
Net Pension Liability (Asset)	$ 4,926,563	$ 2,124,556	$ (201,332)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	$ 1,176,935	$ 371,724	$ (301,539)

NOTE 8 - PENSION PLAN: (CONTINUED)

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

For the year ended June 30, 2017, the County and Component Unit School Board (nonprofessional) recognized pension expense of $379,407 and $153,436, respectively. At June 30, 2017, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 20,799	$ 147,854	$ 210,169	$ 11,553
Change in assumptions	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	514,047	-	153,595	-
Employer contributions subsequent to the measurement date	545,998	-	120,005	-
Total	$ 1,080,844	$ 147,854	$ 483,769	$ 11,553

$545,998 and $120,005 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2018	$ (123,404)	$ 75,074
2019	24,241	79,678
2020	286,667	136,575
2021	199,488	60,884
Thereafter	-	-

NOTE 8 - PENSION PLAN: (CONTINUED)

Component Unit School Board (professional)

Plan Description

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

Contributions

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

Each School Division's contractually required contribution rate for the year ended June 30, 2017 was 14.66% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015 and reflects the transfer in June 2015 of $192,884,000 as an accelerated payback of the deferred contribution in the 2010-2012 biennium. The actuarial rate for the Teacher Retirement Plan was 18.20% however, it was reduced to 17.64% as a result of the transfer. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the Code of Virginia, as amended the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2017. Contributions to the pension plan from the School Board were $2,845,848 and $2,801,113 for the years ended June 30, 2017 and June 30, 2016, respectively.

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

At June 30, 2017, the school division reported a liability of $35,663,409 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2016 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2016 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2016, the school division's proportion was .28335% as compared to .25892% at June 30, 2015.

NOTE 8 - PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

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

For the year ended June 30, 2017, the school division recognized pension expense of $2,726,159. Since there was a change in proportionate share between June 30, 2015 and June 30, 2016, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2017, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 1,155,897
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	2,036,936	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	581,270	1,460,683
Employer contributions subsequent to the measurement date	2,845,848	-
Total	$ 5,464,054	$ 2,616,580

$2,845,848 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	
2018	$ (578,779)
2019	(578,779)
2020	741,535
2021	545,563
Thereafter	(123,727)

NOTE 8 - PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2015, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

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

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

Mortality rates:

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

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

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

NOTE 8 - PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2017, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		Teacher Employee Retirement Plan
Total Pension Liability	$	44,184,326
Plan Fiduciary Net Position		30,168,211
Employer's Net Pension Liability (Asset)	$	14,012,115
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		68.28%

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

NOTE 8 - PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Long-Term Expected Rate of Return

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

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

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

NOTE 8 - PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Discount Rate

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

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

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	$ 50,838,710	$ 35,663,409	$ 23,162,781

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2016 Comprehensive Annual Financial Report (CAFR). A copy of the 2016 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2016-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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.

NOTE 9 - COMPENSATED ABSENCES: (CONTINUED)

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:

Governmental Activities	$ 490,109
Business-type Activities	$ 25,814
Component Unit School Board	$ 1,526,662

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.

NOTE 11 - DEFERRED/UNAVAILABLE/UNEARNED REVENUE:

	Government-wide Statements	Balance Sheet
	Governmental Activities	Governmental Funds
Primary Government:		
Deferred/Unavailable property tax revenue:		
Deferred/Unavailable revenue representing uncollected property tax billings for which asset recognition criteria has not been met. The uncollected tax billings are not available for the funding of current expenditures.	$ -	$ 3,797,713
Tax assessments due after June 30	16,481,819	16,481,819
Prepaid property tax revenues representing collections received for property taxes that are applicable to the subsequent budget year.	299,507	299,507
Total governmental activities	$ 16,781,326	$ 20,579,039

NOTE 12 - CONTINGENT LIABILITIES:

Federal assistance programs in which the County and its component units participate were audited in accordance with the provisions of the Uniform Guidance. Pursuant to the above provisions, major and nonmajor programs were tested for compliance with applicable grant requirements. While there are no items of non-compliance, as noted in the compliance report, the federal government may subject grant programs to additional compliance testing which may result in disallowances of current grant program expenditures. However, management believes that if any of these expenditures were disallowed it would be immaterial to the overall general-purpose financial statements.

NOTE 13 - LITIGATION:

At June 30, 2017, 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 $730,482 reported as a landfill closure and postclosure care liability at June 30, 2017, 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 2017. Actual closure and postclosure care costs may be higher due to inflation, changes in technology, or changes in regulations.

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

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

NOTE 15 - SURETY BONDS:

Fidelity and Deposit Company of Maryland - Surety:	
Tristana Treadway, Clerk of the Circuit Court	$ 25,000
Linda H. Lenherr, Treasurer	$ 400,000
Andrew M. Sheridan, Commissioner of the Revenue	$ 3,000
Eric B. Hess, Sheriff	$ 30,000

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

Western Surety Company - Surety:	
Gena Keller, Superintendent of Schools	$ 10,000
Brandi Critzer, Clerk of the School Board	$ 10,000
Steven M. Nichols, County Administrator	$ 2,000
John M. Sheridan, Supervisor	$ 2,500
Anthony P. O'Brien, Supervisor	$ 2,500
Donald W. Weaver, Supervisor	$ 2,500
Mozell Booker, Supervisor	$ 2,500
Patricia B. Eager, Supervisor	$ 2,500
Continental Insurance Company - Surety:	
Social Services Department employees - blanket bond	$ 100,000
The Travelers - Surety:	
Manager, Fork Union Sanitary District	$ 10,500

NOTE 16 - TRUST FOR OTHER POSTEMPLOYMENT BENEFITS:

The County of Fluvanna has established a irrevocable trust pursuant to Section 15.2-1544 of the Code of Virginia, as amended for the purpose of accumulated and investing assets to fund Other Postemployment Benefits (OPEB) and to participate in the Virginia Pooled OPEB Trust Fund and has established a Local Finance Board to become a Participating Employer in the Trust Fund. The Trust Fund provides administrative, custodial and investment services to the Participating Employers in the Trust Fund. For the fiscal year ending June 30, 2017 the County contributed $0 to the Trust Fund. There have been no expenses allocated to the Trust Fund during the fiscal year ended June 30, 2017.

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

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

NOTE 17 - OTHER POSTEMPLOYMENT BENEFITS–HEALTH INSURANCE:

County:

A. Plan Description

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

B. Funding Policy

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

C. Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	$	21,600
Interest on net OPEB asset		(16,238)
Adjustment to annual required contribution		13,622
Annual OPEB cost (expense)	$	18,984
Contribution made		16,900
Increase in net OPEB asset	$	2,084
Net OPEB (asset) obligation-beginning of year		(231,971)
Net OPEB (asset) obligation-end of year	$	(229,887)

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

County: (Continued)

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

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the two preceding years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset
June 30, 2017	$ 18,984	89%	$ (229,887)
June 30, 2016	18,952	85%	(231,971)
June 30, 2015	38,582	107%	(234,823)

D. Funded Status and Funding Progress

The funded status of the plan as of July 1, 2015 the most recent actuarial valuation date is as follows:

Actuarial accrued liability (AAL)	$ 258,700
Actuarial value of plan assets	318,377
Unfunded actuarial accrued liability	-59,677
Funded ratio (actuarial value of plan assets / AAL)	123.07%
Covered payroll (active plan members)	5,960,400
UAAL as a percentage of covered payroll	-1.00%

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

E. Actuarial Methods and Assumptions

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

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

County: (Continued)

E. Actuarial Methods and Assumptions (Continued)

Cost Method

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

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

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

Interest Assumptions

In the July 1, 2015, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 7.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 6.00 percent initially, reduced by decrements to an ultimate rate of 4.20 percent after 57 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, 2015, was thirty years.

	Funded
Discount rate	7.0%
Payroll growth	3.00%

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

School Board:

A. Plan Description

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

B. Funding Policy

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

C. Annual OPEB Cost and Net OPEB Obligation

The annual cost of other post employment benefits (OPEB) under GASB 45 is calculated based on the annual required contribution or ARC an amount actuarially determined in accordance with the parameters of GASB Statement 45. The estimated pay as you go cost for OPEB benefits is $52,600 for fiscal year 2017. The School Board elected to pre-fund OPEB liabilities. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

For 2017, the School Board's expected cash payment of $52,600 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 2017 and the two preceding years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2017	$ 52,600	100%	$ -
June 30, 2016	52,600	100%	-
June 30, 2015	94,900	100%	-

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

School Board:

D. Funded Status and Funding Progress

The funded status of the plan as of July 1, 2015 the most recent actuarial valuation date is as follows:

Actuarial accrued liability (AAL)	$	1,094,200
Actuarial value of plan assets		1,346,610
Unfunded actuarial accrued liability		-252,410
Funded ratio (actuarial value of plan assets / AAL)		123.07%
Covered payroll (active plan members)		20,150,500
UAAL as a percentage of covered payroll		-1.25%

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

E. Actuarial Methods and Assumptions

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

Cost Method

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

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

School Board: (Continued)

E. Actuarial Methods and Assumptions: (Continued)

Cost Method: (Continued)

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

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

Interest Assumptions

In the July 1, 2015, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 7.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 6.00 percent initially, reduced by decrements to an ultimate rate of 4.20 percent after 57 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, 2016, was thirty years.

	Funded
Discount rate	7.0%
Payroll growth	3.0%

NOTE 18 - VRS HEALTH INSURANCE CREDIT OTHER POSTEMPLOYMENT BENEFITS:

A. Plan Description

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

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

A. Plan Description (Continued)

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

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

B. Funding Policy

As a participating local political subdivision, the County is required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the Code of Virginia and the VRS Board of Trustees. The County's contribution rate for the fiscal year ended 2017 was .22% of annual covered payroll.

C. OPEB Cost and Net OPEB Obligation:

The annual cost of OPEB under Governmental Accounting Standards Board (GASB) 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions, is based on the annual required contribution (ARC). The County is required to contribute the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

For 2017, the County's contribution of $4,699 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 2017 and the two preceding years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2015	$ 4,826	100%	$ -
June 30, 2016	3,207	100%	-
June 30, 2017	4,699	100%	-

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

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2016, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	$ 114,195
Actuarial value of plan assets	85,702
Unfunded actuarial accrued liability	28,493
Funded ratio (actuarial value of plan assets / AAL)	75.05%
Covered payroll (active plan members)	2,034,876
UAAL as a percentage of covered payroll	1.40%

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

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

E. Actuarial Methods and Assumptions

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

The entry age normal cost method was used to determine the plan’s funding liabilities and costs. The actuarial assumptions included a 7.0% investment rate of return, compounded annually, including an inflation component of 2.5%, and a payroll growth rate of 3%. The UAAL is being amortized as a level percentage of payroll on an closed basis. The remaining closed amortization period at June 30, 2017 was 28 years.

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

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

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

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

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

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.11% of annual covered payroll. The School Board's contribution to VRS for the year ended June 30, 2017, was $261,399, and equaled the required contributions for each year.

NOTE 19 - RESTRICTED ASSETS:

Restricted assets at June 30, 2017 consist of the following:

		Governmental Activities
Cash for Capital Projects - Middle School	$	1,194,051
Cash for E-911 Radio Project		340,988
Cash for VA Saves Engergy Project		7,424,813
Total	$	8,959,852

NOTE 20 - OTHER POSTEMPLOYMENT BENEFITS−TRUST FUND:

Plan Description

Plan administration. The County administers the County of Fluvanna's Retiree Benefits Plan (FCRBP)-a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for all permanent full-time general and public safety employees of the County.

Management of the FCRBP is vested in the County Finance Board, which consists of three members-the Chairman of the Board of Supervisors, the County Treasurer, and a Citizen of the County of proven integrity and business ability appointed by the current Court of the County.

NOTE 20 - OTHER POSTEMPLOYMENT BENEFITS–TRUST FUND: (CONTINUED)

Plan Description (Continued)

Plan membership. At June 30, 2017, FCRBP membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	22
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	603
	625

Benefits provided. FCRBP provides healthcare and vision benefits for retirees and their dependents. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the plan. Chapter 2 of the County Code grants the authority to establish and amend the benefit terms to the County Finance Board.

Contributions. Chapter 2 of the County Code grants the authority to establish and amend the contribution requirements of the County and plan members to the County Finance Board. The Board establishes rates based on an actuarially determined rate. For the year ended June 30, 2017, the County's average contribution rate was 4.19 percent of covered-employee payroll. Plan members are not required to contribute to the plan.

Investments

Investment policy. FCRBP's policy in regard to the allocation of invested assets is established and may be amended by the County Finance Board by a majority vote of its members. It is the policy of the County Finance Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. FCRBP's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2017:

Asset Class	Target Allocation
Core Fixed Income	21 %
Core Bonds	12
Large Cap US Equities	22
Small Cap US Equities	10
Developed Foreign Equities	10
Emerging Market Equities	5
Hedge Funds/Absolute Return	10
Real Estate	7
Commodities	3
Total	100 %

NOTE 20 - OTHER POSTEMPLOYMENT BENEFITS–TRUST FUND: (CONTINUED)

Investments: (Continued)

Rate of return. For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 12.89 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB liability of the County

The components of the net OPEB liability of the County at June 30, 2017, were as follows:

Total OPEB liability	$ 1,645,566
Plan fiduciary net position	1,866,022
County's net OPEB liability	(220,456)
Plan fiduciary net position as a percentage of the total OPEB liability	-113.40%

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.0%
Salary increases	3.0% per year
Investment rate of return	7.00% annual returns net of both investment and non-actuarial
Healthcare cost trend rates	7.1 percent initial, decreasing 0.5 percent per year ultimate rate of 4.2 percent

NOTE 20 - OTHER POSTEMPLOYMENT BENEFITS–TRUST FUND: (CONTINUED)

Net OPEB liability of the County: (Continued)

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study at July 1, 2017.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2017 (see the discussion of FCRBP's investment policy) are summarized in the following table:

Asset Class	Long-Tem Expected Real Rate of Return
Core Fixed Income	2.17%
Core Bonds	2.01
Large Cap US Equities	4.55
Small Cap US Equities	5.77
Developed Foreign Equities	5.76
Emerging Market Equities	8.06
Hedge Funds/Absolute Return	1.97
Real Estate	5.04
Commodities	3.04

Discount rate. The discount rate used to measure the total OPEB liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that County contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

NOTE 20 - OTHER POSTEMPLOYMENT BENEFITS–TRUST FUND: (CONTINUED)

Net OPEB liability of the County: (Continued)

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage- point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current discount rate:

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
Net OPEB Liability (Asset)	$ (96,082)	$ (220,456)	$ (333,657)

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.1 percent decreasing to 3.2 percent) or 1-percentage-point higher (8.1 percent decreasing to 5.2 percent) than the current healthcare cost trend rates:

	1% Decrease (6.1% decreasing to 3.2%)	Healthcare Cost Trend Rates (7.1% decreasing to 4.2%)	1% Increase (8.1% decreasing to 5.2%)
Net OPEB Liability (Asset)	$ (399,511)	$ (220,456)	$ (11,965)

NOTE 21 - ADOPTION OF ACCOUNTING PRINCIPLES:

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

NOTE 21 - UPCOMING PRONOUNCEMENTS:

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

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

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.

Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - General Fund
Year Ended June 30, 2017

	General Fund			
	Original Budget	**Budget As Amended**	**Actual**	**Variance From Amended Budget Positive (Negative)**
Revenues:				
General property taxes	$ 32,523,971	$ 32,523,971	$ 33,035,019	$ 511,048
Other local taxes	2,980,000	2,980,000	3,436,609	456,609
Permits, privilege fees and regulatory licenses	259,450	283,450	325,604	42,154
Fines and forfeitures	18,500	18,500	52,335	33,835
Revenue from use of money and property	76,000	76,000	51,892	(24,108)
Charges for services	642,700	642,700	760,809	118,109
Miscellaneous	37,000	158,108	113,059	(45,049)
Recovered costs	133,451	144,942	116,344	(28,598)
Intergovernmental:				
Commonwealth	8,540,180	9,129,767	8,491,421	(638,346)
Federal	911,403	1,191,109	1,150,400	(40,709)
Total revenues	$ 46,122,655	$ 47,148,547	$ 47,533,492	$ 384,945
Expenditures:				
Current:				
General government administration	$ 2,516,890	$ 2,705,826	$ 2,571,167	$ 134,659
Judicial administration	1,166,524	1,222,742	1,140,751	81,991
Public safety	7,293,488	7,320,035	6,870,756	449,279
Public works	1,930,867	1,950,230	1,842,047	108,183
Health and welfare	5,768,988	6,564,103	6,047,790	516,313
Education	16,892,695	16,892,695	15,623,059	1,269,636
Parks, recreation, and cultural	856,488	869,450	824,491	44,959
Community development	667,636	1,010,616	779,505	18,986
Nondepartmental	327,325	73,487	25,699	47,788
Debt service:				
Principal retirement	4,406,065	4,406,065	4,406,065	-
Interest and other fiscal charges	3,440,944	3,263,944	3,252,642	11,302
Total expenditures	$ 45,267,910	$ 46,279,193	$ 43,383,972	$ 2,683,096
Excess (deficiency) of revenues over (under) expenditures	$ 854,745	$ 869,354	$ 4,149,520	$ 3,068,041
Other financing sources (uses):				
Transfers (out)	$ (3,528,495)	$ (4,913,810)	$ (3,699,236)	$ 1,214,574
Total other financing sources (uses)	$ (3,528,495)	$ (4,913,810)	$ (3,699,236)	$ 1,214,574
Changes in fund balances	$ (2,673,750)	$ (4,044,456)	$ 450,284	$ 4,494,740
Fund balances at beginning of year	2,673,750	4,070,535	22,233,064	18,162,529
Fund balances at end of year	$ -	$ 26,079	$ 22,683,348	$ 22,657,269

Schedule of Changes in Net Pension Liability and Related Ratios
Primary Government
For the Years Ended June 30, 2015 through June 30, 2017

	2014	2015	2016
Total pension liability			
Service cost	$ 751,409	$ 730,337	$ 776,673
Interest	1,250,832	1,338,612	1,388,974
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	(517,486)	31,303
Changes in assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(716,133)	(780,346)	(883,686)
Net change in total pension liability	$ 1,286,108	$ 771,117	$ 1,313,264
Total pension liability - beginning	18,227,099	19,513,207	20,284,324
Total pension liability - ending (a)	$ 19,513,207	$ 20,284,324	$ 21,597,588
Plan fiduciary net position			
Contributions - employer	$ 753,913	$ 645,140	$ 636,560
Contributions - employee	294,866	304,586	299,883
Net investment income	2,447,855	836,435	340,419
Benefit payments, including refunds of employee contributions	(716,133)	(780,346)	(883,686)
Administrative expense	(12,807)	(11,109)	(11,717)
Other	129	(179)	(143)
Net change in plan fiduciary net position	$ 2,767,823	$ 994,527	$ 381,316
Plan fiduciary net position - beginning	15,329,366	18,097,189	19,091,716
Plan fiduciary net position - ending (b)	$ 18,097,189	$ 19,091,716	$ 19,473,032
County's net pension liability - ending (a) - (b)	$ 1,416,018	$ 1,192,608	$ 2,124,556
Plan fiduciary net position as a percentage of the total pension liability	92.74%	94.12%	90.16%
Covered payroll	$ 5,879,750	$ 6,175,095	$ 6,116,923
County's net pension liability as a percentage of covered payroll	24.08%	19.31%	34.73%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Schedule of Changes in Net Pension Liability(Asset) and Related Ratios
Component Unit School Board (nonprofessional)
For the Years Ended June 30, 2015 through June 30, 2017

	2014	2015	2016
Total pension liability			
Service cost	$ 232,280	$ 191,346	$ 205,816
Interest	345,212	369,056	389,212
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	(27,711)	290,694
Changes in assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(236,272)	(237,449)	(252,043)
Net change in total pension liability	$ 341,220	$ 295,242	$ 633,679
Total pension liability - beginning	5,049,733	5,390,953	5,686,195
Total pension liability - ending (a)	$ 5,390,953	$ 5,686,195	$ 6,319,874
Plan fiduciary net position			
Contributions - employer	$ 167,500	$ 141,552	$ 149,321
Contributions - employee	104,820	106,079	111,415
Net investment income	760,024	257,575	104,465
Benefit payments, including refunds of employee contributions	(236,272)	(237,449)	(252,043)
Administrative expense	(4,020)	(3,467)	(3,586)
Other	40	(54)	(44)
Net change in plan fiduciary net position	$ 792,092	$ 264,236	$ 109,528
Plan fiduciary net position - beginning	4,782,294	5,574,386	5,838,622
Plan fiduciary net position - ending (b)	$ 5,574,386	$ 5,838,622	$ 5,948,150
School Division's net pension liability (asset) - ending (a) - (b)	$ (183,433)	$ (152,427)	$ 371,724
Plan fiduciary net position as a percentage of the total pension liability	103.40%	102.68%	94.12%
Covered payroll	$ 2,094,015	$ 2,152,114	$ 2,312,495
School Division's net pension liability (asset) as a percentage of covered payroll	-8.76%	-7.08%	16.07%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
For the Years Ended June 30, 2015 through June 30, 2017*

	2014	2015	2016
Employer's Proportion of the Net Pension Liability (Asset)	0.23700%	0.25892%	0.28335%
Employer's Proportionate Share of the Net Pension Liability (Asset)	$ 28,804,733	$ 32,588,917	$ 35,663,409
Employer's Covered Payroll	22,170,275	19,224,600	19,224,600
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	129.93%	169.52%	185.51%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.88%	70.88%	70.88%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

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

Schedule of Employer Contributions
For the Years Ended June 30, 2008 through June 30, 2017

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2017	$ 545,998	$ 545,998	$ -	$ 6,538,898	8.35%
2016	647,170	647,170	-	6,116,923	10.58%
2015	653,325	653,325	-	6,175,095	10.58%
2014	755,548	755,548	-	5,879,750	12.85%
2013	718,465	718,465	-	5,591,165	12.85%
2012	550,380	550,380	-	5,206,999	10.57%
2011	558,946	558,946	-	5,288,046	10.57%
2010	479,024	479,024	-	5,499,701	8.71%
2009	499,970	499,970	-	5,740,188	8.71%
2008	375,800	375,800	-	5,190,612	7.24%
Component Unit School Board (nonprofessional)					
2017	$ 120,005	$ 120,005	$ -	$ 2,222,315	5.40%
2016	153,781	153,781	-	2,312,495	6.65%
2015	143,116	143,116	-	2,152,114	6.65%
2014	167,312	167,312	-	2,094,015	7.99%
2013	169,325	169,325	-	2,119,206	7.99%
2012	106,915	106,915	-	1,936,870	5.52%
2011	107,190	107,190	-	1,941,842	5.52%
2010	130,063	130,063	-	1,994,838	6.52%
2009	131,036	131,036	-	2,009,761	6.52%
2008	101,300	101,300	-	1,879,412	5.39%
Component Unit School Board (professional)					
2017	$ 2,845,848	$ 2,845,848	$ -	$ 19,412,333	14.66%
2016	2,801,113	2,801,113	-	19,922,568	14.06%
2015	2,787,567	2,787,567	-	19,224,600	14.50%

Current year contributions are from County of Culpeper and Culpeper County School Board's records and prior year contributions are from the VRS actuarial valuation performed each year.

The School Board Professional Schedule is intended to show information for 10 years. Information prior to 2015 is not available. However, additional years will be included as they become available.

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this is a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2015 is not material.

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

Largest 10 – Non-LEOS:
- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Largest 10 – LEOS:
- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – Non-LEOS:
- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) – LEOS:
- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

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

Schedule of OPEB Funding Progress
For the Year Ended June 30, 2017

OTHER POSTEMPLOYMENT BENEFITS:

COUNTY:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability	Funded Ratio (2)/(3)	Annual Covered Payroll	UAAL as % of Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
7/1/2015	$ 318,377	$ 258,700	$ (59,677)	123.07%	$ 5,960,400	-1.00%
7/1/2013	315,222	349,100	33,878	90.30%	6,805,700	0.50%
7/1/2011	245,839	325,000	79,161	75.64%	5,148,300	1.54%

DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability	Funded Ratio (2)/(3)	Annual Covered Payroll	UAAL as % of Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
7/1/2015	$ 1,346,610	$ 1,094,200	$ (252,410)	123.07%	$ 20,150,500	-1.25%
7/1/2013	1,131,855	1,253,500	121,645	90.30%	20,614,100	0.59%
7/1/2011	716,033	946,600	230,567	75.64%	20,633,800	1.12%

VIRGINIA RETIREMENT SYSTEM - HEALTH INSURANCE CREDIT:

COUNTY:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability	Funded Ratio (2)/(3)	Annual Covered Payroll	UAAL as % of Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2016	$ 85,702	$ 114,195	$ 28,493	75.05%	$ 2,034,876	1.40%
6/30/2015	87,584	104,246	16,662	84.02%	2,521,713	0.66%
6/30/2014	84,197	99,891	15,694	84.29%	2,433,922	0.64%

Schedule of Changes in the County's Net OPEB Liability and Related Ratios
Last Ten Fiscal Years

		2017
Total OPEB liability		
Service cost	$	86,972
Interest		111,328
Changes of benefit terms		-
Differences between expected and actual experience		-
Changes in assumptions		-
Benefit payments		(110,460)
Net change in total OPEB liability	$	87,840
Total OPEB liability - beginning		1,557,726
Total OPEB liability - ending (a)	$	1,645,566
Plan fiduciary net position		
Contributions - employer	$	110,460
Net investment income		213,116
Benefit payments		(110,460)
Administrative expense		(2,479)
Net change in plan fiduciary net position	$	210,637
Plan fiduciary net position - beginning		1,655,385
Plan fiduciary net position - ending (b)	$	1,866,022
Political subdivision's net OPEB liability - ending (a) - (b)	$	(220,456)
Plan fiduciary net position as a percentage of the total OPEB liability		113.40%
Covered-employee payroll	$	26,110,900
Political subdivision's net OPEB liability as a percentage of covered payroll		-0.84%

This schedule is intended to show information for 10 years. Since 2017 is the first year for this presentation, only one year is available. Additional years will be included as they become available.

Schedule of Employer Contributions
Last Ten Fiscal Years

Date	Actuarially Determined Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2017	$ 80,000	$ 110,460	$ (30,460)	$ 26,110,900	0.42%
2016	74,200	100,000	(25,800)	26,110,900	0.38%
2015	136,100	124,400	11,700	27,419,800	0.45%
2014	136,100	102,300	33,800	27,419,800	0.37%
2013	141,700	183,600	(41,900)	25,782,200	0.71%
2012	133,000	321,700	(188,700)	25,782,200	1.25%

Only 6 years available

Notes to Schedule

Valuation date: July 1, 2015

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit
Amortization method	Level percentage of payroll
Amortization period	30 years
Asset valuation method	Market Value
Inflation	3.0 percent
Healthcare cost trend rates	7.1 percent initial, decreasing 0.5 percent per year to an ultimate rate of 4.2 percent
Salary increases	3.0 percent per year
Investment rate of return	7.00% annual returns net of both investment and non-actuarial
Retirement age	In the 2017 actuarial valuation, expected retirement ages of general employees were adjusted to more closely reflect actual experience.
Mortality	In the 2017 actuarial valuation, assumed life expentancies were adjusted as a result of adopting the RP-2000 Healthy Annuitant Mortality Table. In prior years, those assumptions were based on the 1994 Group Annuity Mortality Table.

Schedule of Investment Returns
Last Ten Fiscal Years

		2017
Annual money-weighted rate of return, net of investment expense	$	12.89%

This schedule is intended to show information for 10 years. Since 2017 is the first year for this presentation, only one year is available. Additional years will be included as they become available.

OTHER SUPPLEMENTARY INFORMATION

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Combining and Individual Fund Statements and Schedules

Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended June 30, 2017

	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Revenues:				
Revenue from use of money	$ -	$ -	$ 39,163	$ 39,163
Miscellaneous	-	160,825	-	(160,825)
Recovered costs	-	-	358,968	358,968
Total revenues	$ -	$ 160,825	$ 398,131	$ 237,306
Expenditures:				
Capital projects:				
General government administration	$ -	$ 272,425	$ 104,716	$ 167,709
Public safety	1,184,750	3,382,719	2,232,489	1,150,230
Public works	7,239,000	10,891,212	1,224,635	9,666,577
Education	1,050,000	10,051,662	5,430,957	4,620,705
Parks, recreation, and cultural	-	273,825	16,905	256,920
Total capital projects	$ 9,473,750	$ 24,871,843	$ 9,009,702	$ 15,862,141
Debt service:				
Principal retirement	$ -	$ 6,995,118	$ 6,981,424	$ 13,694
Interest	-	235,949	249,183	(13,234)
Bond issuance cost	-	272,142	272,142	-
Total debt service	$ -	$ 7,503,209	$ 7,502,749	$ 460
Total expenditures	$ 9,473,750	$ 32,375,052	$ 16,512,451	$ 15,862,601
Excess (deficiency) of revenues over (under) expenditures	$ (9,473,750)	$ (32,214,227)	$ (16,114,320)	$ 16,099,907
Other financing sources (uses):				
Transfers in	$ 3,223,750	$ 6,930,438	$ 3,398,928	$ (3,531,510)
Issuance of lease revenue bonds	6,250,000	15,631,530	7,653,740	(7,977,790)
Issuance of capital lease	-	8,223,125	8,223,125	-
Total other financing sources (uses)	$ 9,473,750	$ 30,785,093	$ 19,275,793	$ (11,509,300)
Changes in fund balances	$ -	$ (1,429,134)	$ 3,161,473	$ 4,590,607
Fund balance at beginning of the year	-	1,429,134	2,220,524	791,390
Fund balance at end of the year	$ -	$ -	$ 5,381,997	$ 5,381,997

Statement of Fiduciary Net Position -
Agency Fund
At June 30, 2016

		Special Welfare Fund
ASSETS		
Cash and cash equivalents	$	146,837
Total assets	$	146,837
LIABILITIES		
Amounts held for social services clients	$	146,837
Total liabilities	$	146,837

Agency Fund
Statement of Changes in Assets and Liabilities
Year Ended June 30, 2017

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	$ 116,757	$ 48,465	$ 18,385	$ 146,837
Liabilities:				
Amounts held for social services clients	$ 116,757	$ 48,465	$ 18,385	$ 146,837
Total liabilities	$ 116,757	$ 48,465	$ 18,385	$ 146,837

Discretely Presented Component Unit-School Board

Combining Balance Sheet - Discretely Presented Component Unit - School Board
At June 30, 2017

	School Operating Fund	School Cafeteria Fund	Total
ASSETS			
Cash and cash equivalents	$ 1,419,586	$ 326,259	$ 1,745,845
Accounts receivable	34,843	-	34,843
Due from other governmental units	777,609	3,688	781,297
Total assets	$ 2,232,038	$ 329,947	$ 2,561,985
LIABILITIES			
Accrued liabilities	$ 2,232,038	$ 48,184	$ 2,280,222
Total liabilities	$ 2,232,038	$ 48,184	$ 2,280,222
FUND BALANCES			
Assigned	$ -	$ 281,763	$ 281,763
Total fund balances	$ -	$ 281,763	$ 281,763
Total liabilities and fund balances	$ 2,232,038	$ 329,947	

Detailed explanation of adjustments from fund statements to government-wide statement of net position:	
When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the assets of the School Board as a whole.	18,791,162
Items related to measurement of net pension liability/asset not available to pay for current-period expenditures	(2,628,133)
Deferred outflows related to pensions	5,947,823
Long-term liabilities applicable to the School Board's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position.	(37,561,795)
Net position of General Government Activities	$ (15,169,180)

Combining Statement of Revenues, Expenditures and Changes in Fund Balances-
Governmental Funds - Discretely Presented Component Unit - School Board
Year Ended June 30, 2017

	School Operating Fund	School Cafeteria Fund	Total
Revenues:			
Revenue from use of money and property	$ 13,913	$ -	$ 13,913
Charges for services	16,058	798,890	814,948
Miscellaneous	553,527	-	553,527
Recovered costs	78,430	-	78,430
Intergovernmental:			
County contribution to School Board	15,615,679	-	15,615,679
Commonwealth	20,079,018	24,848	20,103,866
Federal	1,249,113	718,688	1,967,801
Total revenues	$ 37,605,738	$ 1,542,426	$ 39,148,164
Expenditures:			
Current:			
Education	$ 37,605,738	$ 1,480,671	$ 39,086,409
Total expenditures	$ 37,605,738	$ 1,480,671	$ 39,086,409
Changes in fund balances	$ -	$ 61,755	$ 61,755
Fund balances at beginning of year	-	220,008	220,008
Fund balances at end of year	$ -	$ 281,763	$ 281,763

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, 2017

		Component Unit School Board
Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ 61,755
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period. The following details support this adjustment.		
Capital additions	$ 1,047,554	
Depreciation expense	(1,230,231)	(182,677)
Increase (decrease) in deferred inflows related to the measurement of the net pension liability/asset		1,335,823
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. This amount reflects the change in compensated absences.		
Change in compensated absences	$ 276,072	
Change in net pension liability/asset	(3,598,643)	
Change in deferred outflows related to pensions.	209,068	(3,113,503)
Transfer of joint tenancy assets from Primary Government to the Component Unit		2,809,314
Change in net position of governmental activities		$ 910,712

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, 2017

	School Operating Fund			
	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Revenues:				
Revenue from use of money and property	$ -	$ -	$ 13,913	$ 13,913
Charges for services	-	-	16,058	16,058
Miscellaneous	779,600	874,488	553,527	(320,961)
Recovered costs	-	-	78,430	78,430
Intergovernmental:				
County contribution to School Board	16,885,315	16,885,315	15,615,679	(1,269,636)
Commonwealth	19,470,642	20,242,003	20,079,018	(162,985)
Federal	1,142,866	1,276,680	1,249,113	(27,567)
Total revenues	$ 38,278,423	$ 39,278,486	$ 37,605,738	$ (1,672,748)
Expenditures:				
Current:				
Instruction	$ 28,055,654	$ 28,492,587	$ 28,172,330	$ 320,257
Administration, attendance, and health	1,686,125	1,720,170	1,707,257	12,913
Pupil transportation	2,872,099	3,002,356	2,646,854	355,502
Operation and maintenance	3,909,906	4,012,523	3,363,854	648,669
School food service costs	-	-	-	-
Technology	1,754,639	2,050,850	1,715,443	335,407
Total expenditures	$ 38,278,423	$ 39,278,486	$ 37,605,738	$ 1,672,748
Excess (deficiency) of revenues over expenditures	$ -	$ -	$ -	$ -
Net changes in fund balances	$ -	$ -	$ -	$ -
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	$ -	$ -	$ -	$ -

Exhibit 27

School Cafeteria Fund			
Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
$ -	$ -	$ -	$ -
1,478,168	1,532,499	798,890	(733,609)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	24,848	24,848
-	-	718,688	718,688
$ 1,478,168	$ 1,532,499	$ 1,542,426	$ 9,927
$ -	$ -	$ -	$ -
-	-	-	-
-	-	-	-
-	-	-	-
1,478,168	1,532,499	1,480,671	51,828
-	-	-	-
$ 1,478,168	$ 1,532,499	$ 1,480,671	$ 51,828
$ -	$ -	$ 61,755	$ 61,755
$ -	$ -	$ 61,755	$ 61,755
-	-	220,008	220,008
$ -	$ -	$ 281,763	$ 281,763

Discretely Presented Component Unit-EDA

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Discretely Presented Component Unit - Fluvanna County EDA
Statement of Net Position
At June 30, 2017

Assets		
Current assets:		
Cash and cash equivalents	$	75,246
Total assets	$	75,246
Net Position		
Unrestricted	$	75,246
Total net position	$	75,246

Discretely Presented Component Unit - Fluvanna County EDA
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2017

Operating revenues		
Charges for services	$	4,073
Operating Expenses		
Other operating expenses		3,216
Operating income (loss)	$	857
Nonoperating revenues		
Investment income	$	60
Contribution from Fluvanna County		1,000
Total nonoperating revenues	$	1,060
Change in net position	$	1,917
Net position, beginning of year		73,329
Net position, end of year	$	75,246

Discretely Presented Component Unit - Fluvanna County EDA
Statement of Cash Flows
Year Ended June 30, 2017

Cash flows from operating activities		
Receipts from customers	$	4,073
Payments to suppliers		(3,216)
Net cash provided by (used for) by operating activities	$	857
Cash flows from noncapital financing activities		
Contribution from Fluvanna County	$	1,000
Cash flows from investing activities		
Investment earnings	$	60
Net increase (decrease) in cash and cash equivalents	$	1,917
Cash and cash equivalents, beginning of year		73,329
Cash and cash equivalents, end of year	$	75,246
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	$	857
Change in assets and liabilities:		
		-
Net cash provided by (used for) by operating activities	$	857

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Supporting Schedules

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Governmental Funds
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2017

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	$ 21,689,873	$ 21,689,873	$ 22,171,385	$ 481,512
Real and personal public service corporation taxes	4,954,927	4,954,927	4,451,833	(503,094)
Personal property taxes	5,507,698	5,507,698	5,897,231	389,533
Mobile home taxes	18,373	18,373	15,498	(2,875)
Machinery and tools taxes	3,100	3,100	9,899	6,799
Penalties	250,000	250,000	357,187	107,187
Interest	100,000	100,000	131,986	31,986
Total general property taxes	$ 32,523,971	$ 32,523,971	$ 33,035,019	$ 511,048
Other local taxes:				
Local sales and use taxes	$ 1,350,000	$ 1,350,000	$ 1,696,819	$ 346,819
Consumer utility taxes	420,000	420,000	438,801	18,801
Gross receipts tax - utilities	115,000	115,000	134,222	19,222
Motor vehicle licenses	705,000	705,000	733,566	28,566
Bank stock taxes	55,000	55,000	76,925	21,925
Recordation taxes	327,500	327,500	352,133	24,633
Tax on wills	7,500	7,500	4,143	(3,357)
Total other local taxes	$ 2,980,000	$ 2,980,000	$ 3,436,609	$ 456,609
Permits, privilege fees, and regulatory licenses:				
Animal licenses	$ 17,000	$ 17,000	$ 13,559	$ (3,441)
Building permits	125,000	125,000	116,849	(8,151)
Other permits, fees, and licenses	117,450	141,450	195,196	53,746
Total permits, privilege fees and regulatory licenses	$ 259,450	$ 283,450	$ 325,604	$ 42,154
Fines and Forfeitures:				
Court and other fines and forfeitures	$ 18,500	$ 18,500	$ 52,335	$ 33,835
Revenue from use of money and property:				
Revenue from use of money	$ 26,000	$ 26,000	$ 673	$ (25,327)
Revenue from use of property	50,000	50,000	51,219	1,219
Total revenue from use of money and property	$ 76,000	$ 76,000	$ 51,892	$ (24,108)
Charges for services:				
Charges for Commonwealth Attorney	$ 1,600	$ 1,600	$ 1,878	$ 278
Charges for library	12,000	12,000	11,517	(483)
Law library fees	1,500	1,500	2,025	525
Courthouse maintenance fees	7,000	7,000	6,643	(357)
Courthouse security	27,000	27,000	28,335	1,335
Recreation program fees	112,000	112,000	106,556	(5,444)
EMS cost recovery	400,000	400,000	509,941	109,941
Landfill fees	76,500	76,500	82,127	5,627
Other charges for services	1,100	1,100	1,178	78
Fees of clerk	4,000	4,000	10,609	6,609
Total charges for services	$ 642,700	$ 642,700	$ 760,809	$ 118,109

Governmental Funds
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2017 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous revenue:				
Miscellaneous	$ 37,000	$ 158,108	$ 113,059	$ (45,049)
Total miscellaneous revenue	$ 37,000	$ 158,108	$ 113,059	$ (45,049)
Recovered costs:				
Miscellaneous	$ 133,451	$ 144,942	$ 116,344	$ (28,598)
Total recovered costs	$ 133,451	$ 144,942	$ 116,344	$ (28,598)
Total revenue from local sources	$ 36,671,072	$ 36,827,671	$ 37,891,671	$ 1,064,000
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers tax	$ 42,000	$ 42,000	$ 38,606	$ (3,394)
Mobile home titling taxes	7,500	7,500	5,978	(1,522)
Auto rental taxes	5,000	5,000	7,964	2,964
Recordation taxes	82,000	82,000	85,504	3,504
Communication taxes	815,000	815,000	790,794	(24,206)
PPTRA	2,996,570	2,996,570	2,996,570	-
Total noncategorical aid	$ 3,948,070	$ 3,948,070	$ 3,925,416	$ (22,654)
Categorical aid:				
Shared expenses:				
Commonwealth's Attorney	$ 283,841	$ 277,205	$ 275,353	$ (1,852)
Sheriff	990,271	986,249	970,257	(15,992)
Commissioner of the Revenue	117,387	114,408	115,590	1,182
Treasurer	133,661	131,918	132,277	359
Registrar/electoral board	41,809	41,000	41,896	896
Clerk of the Circuit Court	254,193	249,382	288,179	38,797
Total shared expenses	$ 1,821,162	$ 1,800,162	$ 1,823,552	$ 23,390
Other categorical aid:				
Litter control	$ 8,500	$ 8,500	$ 8,269	$ (231)
Library grant	65,050	71,600	71,600	-
Public assistance and welfare administration	644,798	659,677	462,483	(197,194)
Children's services act	1,836,000	2,320,159	1,944,494	(375,665)
E911 funds	75,000	93,000	83,994	(9,006)
Fire funds	80,000	101,761	83,371	(18,390)
Victim/witness coordinator grant	30,000	33,758	9,396	(24,362)
Four for life	25,000	26,680	26,270	(410)
Drug forfeitures	-	-	11,240	11,240
Other categorical aid	6,600	66,400	41,336	(25,064)
Total other categorical aid	$ 2,770,948	$ 3,381,535	$ 2,742,453	$ (639,082)
Total categorical aid	$ 4,592,110	$ 5,181,697	$ 4,566,005	$ (615,692)
Total revenue from the Commonwealth	$ 8,540,180	$ 9,129,767	$ 8,491,421	$ (638,346)

Governmental Funds
Schedule of Revenues -- Budget and Actual
Year Ended June 30, 2017 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Criminal justice grants	$ 7,500	$ 7,500	$ 33,221	$ 25,721
Commission for arts grant	5,000	5,000	5,000	-
Homeland security program grant				-
Other federal revenue	-	279,007	21,891	(257,116)
Public assistance and welfare administration	898,903	899,602	1,090,288	190,686
Total revenue from the federal government	$ 911,403	$ 1,191,109	$ 1,150,400	$ (40,709)
Total General Fund	$ 46,122,655	$ 47,148,547	$ 47,533,492	$ 384,945
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	$ -	$ -	$ 39,163	$ 39,163
Miscellaneous:				
Miscellaneous	-	160,825	-	(160,825)
Recovered costs:				
Miscellaneous	-	-	358,968	358,968
Total revenue from local sources	$ -	$ 160,825	$ 398,131	$ 237,306
Total Capital Projects Fund	$ -	$ 160,825	$ 398,131	$ 237,306
Grand Total Revenues -- Primary Government	$ 46,122,655	$ 47,309,372	$ 47,931,623	$ 622,251

General Fund - Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2017

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	$ 168,800	$ 159,964	$ 159,964	$ -
General and financial administration:				
County administrator	$ 225,379	$ 238,587	$ 238,587	$ -
County attorney	168,140	273,140	271,879	1,261
Commissioner of the revenue	355,764	360,264	352,312	7,952
Reassessment	91,922	95,550	95,550	-
Human resources	105,445	109,098	103,400	5,698
Information technology	372,617	409,248	361,408	47,840
Treasurer	457,517	456,108	432,376	23,732
Finance department	336,407	346,984	335,703	11,281
Total general and financial administration	$ 2,113,191	$ 2,288,979	$ 2,191,215	$ 97,764
Board of Elections:				
Electoral board general registrar	$ 234,899	$ 256,883	$ 219,988	$ 36,895
Total board of elections	$ 234,899	$ 256,883	$ 219,988	$ 36,895
Total general government administration	$ 2,516,890	$ 2,705,826	$ 2,571,167	$ 134,659
Judicial administration:				
Courts:				
Circuit court	$ 57,090	$ 64,952	$ 35,794	$ 29,158
General district and juvenile relations court	8,537	8,537	6,736	1,801
Juvenile court service unit	2,860	2,860	1,954	906
VJCCCA	6,585	6,585	5,575	1,010
Clerk of the circuit court	610,392	648,423	611,614	36,809
Total courts	$ 685,464	$ 731,357	$ 661,673	$ 69,684
Commonwealth's attorney:				
Commonwealth's attorney	$ 481,060	$ 491,385	$ 479,078	$ 12,307
Total judicial administration	$ 1,166,524	$ 1,222,742	$ 1,140,751	$ 81,991
Public safety:				
Law enforcement and traffic control:				
Sheriff	$ 2,578,479	$ 2,653,266	$ 2,600,174	$ 53,092
Public safety grants	-	144,923	14,089	130,834
Total law enforcement and traffic control	$ 2,578,479	$ 2,798,189	$ 2,614,263	$ 183,926

General Fund - Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2017 (continued)

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
General Fund: (Continued)				
Public Safety: (Continued)				
Fire and rescue services:				
Forest warden	$ 9,053	$ 9,053	$ 9,012	$ 41
Volunteer fire and rescue	923,480	946,921	903,221	43,700
Emergency Medical Services Council	16,095	16,095	16,095	-
Total fire and rescue services	$ 948,628	$ 972,069	$ 928,328	$ 43,741
Correction and detention:				
Care of prisoners	$ 1,291,089	$ 1,291,089	$ 1,243,381	$ 47,708
Inspections:				
Building	$ 246,694	$ 197,346	$ 186,813	$ 10,533
Other protection:				
Animal control	$ 251,098	$ 269,719	$ 262,257	$ 7,462
Emergency management	992,654	770,706	694,292	76,414
E-911	980,846	1,016,917	937,422	79,495
Legal aid service	4,000	4,000	4,000	-
Total other protection	$ 2,228,598	$ 2,061,342	$ 1,897,971	$ 163,371
Total public safety	$ 7,293,488	$ 7,320,035	$ 6,870,756	$ 449,279
Public works:				
Sanitation and waste removal:				
Landfill	$ 156,132	$ 169,293	$ 169,292	$ 1
Landfill post closure cost	46,500	46,500	20,066	26,434
Litter control	8,664	8,664	8,146	518
Total sanitation and waste removal	$ 211,296	$ 224,457	$ 197,504	$ 26,953
Maintenance of general buildings and grounds:				
Facilities	$ 892,148	$ 924,142	$ 923,984	$ 158
Public works	252,423	265,306	250,555	14,751
General services	575,000	536,325	470,004	66,321
Total maintenance of general buildings and grounds	$ 1,719,571	$ 1,725,773	$ 1,644,543	$ 81,230
Total public works	$ 1,930,867	$ 1,950,230	$ 1,842,047	$ 108,183
Health and welfare:				
Health:				
Local health department	$ 265,060	$ 265,060	$ 263,658	$ 1,402
Mental health and mental retardation:				
Region Ten Community Services Board	$ 126,250	$ 126,250	$ 126,250	$ -

General Fund - Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2017 (continued)

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
General Fund: (Continued)				
Health and Welfare: (Continued)				
Welfare:				
Public assistance and welfare administration	$ 2,279,888	$ 2,299,277	$ 2,071,364	$ 227,913
Children's services act program	2,784,670	3,560,396	3,274,505	285,891
Jefferson area board on aging	83,946	83,946	83,946	-
JAUNT, Inc.	79,404	79,404	79,404	-
Shelter for help in emergency	9,000	9,000	9,000	-
Sexual assault resource agency	1,000	1,000	1,000	-
Fluvanna housing foundation	16,000	16,000	16,000	-
Piedmont housing alliance	2,100	2,100	2,100	-
Jefferson area chip	51,000	51,000	51,000	-
Children, youth and family services	2,100	2,100	2,100	-
Youth advisory council	1,500	1,500	393	1,107
Piedmont workforce network	3,896	3,896	3,896	-
Offender Aid & Rescue	13,261	13,261	13,261	-
Monticello area community action agency	49,913	49,913	49,913	-
Total welfare	$ 5,377,678	$ 6,172,793	$ 5,657,882	$ 514,911
Total health and welfare	$ 5,768,988	$ 6,564,103	$ 6,047,790	$ 516,313
Education:				
Contributions to community colleges	$ 7,380	$ 7,380	$ 7,380	$ -
Contribution to Component Unit School Board	16,885,315	16,885,315	15,615,679	1,269,636
Total education	$ 16,892,695	$ 16,892,695	$ 15,623,059	$ 1,269,636
Parks, recreation and cultural:				
Parks and recreation:				
Parks and recreation	$ 510,626	$ 495,511	$ 450,552	$ 44,959
Total parks and recreation	$ 510,626	$ 495,511	$ 450,552	$ 44,959
Cultural enrichment:				
Cultural arts	$ 10,000	$ 10,000	$ 10,000	$ -
County museum	525	525	525	-
Total cultural enrichment	$ 10,525	$ 10,525	$ 10,525	$ -
Library:				
Regional library	$ 335,337	$ 363,414	$ 363,414	$ -
Total parks, recreation and cultural	$ 856,488	$ 869,450	$ 824,491	$ 44,959

General Fund - Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2017 (continued)

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
General Fund: (Continued)				
Community development:				
Planning and community development:				
Planning commission	$ 36,337	$ 59,687	$ 55,773	$ 3,914
Planning	-	219,525	7,400	
Zoning board	1,046	1,460	1,459	1
Economic development	115,040	117,561	117,560	1
County planner	352,308	420,946	406,293	14,653
Chamber of commerce	3,500	3,500	3,500	-
Small business development center	2,500	2,500	2,500	-
Rivanna River Basin	1,750	1,750	1,750	-
Leadership development program	1,000	1,000	1,000	-
Central Virginia Partnership for Economic Development	12,985	12,985	12,985	-
Thomas Jefferson Planning District Commission	33,843	33,843	33,843	-
Total planning and community development	$ 560,309	$ 874,757	$ 644,063	$ 18,569
Environmental management:				
Soil and water conservation district	$ 20,000	$ 20,000	$ 20,000	$ -
Cooperative extension program:				
Cooperative extension service	$ 87,327	$ 115,859	$ 115,442	$ 417
Total community development	$ 667,636	$ 1,010,616	$ 779,505	$ 18,986
Nondepartmental:				
Miscellaneous	$ 327,325	$ 73,487	$ 25,699	$ 47,788
Total nondepartmental	$ 327,325	$ 73,487	$ 25,699	$ 47,788
Debt service:				
Principal retirement	$ 4,406,065	$ 4,406,065	$ 4,406,065	$ -
Interest and fiscal charges	3,440,944	3,263,944	3,252,642	11,302
Total debt service	$ 7,847,009	$ 7,670,009	$ 7,658,707	$ 11,302
Total General Fund Expenditures	$ 45,267,910	$ 46,279,193	$ 43,383,972	$ 2,683,096

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Statistical Section

Contents | Tables

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

COUNTY OF FLUVANNA, VIRGINIA

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

	2008	2009	2010	2011
Governmental activities				
Net investment in capital assets	$ 8,715,583	$ 9,453,382	$ 12,884,537	$ 15,481,925
Restricted	-	3,922,469	12,966	-
Unrestricted	19,637,501	15,327,034	18,671,672	21,244,585
Total governmental activities net position	$ 28,353,084	$ 28,702,885	$ 31,569,175	$ 36,726,510
Business-type activities				
Net investment in capital assets	$ 3,431,925	$ 3,572,328	$ 4,548,235	$ 4,359,941
Restricted	-	-	-	-
Unrestricted	(728,810)	(945,709)	(657,499)	145,337
Total business-type activities net position	$ 2,703,115	$ 2,626,619	$ 3,890,736	$ 4,505,278
Primary government				
Net investment in capital assets	$ 12,147,508	$ 13,025,710	$ 17,432,772	$ 19,841,866
Restricted	-	3,922,469	12,966	-
Unrestricted	18,908,691	14,381,325	18,014,173	21,389,922
Total primary government net position	$ 31,056,199	$ 31,329,504	$ 35,459,911	$ 41,231,788

Table 1

	2012	2013	2014	2015	2016	2017
	$ 17,779,481	$ 18,058,155	$ 18,203,194	$ 18,855,190	$ 17,955,779	$ 18,561,846
	-	-	-	-	59,520	59,520
	20,452,313	21,488,429	22,113,118	21,036,690	21,785,862	22,928,022
	$ 38,231,794	$ 39,546,584	$ 40,316,312	$ 39,891,880	$ 39,801,161	$ 41,549,388
	$ 4,220,066	$ 4,130,335	$ 4,046,836	$ 3,979,806	$ 3,892,325	$ 3,806,518
	-	-	-	-	-	-
	174,173	126,485	152,478	141,897	233,162	362,385
	$ 4,394,239	$ 4,256,820	$ 4,199,314	$ 4,121,703	$ 4,125,487	$ 4,168,903
	$ 21,999,547	$ 22,188,490	$ 22,250,030	$ 22,834,996	$ 21,848,104	$ 22,368,364
	-	-	-	-	59,520	59,520
	20,626,486	21,614,914	22,265,596	21,178,587	22,019,024	23,290,407
	$ 42,626,033	$ 43,803,404	$ 44,515,626	$ 44,013,583	$ 43,926,648	$ 45,718,291

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
General government adminstration	$ 2,212,493	$ 2,349,221	$ 2,088,545	$ 2,266,965	$ 2,946,369	$ 2,179,821	$ 2,092,329	$ 2,912,977	$ 2,316,368	$ 2,660,192
Judicial administration	1,140,519	1,160,816	1,111,127	1,092,325	1,147,418	1,168,114	1,206,938	1,164,502	1,085,464	1,302,495
Public Safety	4,374,838	4,738,756	5,458,590	4,875,996	5,298,372	5,515,173	6,549,800	6,642,850	7,061,106	7,949,729
Public works	1,484,129	1,405,843	1,506,088	1,324,088	1,461,832	1,458,736	2,135,218	2,451,166	3,512,015	1,683,873
Health and welfare	4,790,192	5,007,658	4,955,292	4,826,649	5,203,796	4,660,190	4,989,704	4,861,639	5,423,546	6,063,693
Education	15,276,510	16,408,027	16,020,958	10,796,609	14,938,085	16,997,681	19,422,301	18,425,758	21,413,366	21,054,581
Parks, recreation and cultural	872,307	909,931	741,582	723,393	736,581	722,937	777,854	850,915	854,231	869,068
Community development	453,556	606,155	509,233	447,602	592,966	1,108,602	682,766	806,016	1,008,822	854,527
Interest on long-term debt	1,090,223	1,046,588	637,891	4,667,841	4,653,204	4,113,741	3,381,824	3,864,041	3,724,460	3,611,012
Total governmental activities expenses	$ 31,694,767	$ 33,632,995	$ 33,029,306	$ 31,021,468	$ 36,978,623	$ 37,924,995	$ 41,238,734	$ 41,979,864	$ 46,399,378	$ 46,049,170
Business-type activities:										
Community Programs	$ 62,667	$ 60,912	$ 50,157	$ 45,710	$ -	$ -	$ -	$ -	$ -	$ -
Water	405,108	445,563	379,109	368,737	391,788	400,650	373,351	385,374	395,482	361,760
Sewer	33,015	139,834	159,433	182,931	195,289	203,840	200,969	207,350	191,119	302,949
Landfill	1,588,412	264,311	165,517	-	-	-	-	-	-	-
Total business-type activities expenses	$ 2,089,202	$ 910,620	$ 754,216	$ 597,378	$ 587,077	$ 604,490	$ 574,320	$ 592,724	$ 586,601	$ 664,709
Total primary government expenses	$ 33,783,969	$ 34,543,615	$ 33,783,522	$ 31,618,846	$ 37,565,700	$ 38,529,485	$ 41,813,054	$ 42,572,588	$ 46,985,979	$ 46,713,879
Program Revenues										
Governmental activities:										
Charges for services:										
General government administration	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Judicial administration	68,352	83,773	69,546	74,985	64,598	69,974	76,552	63,426	53,289	101,825
Public safety	131,542	183,433	133,186	196,820	240,503	292,484	272,560	332,650	698,281	836,723
Public works	-	-	-	102,391	85,096	80,067	78,475	76,198	76,173	82,127
Parks, recreation and cultural	139,337	109,084	93,476	82,284	100,865	74,038	115,460	116,282	133,330	118,073
Community development	137,721	140,484	145,684	109,880	-	-	-	-	-	-
Operating grants and contributions	4,878,357	4,753,650	4,586,272	4,609,047	4,840,524	4,296,841	4,853,380	4,895,422	5,316,713	5,716,405
Capital grants and contributions	185,706	348,260	743,377	151,576	4,145	1,273,986	941,858	338,485	93,911	-
Total governmental activities program revenues	$ 5,541,015	$ 5,618,684	$ 5,771,541	$ 5,326,983	$ 5,335,731	$ 6,087,390	$ 6,338,285	$ 5,822,463	$ 6,371,697	$ 6,855,153
Business-type activities:										
Charges for services:										
Community Programs	$ 49,505	$ 49,339	$ 36,172	$ 30,134	$ -	$ -	$ -	$ -	$ -	$ -
Water	328,873	320,562	279,980	301,071	302,522	318,506	302,439	356,573	375,863	365,562
Sewer	1,778	59,830	1,223,327	12,791	8,229	19,828	20,134	22,822	20,738	42,255
Landfill	404,191	124,695	97,752	-	-	-	-	-	-	-
Capital grants and contributions	60,527	-	258,300	-	-	-	-	-	-	-
Total business-type activities program revenues	$ 844,874	$ 554,426	$ 1,895,531	$ 343,996	$ 310,751	$ 338,334	$ 322,573	$ 379,395	$ 396,601	$ 407,817
Total primary government program revenues	$ 6,385,889	$ 6,173,110	$ 7,667,072	$ 5,670,979	$ 5,646,482	$ 6,425,724	$ 6,660,858	$ 6,201,858	$ 6,768,298	$ 7,262,970
Net (expense) / revenue										
Governmental activities	$ (26,153,752)	$ (28,014,311)	$ (27,257,765)	$ (25,694,485)	$ (31,642,892)	$ (31,837,605)	$ (34,900,449)	$ (36,157,401)	$ (40,027,681)	$ (39,194,017)
Business-type activities	(1,244,328)	(356,194)	1,141,315	(253,382)	(276,326)	(266,156)	(251,747)	(213,329)	(190,000)	(256,892)
Total primary government net expense	$ (27,398,080)	$ (28,370,505)	$ (26,116,450)	$ (25,947,867)	$ (31,919,218)	$ (32,103,761)	$ (35,152,196)	$ (36,370,730)	$ (40,217,681)	$ (39,450,909)

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	$ 21,008,065	$ 21,534,695	$ 22,880,842	$ 24,510,584	$ 26,319,292	$ 26,889,099	$ 28,622,456	$ 30,857,284	$ 32,784,240	$ 33,676,413
Local sales and use taxes	1,070,306	1,062,461	1,062,633	1,061,791	1,217,038	1,267,142	1,403,062	1,413,860	1,518,328	1,696,819
Taxes on recordation and wills	377,965	277,611	241,505	244,066	253,686	272,347	187,733	239,086	241,846	352,133
Motor vehicle licenses taxes	368,629	373,002	438,089	667,940	688,726	745,234	715,553	703,417	728,942	733,566
Consumer utility taxes	1,369,502	1,285,679	1,306,540	1,290,455	418,280	423,000	440,464	428,843	397,316	438,801
Other local taxes	217,929	210,213	197,684	236,955	228,344	264,079	210,955	267,393	262,373	215,290
Unrestricted grants and contributions	3,171,261	3,166,206	3,145,750	3,152,927	3,991,243	3,997,213	3,977,097	3,966,837	3,945,610	3,925,416
Unrestricted revenues from use of money and property	863,366	525,726	445,339	307,436	65,369	66,792	50,189	59,654	159,491	91,055
Miscellaneous	362,539	207,765	528,475	247,590	131,485	103,010	256,909	76,133	92,600	113,059
Transfers	(475,340)	(279,246)	(122,802)	(867,924)	(165,287)	(128,737)	(194,241)	(193,783)	(193,784)	(300,308)
Total governmental activities	$ 28,334,222	$ 28,364,112	$ 30,124,055	$ 30,851,820	$ 33,148,176	$ 33,899,179	$ 35,670,177	$ 37,818,724	$ 39,936,962	$ 40,942,244
Business-type activities:										
Unrestricted revenues from use of money and property	$ 24,477	$ 452	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Transfers	475,340	279,246	122,802	867,924	165,287	128,737	194,241	193,783	193,784	300,308
Total business-type activities	$ 499,817	$ 279,698	$ 122,802	$ 867,924	$ 165,287	$ 128,737	$ 194,241	$ 193,783	$ 193,784	$ 300,308
Total primary government	$ 28,834,039	$ 28,643,810	$ 30,246,857	$ 31,719,744	$ 33,313,463	$ 34,027,916	$ 35,864,418	$ 38,012,507	$ 40,130,746	$ 41,242,552
Change in Net Position										
Governmental activities	$ 2,180,470	$ 349,801	$ 2,866,290	$ 5,157,335	$ 1,505,284	$ 2,061,574	$ 769,728	$ 1,661,323	$ (90,719)	$ 1,748,227
Business-type activities	(744,511)	(76,496)	1,264,117	614,542	(111,039)	(137,419)	(57,506)	(19,546)	3,784	43,416
Total primary government	$ 1,435,959	$ 273,305	$ 4,130,407	$ 5,771,877	$ 1,394,245	$ 1,924,155	$ 712,222	$ 1,641,777	$ (86,935)	$ 1,791,643

COUNTY OF FLUVANNA, VIRGINIA

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

	2008	2009	2010	2011
General fund				
Nonspendable	$ -	$ -	$ -	$ 35,080
Reserved	78,938	4,001,407	91,904	-
Restricted	-	-	-	78,938
Unreserved, designated for capital projects	1,858,037	2,033,250	2,526,018	-
Unreserved, designated for high school debt service	-	1,036,500	2,761,681	-
Unreserved, designated for subsequent expenditures	10,015,676	-	-	-
Committed	-	-	-	7,077,296
Assigned	-	-	-	63,698
Unreserved, undesignated	6,846,383	15,346,007	15,032,678	
Unassigned	-	-	-	13,528,036
Total general fund	$ 18,799,034	$ 22,417,164	$ 20,412,281	$ 20,783,048
All other governmental funds				
Reserved for Capital Projects	$ 9,071,275	$ 67,190,334	$ 43,912,030	$ -
Nonspendable	-	-	-	-
Restricted	-	-	-	16,544,058
Committed	-	-	-	183,265
Assigned	-	-	-	-
Unassigned	-	-	-	-
Unreserved, reported in:				
Capital projects funds	-	-	-	-
Total all other governmental funds	$ 9,071,275	$ 67,190,334	$ 43,912,030	$ 16,727,323

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

Table 3

	2012	2013	2014	2015	2016	2017
	$ 2,000	$ 17,775	$ -	$ 133,933	$ 100,000	$ 118,818
	-	-	-	-	-	-
	-	-	-	-	59,520	59,520
	-	-	-	-		
	-	-	-	-		
	-	-	-	-		
	9,834,019	11,319,125	12,206,403	10,737,302	4,875,335	6,649,051
	29,914	22,727	1,781	-	-	-
	10,348,950	10,271,385	9,576,832	10,974,265	17,198,209	15,855,959
	$ 20,214,883	$ 21,631,012	$ 21,785,016	$ 21,845,500	$ 22,233,064	$ 22,683,348
	$ -	$ -	$ -	$ -	$ -	$ -
	-	-	-	531,616	-	-
	3,312,322	519,759	70,462	3,963,624	1,678,501	5,175,016
	-	-	50,697	51,292	50,000	27,535
	-	229,421	455,854	237,844	492,023	179,446
	(655,894)	-	-	-	-	-
	-	-	-	-	-	-
	$ 2,656,428	$ 749,180	$ 577,013	$ 4,784,376	$ 2,220,524	$ 5,381,997

COUNTY OF FLUVANNA, VIRGINIA

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

	2008	2009	2010	2011
Revenues				
General property taxes	$ 21,261,041	$ 21,348,203	$ 22,881,694	$ 24,333,649
Other local taxes	3,404,331	3,208,966	3,246,451	3,501,207
Permits, privilege fees and regulatory licenses	399,327	424,842	361,142	347,774
Fines and forfeitures	17,895	36,545	27,752	60,363
Revenue from use of money and property	863,366	525,726	445,339	307,436
Charges for services	59,730	55,387	52,998	158,223
Miscellaneous	362,539	207,764	528,475	247,590
Recovered costs	220,734	215,758	252,899	218,277
Intergovernmental:				
Contribution from School Board	248,648	-	-	-
Commonwealth	7,053,225	7,004,314	6,860,079	6,761,028
Federal	1,182,099	1,263,803	1,615,320	1,152,522
Total revenues	$ 35,072,935	$ 34,291,308	$ 36,272,149	$ 37,088,069
Expenditures				
General government administration	$ 1,999,645	$ 2,178,358	$ 1,998,758	$ 2,283,864
Judicial administration	991,983	991,921	941,916	924,825
Public safety	4,841,652	4,610,938	6,132,985	5,551,650
Public works	1,668,794	1,530,900	1,435,000	1,444,944
Health and welfare	4,814,963	4,934,848	4,928,507	4,858,939
Education	15,774,008	18,395,167	37,947,333	41,174,205
Parks, recreation and cultural	2,307,236	2,088,594	689,922	629,182
Community development	490,571	623,204	531,699	453,826
Nondepartmental	88,617	380,835	509,718	383,995
Debt service				
Principal	1,150,687	1,394,882	1,476,141	1,436,343
Interest and other fiscal charges	939,119	2,867,392	4,923,406	4,748,216
Bond Issuance Costs	-	777,900	-	-
Total expenditures	$ 35,067,275	$ 40,774,939	$ 61,515,385	$ 63,889,989
Excess (deficiency) of revenues over (under) expenditures	$ 5,660	$ (6,483,631)	$ (25,243,236)	$ (26,801,920)
Other financing sources (uses)				
Transfers in	$ 910,587	$ 6,370,065	$ 976,518	$ 1,157,587
Transfers out	(1,260,263)	(6,649,311)	(1,099,320)	(1,203,684)
Bonds issued	9,400,000	67,525,000	5,420,000	2,704,077
Early retirement of indebtedness	(1,500,000)	-	(4,830,000)	(2,670,000)
Payments to refunded bond escrow agent	-	525,066	-	-
Issuance of capital leases	170,415	-	(507,149)	-
Sale of capital assets	-	450,000	-	-
Total other financing sources (uses)	$ 7,720,739	$ 68,220,820	$ (39,951)	$ (12,020)
Net change in fund balances	$ 7,726,399	$ 61,737,189	$ (25,283,187)	$ (26,813,940)
Debt service as a percentage of noncapital expenditures	6.62%	12.56%	19.32%	19.98%

Table 4

	2012	2013	2014	2015	2016	2017
	$ 25,783,612	$ 26,886,904	$ 28,437,543	$ 30,390,483	$ 32,381,780	$ 33,035,019
	2,806,074	2,971,802	2,957,767	3,052,599	3,148,805	3,436,609
	239,463	266,139	271,315	328,492	316,674	325,604
	26,384	30,225	36,762	19,127	17,071	52,335
	65,369	66,792	50,189	59,654	159,491	91,055
	225,215	220,199	234,970	240,937	627,328	760,809
	131,485	103,010	256,909	76,133	92,600	113,059
	239,814	537,891	198,556	159,452	175,019	475,312
	-	-	-	-	-	-
	7,824,876	7,421,770	8,200,504	7,768,139	8,186,120	8,491,421
	1,011,036	2,146,270	1,571,831	1,432,605	1,170,114	1,150,400
	$ 38,353,328	$ 40,651,002	$ 42,216,346	$ 43,527,621	$ 46,275,002	$ 47,931,623
	$ 2,948,951	$ 2,457,582	$ 2,375,839	$ 2,973,426	$ 2,504,595	$ 2,675,883
	966,938	997,142	1,043,554	1,033,414	1,116,896	1,140,751
	5,111,665	7,774,015	7,046,266	6,504,341	14,031,007	9,103,245
	1,527,887	1,484,008	2,302,295	2,670,609	3,340,430	3,066,682
	5,163,813	4,588,355	4,961,275	4,900,555	5,494,433	6,047,790
	28,136,631	16,921,134	14,735,070	17,150,935	18,825,010	21,054,016
	716,477	687,593	1,734,527	1,055,476	830,275	841,396
	517,276	1,027,505	609,918	1,072,057	959,759	779,505
	435,867	159,496	18,742	26,199	37,462	25,699
	2,285,259	7,272,220	3,531,444	7,303,148	4,257,098	11,387,489
	4,689,001	2,858,997	3,681,338	3,433,568	3,455,086	3,501,825
	-	393,927	-	137,388	-	272,142
	$ 52,499,765	$ 46,621,974	$ 42,040,268	$ 48,261,116	$ 54,852,051	$ 59,896,423
	$ (14,146,437)	$ (5,970,972)	$ 176,078	$ (4,733,495)	$ (8,577,049)	$ (11,964,800)
	$ 863,523	$ 1,913,411	$ 2,590,807	$ 2,999,934	$ 3,308,881	$ 3,398,928
	(1,356,146)	(1,994,483)	(2,785,048)	(3,193,717)	(3,502,665)	(3,699,236)
	-	77,542,813	-	9,195,125	-	7,653,740
	-	-	-	-	-	-
	-	(72,784,959)	-	-	-	-
	-	803,071	-	-	6,594,545	8,223,125
	-	-	-	-	-	-
	$ (492,623)	$ 5,479,853	$ (194,241)	$ 9,001,342	$ 6,400,761	$ 15,576,557
	$ (14,639,060)	$ (491,119)	$ (18,163)	$ 4,267,847	$ (2,176,288)	$ 3,611,757
	18.57%	24.60%	18.24%	23.64%	17.30%	29.13%

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

Fiscal Year June 30	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Public Service	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2008	2,997,714,100	189,245,088	2,629,502	258,300	513,525,759	3,703,372,749	6.810	3,948,158,581	93.80%
2009	3,056,760,900	173,090,987	2,577,958	234,509	487,403,843	3,720,068,197	6.850	3,720,068,197	100.00%
2010	3,064,883,350	175,944,814	2,571,353	218,951	507,275,582	3,750,894,050	6.930	3,750,894,050	100.00%
2011	3,095,758,000	181,590,092	2,576,016	216,911	533,735,987	3,813,877,006	7.290	3,813,877,006	100.00%
2012	3,112,787,100	184,437,171	2,587,284	230,729	532,397,425	3,832,439,709	7.350	3,832,439,709	100.00%
2013	3,517,225,600	188,459,699	2,567,684	243,801	496,073,506	4,204,570,290	7.740	4,204,570,290	100.00%
2014	2,611,906,300	191,333,953	2,201,249	636,444	501,948,833	3,308,026,779	7.910	3,308,026,779	100.00%
2015	2,625,367,600	190,731,239	2,043,565	735,590	497,863,789	3,316,741,783	8.148	3,316,741,783	100.00%
2016	2,683,562,300	192,165,797	2,029,462	538,634	543,812,012	3,422,108,205	8.184	3,422,108,205	100.00%
2017	3,249,573,301	217,648,526	1,954,200	495,288	523,791,381	3,993,462,696	8.064	3,993,462,696	100.00%

Source: Commissioner of Revenue

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

	Direct Rates				
Fiscal Years	**Real Estate**	**Personal Property / Business Personal Property (3)**	**Mobile Homes**	**Machinery and Tools**	**Total Direct Rates**
2008	0.48	3.85	0.48	2.00	6.81
2009	0.50	3.85	0.50	2.00	6.85
2010	0.54	3.85	0.54	2.00	6.93
2011	0.57	4.15	0.57	2.00	7.29
2012	0.5981	4.15	0.5981	2.00	7.3462
2013	0.7950	4.15	0.7950	2.00	7.7400
2014	0.8800	4.15	0.8800	2.00	7.9100
2015	0.8990	4.35	0.8990	2.00	8.1480
2016	0.9170	4.35	0.9170	2.00	8.1840
2017	0.9070	4.35 / 2.90	0.9070	1.90	8.0640

(1) Per $100 of assessed value.
(2) There were no overlapping Governments.
(3) A separate tax rate for Business Personal Property was established in 2017

Principal Property Taxpayers
Current Year and the Period Nine Years Prior

Fiscal Year 2017

Taxpayer	Type Business	2016 Assessed Valuation	% of Total Assessed Valuation
Tenaska Virginia Partners, LP	Utility/Electric	248,604,516	7.26%
Virginia Electric and Power	Utility/Electric	112,009,600	3.27%
Central Va. Electric Co-op	Utility/Electric	39,716,700	1.16%
Transcontinental Gas Pipeline	Utility/Gas	23,180,235	0.68%
Aqua Resources	Utility/Water	19,848,219	0.58%
Colonial Pipeline Co.	Utility/Gas	11,952,680	0.35%
CSX Transportation	Railroad	10,450,351	0.31%
Columbia Gas of Va.	Utility/Gas	10,067,108	0.29%
Central Telephone Co. of Virginia	Utility/Telephone	9,492,273	0.28%
East Coast transport	Utility/Gas	6,285,009	0.18%
		$ 491,606,691	14.37%

Fiscal Year 2008

Taxpayer	Type Business	2007 Assessed Valuation	% of Total Assessed Valuation
Tenaska Virginia Partners, LP	Utility/Electric	313,839,725	11.79%
Virginia Electric & Power	Utility/Electric	108,948,695	4.09%
Central Va. Electric Co-op	Utility/Electric	29,294,840	1.10%
Aqua Resources	Utility/Water	17,455,226	0.66%
Central Telephone of Virginia	Utility/Telephone	13,350,743	0.50%
Colonial Pipeline Co.	Utility/Gas	9,642,146	0.36%
CSX Transportation Inc.	Railroad	8,184,854	0.31%
Transcontinental Gas Pipeline	Utility/Gas	7,815,714	0.29%
Carysbrook Holdings LLC	Commercial Property	5,310,800	0.20%
Macon Partners LLP	Commercial Property	3,811,500	0.14%
		$ 517,654,243	19.44%

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year (1) (3)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (1)	Total Collections to Date	
		Amount	Percentage of Levy (1)		Amount (1)	Percentage of Levy
2008	$ 23,963,600	23,110,441	96.44%	$ 986,152	$ 24,096,593	100.55%
2009	24,173,299	19,998,028	82.73%	926,670	20,924,698	86.56%
2010	25,271,025	24,399,808	96.55%	962,552	25,362,360	100.36%
2011	27,322,612	22,860,700	83.67%	1,039,175	23,899,875	87.47%
2012	29,015,715	27,372,053	94.34%	1,134,981	28,507,034	98.25%
2013	29,846,109	28,261,251	94.69%	941,812	29,203,063	97.85%
2014	31,288,974	29,831,066	95.34%	900,853	30,731,919	98.22%
2015	33,381,054	31,724,032	95.04%	1,000,571	32,724,603	98.03%
2016	35,095,785	33,410,667	95.20%	832,638	34,243,305	97.57%
2017	36,527,462	34,182,932	93.58%	-	34,182,932	93.58%

Source: Commissioner of Revenue, County Treasurer's office

Notes: (1) Exclusive of the penalties and interest.
(3) Original levy

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities				Business-Type Activities			
Fiscal Years	General Obligation Bonds (2)	Literary Fund Loans	Other Notes/ Bonds	Capital Leases	General Obligation Bonds	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2008	$ 14,683,236	$ 5,233,125	$ 7,500,000	$ 629,104	$ 1,883,808	$ 29,929,273	3.13%	$ 1,178
2009	81,455,801	4,737,774	7,500,000	932,008	1,792,254	96,417,837	10.71%	3,807
2010	86,057,976	4,242,423	2,670,000	769,043	1,709,406	95,448,848	10.48%	3,715
2011	85,223,117	3,746,605	2,704,077	663,377	1,620,960	93,958,136	9.27%	3,615
2012	83,530,386	3,264,254	2,704,077	553,200	1,529,890	91,581,807	8.65%	3,518
2013	101,441,566	2,788,660	-	1,092,806	1,438,771	106,761,803	9.82%	4,103
2014	97,882,452	2,478,809	-	868,897	1,344,780	102,574,938	9.16%	3,943
2015	95,742,783	2,168,958	-	638,273	1,249,965	99,799,979	9.72%	3,794
2016	91,684,511	1,859,107	-	7,082,582	1,153,551	101,779,751	9.92%	3,869
2017	98,294,056	1,549,256	-	8,223,125	1,055,463	109,121,900	9.81%	4,176

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

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

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

Fiscal Year		Gross Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
2008	$	29,300,169	0.79%	1,153
2009		95,485,829	2.56%	3,770
2010		94,679,805	2.52%	3,685
2011		93,294,759	2.45%	3,590
2012		91,028,607	2.38%	3,462
2013		105,323,032	2.50%	4,048
2014		101,230,158	3.06%	3,891
2015		98,550,014	2.97%	3,746
2016		100,626,200	3.03%	3,825
2017		108,066,437	3.26%	4,108

(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

	2017	2016	2015	2014
Total net debt applicable to debt limits (1)	$ 108,066,437	$ 101,626,200	$ 98,550,014	$ 101,230,158
Ratio of net debt to assessed taxable property value (2)	3.26%	3.03%	2.97%	3.06%
Debt limit per policy for property value	3.50%	3.50%	3.50%	3.50%
Total general governmental revenue (3)	47,931,623	46,275,002	43,527,621	42,216,346
Debt service to general governmental revenues (3)	15.98%	16.67%	16.55%	17.09%
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

	2013	2012	2011	2010	2009	2008
	$ 105,323,032	$ 91,028,607	$ 93,294,759	$ 94,679,805	$ 95,485,829	$ 29,300,169
	2.50%	2.38%	2.45%	2.52%	2.57%	0.79%
	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
	40,651,002	38,353,328	37,088,069	36,272,149	34,291,308	35,072,935
	14.58%	18.18%	16.68%	17.64%	12.43%	5.96%
	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population(1)	Personal Income(2)	Per Capita Personal Income (3)	School Enrollment (4)	Unemployment Rate (5)
2008	25,411	869,927,000	34,234	3,638	3.1%
2009	25,328	871,861,000	34,423	3,673	5.8%
2010	25,691	883,890,000	34,405	3,703	6.4%
2011	25,844	926,497,000	35,850	3,691	6.0%
2012	25,989	953,214,000	36,678	3,736	5.8%
2013	26,033	961,195,000	36,922	3,660	5.2%
2014	26,019	989,636,000	38,035	3,591	4.7%
2015	25,970	1,052,417,000	40,524	3,541	4.0%
2016	26,162	1,072,515,000	40,995	3,482	3.5%
2017	26,133	1,101,472,905	42,149	3,488	3.2%

(1) Source: Weldon Cooper Center for Public Service, Demographics & Workforce Group - July 1st Estimates
(2) Source: Personal income data for 2008 to 2016 is from the Bureau of Economic Analysis. Personal income data for 2017 was N/A. Personal income estimates for 2017 are based on an average growth rate of 2.7% from 2008 to 2016.
(3) Source: Per capita personal income is calculated by dividing the personal income data (2) by the population data (1).
(4) Source: Virginia Department of Education "Superintendent's Annual Report" (End-of-Year Membership), Includes K-12, special education, and post graduate, but excludes pre-kindergarten. School Enrollment data was N/A for 2017. 2017 data is provided by Fluvanna County Public Schools.
(5) Source: Virginia Employment Commission, unemployment rates for June of the fiscal year.

Principal Employers
Current Year and the Period Nine Years Prior

Fiscal Year 2017

Employer	Employees	Rank
Fluvanna County Public Schools	500-999	1
Fluvanna Correctional Center	250-499	2
County of Fluvanna	100-249	3
Fork Union Military Academy	100-249	4
BFI Transfer Systems of Va	100-249	5
Dominos Pizza	50-99	6
Lake Monticello Owners	50-99	7
Foodlion	50-99	8
Armor Correctional Health	50-99	9
A G Dillard Inc	50-99	10

Fiscal Year 2008

Employer	Employees	Rank
Fluvanna County Public Schools	250-499	1
Fluvanna Correctional Center	250-499	2
Fork Union Military Academy	100-249	3
County of Fluvanna	100-249	4
Virginia Electric & Power Company Inc	50-99	5
Lake Monticello Owners	50-99	6
Food Lion	50-99	7
Ruxton Health at the Village	50-99	8
A G Dillard Inc	50-99	9
Correctional Medical Services	50-99	10

Source: Virginia Employment Commission, Quarter Census of Employment and Wages (QCEW).

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

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government	24	24	22	21	22.5	21.5	21.5	23.5	22.75	22.25
Judicial administration	12	12	12	12	12	12	12	12	13	13
Public safety										
Sheriffs department	54	53	53	39	43	40.5	43.5	47.5	48	48.5
Fire & rescue	0	0	0	0	0	0	0	0	0	0
Building inspections	4	4	4	3	4	4	4	4	3	3
Animal control	2	2	2	2	2	2	2	2	2	2
Emergency management	0	0	0	0	0	1	1	1	1	1
Public works										
General maintenance	18	18	18	18	16	16	16	17	17	17
Landfill	4	3	3	0	2	1.25	1.25	1.25	1.25	1.25
Engineering	1	1	1	0	1	1	1	1	1	1
Health and welfare										
Department of social services	21	25	25	22	25	29	29	28	30	33.5
Culture and recreation										
Parks and recreation	7	7	7	5	5	5	5	5	5	7.5
Museum	0	0	0	0	0	0	1.5	1.5	1.5	1
Library	6	6	6	3	3	3	3	3	3.75	4.25
Community development										
Planning	5	5	5	4	5.5	4.5	5	5	6	6
Economic development	0	0	0	0	0	1	1	1	1	1
Totals	158	160	158	129	141	141.75	146.75	152.75	156.25	162.25

Source: County Payroll Records.

Operating Indicators by Function
Last Nine Fiscal Years

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public safety										
Sheriffs department:										
Physical arrests	1,735	1,625	1,985	2,246	1,648	600	724	623	576	733
Traffic violations	n/a	n/a	n/a	n/a	n/a	775	712	460	500	948
Civil papers received	6,021	7,115	7,911	7,179	7,907	6,493	6,105	5,754	5,221	6,370
E911:										
Total calls	26,000	24,058	21,158	25,507	24,926	20,109	25,923	21,667	18,410	26,973
Emergency calls	n/a	n/a	n/a	n/a	n/a	6,568	6,144	6,106	6,256	6,590
Fire & Rescue calls:										
Number of fire calls answered	1,859	1,958	1,981	963	1,671	1,995	1,907	1,777	1,854	1,938
Number of rescue calls answered	n/a	n/a	n/a	n/a	n/a	n/a	2,697	2,628	2,644	2,591
Building inspections:										
Permits issued	478	439	385	415	424	386	461	469	463	547
Animal control:										
Number of calls answered	1,973	n/a	1,852	1,952	1,345	1,418	1,671	1,863	1,664	1,558
Public works										
Facilities Service Requests	4,500	5,280	6,000	6,950	376	555	817	776	546	500
Landfill:										
Refuse collected (tons/day)	27.79	9	7	7	6.56	6.67	6.67	7.14	6.44	6.5
Recycling (tons/day)	3.09	n/a	1	0	0.37	0.40	0.77	0.77	0.59	0.85
Health and welfare										
Department of Social Services:										
Adpotion Cases	87	91	159	154	176	214	235	234	228	219
Adult Services	649	638	665	765	850	810	863	1,071	982	629
Child Protective Services Cases	208	314	262	285	327	292	382	335	342	409
Family Services Cases	1,163	1,326	1,186	1,127	991	952	874	955	1,051	869
Foster Care Cases	386	376	264	296	240	157	125	59	115	169
VIEW Cases	143	153	245	229	358	365	282	306	228	98
Auxiliary Grant Cases	88	76	75	43	55	27	12	35	40	27
General Relief Cases	96	51	61	30	43	47	30	6	12	5
Medicaid Cases	14,687	12,618	19,122	20,930	22,646	24,206	25,697	26,499	32,235	24,885
SNAP Cases	9,615	11,512	16,463	19,341	22,163	21,906	21,845	20,655	18,888	7,890
TANF Cases	364	404	587	622	715	777	609	663	654	575
Caseload	27,486	27,559	39,089	43,822	48,564	49,753	50,954	50,818	54,775	35,775
Culture and recreation										
Parks and recreation:										
Youth sports participants	1,078	1,128	1,200	1,300	1,350	1,400	1,359	250	1,186	1,351
Total program participants	n/a	n/a	n/a	n/a	n/a	n/a	4,267	10,870	8,007	12,323
Community development										
Planning:										
Zoning permits issued	295	246	227	185	157	148	181	267	219	326
Component Unit - School Board										
Education:										
School age population enrolled	3,850	3,736	3,761	3,703	3,696	3,669	3,593	3,564	3,522	3,556
Number of teachers	315	311	303	286	293	264	280	271	272	271
Local expenditures per pupil	$ 9,773	$ 9,967	$ 9,999	$ 9,249	9,153	$9,080	$9,498	$9,804	$10,452	$10,556

Source: Individual county departments

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government										
Administration buildings	31	31	31	31	31	31	31	32	32	32
Vehicles	4	4	4	4	4	3	2	3	3	2
Public safety										
Sheriffs office:										
Patrol units	45	43	43	43	34	35	34	28	32	32
Other vehicles	7	7	7	7	3	4	4	5	8	8
Building inspections:										
Vehicles	2	2	2	2	4	4	3	3	3	2
Animal control:										
Vehicles	2	2	2	2	2	2	3	3	2	2
Public works										
General maintenance:										
Trucks/vehicles	14	14	14	14	13	14	12	13	13	18
Landfill:										
Vehicles	3	3	3	3	2	1	1	1	1	1
Equipment	2	4	4	4	4	4	4	4	4	4
Sites	1	1	1	1	1	1	1	1	1	1
Health and welfare										
Department of Social Services:										
Vehicles	7	7	7	7	8	8	9	9	9	9
Culture and recreation										
Parks and recreation:										
Community centers	2	2	2	2	2	2	2	2	2	2
Vehicles	6	6	6	6	3	4	3	3	3	3
Parks acreage	2	2	2	2	2	2	2	4	4	4
Swimming pools	0	0	0	0	0	0	0	0	0	0
Tennis courts	0	0	0	0	0	0	0	0	0	0
Community development										
Planning:										
Vehicles	2	2	2	2	2	2	3	2	2	3
Component Unit - School Board										
Education:										
Schools	9	9	9	9	9	6	5	5	5	5
School buses	88	90	90	90	74	80	78	82	84	84

Source: Individual county departments.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns,* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Fluvanna, Virginia, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County of Fluvanna, Virginia's basic financial statements, and have issued our report thereon dated November 30, 2017.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
November 30, 2017

Independent Auditors' Report on Compliance For Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

We have audited County of Fluvanna, Virginia's compliance with the types of compliance requirements described in the Uniform Guidance *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, 2017. County of Fluvanna, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of County of Fluvanna, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about County of Fluvanna, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, County of Fluvanna, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

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

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

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

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
November 30, 2017

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2017

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Pass-through Entity Identifying Number	Federal CFDA Number	Federal Expendi-tures
PRIMARY GOVERNMENT:			
DEPARTMENT OF AGRICULTURE:			
Pass through payments:			
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	0010109/0010110/0040109/0040110	10.561	$ 243,311
DEPARTMENT OF JUSTICE			
Pass through payments:			
Department of Criminal Justice Services:			
Bulletproof Vest Partnership Program	N/A	16.607	$ 1,359
Crime Victim Assistance	CJS86015	16.575	24,362
Total Department of Justice			$ 25,721
DEPARTMENT OF TRANSPORTATION:			
Pass through payments:			
Virginia Department of Motor Vehicles:			
Alcohol Open Container Requirements	154AL 1757323	20.607	$ 13,971
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	0950109/0950110	93.556	$ 14,207
Temporary Assistance for Needy Families	0400109/0400110	93.558	122,590
Refugee and Entrant Assistance - State Administered Programs	0500109/0500110	93.566	431
Low-Income Home Energy Assistance	0600409/0600410	93.568	15,980
Child Care and Development Block Grant (CCDF Cluster)	0770109/0770110	93.575	(139)
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	0760109/0760110	93.596	24,708
Total Child Care Cluster			$ 24,569
Chafee Education and Training Voucher Program	9160108/9160109	93.599	2,085
Stephanie Tubbs Jones Child Welfare Services Program	0900109	93.645	148
Foster Care-Title IV-E	1100109/1100110	93.658	114,081
Adoption Assistance	1120109/1120110	93.659	132,047
Social Services Block Grant	1000109/1000110	93.667	106,754
Chafee Foster Care Independence Program	915108/9150109/9150110	93.674	680
Children's Health Insurance Program	0540109/0540110	93.767	13,365
Medical Assistance Program	1200109/1200110	93.778	300,040
Total Department of Health and Human Services			$ 846,977
NATIONAL ENDOWMENT FOR THE ARTS:			
Pass through payments:			
Virginia commission for the arts			
Promotion of the Arts - Partnership Agreements	99910-10-0440	45.025	$ 5,000
DEPARTMENT OF HOMELAND SECURITY:			
Pass through payments:			
Virginia Department of Emergency Management			
Emergency Management Performance Grant	N/A	97.042	$ 7,500
Total Department of Homeland Security			$ 7,500
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Pass through payments:			
Virginia Department of Housing and Community Development:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	N/A	14.228	$ 7,920
Total Primary Government			$ 1,150,400

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Units
Year Ended June 30, 2017 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program Title	Pass-through Entity Identifying Number	Federal CFDA Number	Federal Expendi- tures
COMPONENT UNIT-SCHOOL BOARD:			
DEPARTMENT OF AGRICULTURE:			
Pass through payments:			
Department of Agriculture and Consumer Services:			
Food distribution (Child Nutrition Cluster)	N/A	10.555	$ 87,491
Department of Education:			
National School Lunch Program (Child Nutrition Cluster)	2013IN109941/2014IN109941	10.555	494,909
			582,400
School Breakfast Program (Child Nutrition Cluster)	2013IN109941/2014IN109941	10.553	$ 136,288
Total Department of Agriculture			$ 718,688
DEPARTMENT OF EDUCATION:			
Pass through payments:			
Department of Education:			
Title 1 Grants to Local Educational Agencies	S010A120046/S010A130046	84.010	$ 361,180
Career and Technical Education - Basic Grants to States	V048A130046/V048A140046	84.048	43,840
Special Education - Grants to States (Special Education Cluster)	H027A130107/H027A140107	84.027	700,029
Special Education - Preschool Grant (Special Education Cluster)	H173A140112	84.173	19,403
Total Special Education Cluster			$ 719,432
Advanced Placement Program	S330B140002	84.330	684
English Language Acquisition State Grants	N/A	84.365	10,154
Supporting Effective Instruction State Grant	S367A130044/S367A140044	84.367	113,823
Total Department of Education			$ 1,249,113
Total Component Unit School Board			$ 1,967,801
Total Expenditures of Federal Awards			$ 3,118,201

See accompanying notes to schedule of expenditures of federal awards.

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, 2017. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of the County of Fluvanna, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Fluvanna, Virginia.

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, 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 - De Minimis Cost Rate

The County did not elect to use the 10-percent deminimis indirect cost rate allowed under Uniform Guidance.

Note 5 - Subrecipients

No awards were passed through to subrecipients.

Note 6 - 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	$	1,150,400
Total primary government	$	1,150,400
Component Unit School Board:		
School Operating Fund	$	1,249,113
School Cafeteria Fund		718,688
Total component unit school board	$	1,967,801
Total federal expenditures per basic financial statements	$	3,118,201
Total federal expenditures per the Schedule of Expenditures of Federal Awards	$	3,118,201

COUNTY OF FLUVANNA, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516 (a)?	No

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
10.553/10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs	$750,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Prior Year Findings

There were no prior year findings.