

COUNTY OF FLUVANNA, VIRGINIA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**



YEAR ENDED JUNE 30, 2009

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COUNTY OF FLUVANNA, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2009

Prepared By:

Renee Hoover, CPA, MBA
Finance Director

COUNTY OF FLUVANNA, VIRGINIA

Comprehensive Annual Financial Report For The Fiscal Year Ended June 30, 2009

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County of Fluvanna

"Responsive & Responsible Government"

P. O. Box 540
Palmyra, Virginia 22963

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BOARD OF SUPERVISORS

Marvin F. Moss, Chairman
Columbia District

Charles W. Allbaugh, Vice-Chair
Rivanna District

Donald W. Weaver
Cunningham District

Gene F. Ott
Rivanna District

Mozell H. Booker
Fork Union District

John Y. Gooch
Palmyra District

STAFF

G. Cabell Lawton, IV
County Administrator
clawton@co.fluvanna.va.us

Shelly H. Wright
Assistant County Administrator
swright@co.fluvanna.va.us

Alice F. Jones
Clerk to the Board
ajones@co.fluvanna.va.us

November 23, 2009

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

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) for the County of Fluvanna (the "County") for the fiscal year ended June 30, 2009. The Commonwealth of Virginia requires that local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. This report has been prepared by the Finance Department in accordance with the standards of financial reporting as prescribed by the Governmental Accounting Standards Board (GASB), the Financial Accounting Standards Board (FASB) where applicable, and the Auditor of Public Accounts (APA).

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

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

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

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

The County's financial statements have been audited by Robinson, Farmer, Cox, Associates, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2009, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditors concluded, based upon the audit, there was a reasonable basis for rendering an unqualified opinion. The County's financial statements for the fiscal year ended June 30, 2009 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component in the financial section of this report.

PROFILE OF THE COUNTY

The County was established in 1777 after several divisions from other counties with the final division from Albemarle County. Fluvanna County was once part of Henrico County, one of the original shires of the Virginia Colony. In 1727, Henrico County was divided and Fluvanna County became a part of Goochland County. Goochland County was divided in 1744 and Fluvanna became a part of Albemarle County. In 1777, Albemarle County was divided to create Fluvanna County. The County was named for the Fluvanna River, the name given to the James River west of Columbia. Fluvanna is Latin for "Anne's River" – in honor of Queen Anne of England.

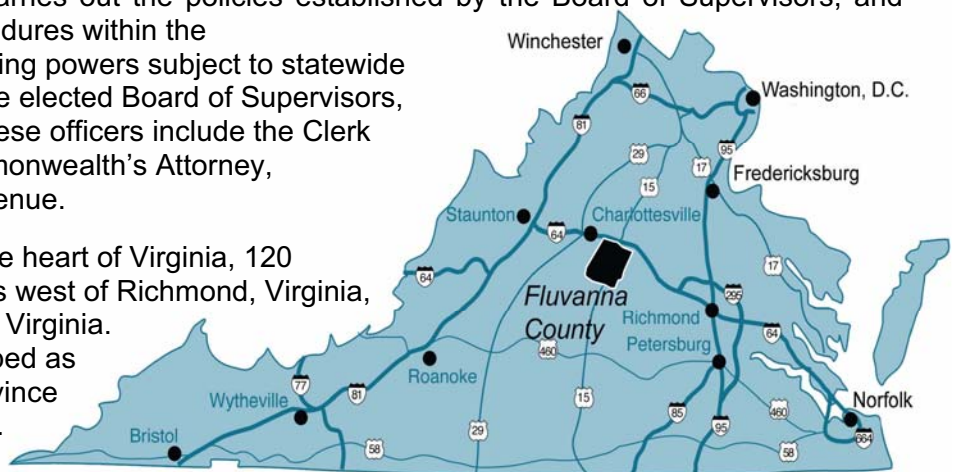
Palmyra was made the county seat in 1828 and remains the county seat today. It quickly became a thriving town after the courthouse was completed in 1830. While Palmyra has changed and modernized over the years, it still possesses an aura of tranquility.

The County operates under the traditional form of government as defined under Virginia law. The governing body of the County is the Board of Supervisors, which establishes policies for the administration of the County. The Board of Supervisors consists of six members representing the five electoral districts in the County: Columbia, Cunningham, Fork Union, Palmyra, and Rivanna. The Board of Supervisors appoints a County Administrator to serve as the administrative manager of the County. The County Administrator serves at the pleasure of the Board of Supervisors, carries out the policies established by the Board of Supervisors, and directs business and administrative procedures within the County government. The County has taxing powers subject to statewide restriction and tax limits. In addition to the elected Board of Supervisors, five constitutional officers are elected. These officers include the Clerk of the Circuit Court, the Sheriff, the Commonwealth's Attorney, the Treasurer, and Commissioner of Revenue.

Fluvanna County is centrally located in the heart of Virginia, 120 miles south of Washington, D.C., 60 miles west of Richmond, Virginia, and 25 miles southeast of Charlottesville, Virginia.

The location of the County can be described as the Piedmont Plateau Physiographic Province and is characterized by gently rolling hills. The County encompasses a land area of

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



THE REPORTING ENTITY AND ITS SERVICES

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

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

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

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

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

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

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

The Planning and Community Development Department is responsible for the Comprehensive Plan, demographic; and the acceptance, review, and disposition of all land use and subdivision applications. This Department also maintains the geographic information system (GIS) for developing, maintaining, and distributing geographic related data sets and applications.

The County provides education through its own school system administered by the Fluvanna County School Board (the School Board). This agency has been classified as a discretely presented component unit in the financial reporting entity because the School Board administers its own appropriations within the categories defined by the Commonwealth of Virginia. The Board of Supervisors' financial accountability over the School Board is also limited to approving transfers to the education funds and authorizing school debt issuances. The Fluvanna County Public Schools is the single largest service provided by the County. The elected School Board is composed of six members who represent the five magisterial districts. The School Board appoints a Superintendent to administer the policies of the School Board. The school system is comprised of one high school, one middle school, and three elementary schools. The combined enrollment as of June 2009 totaled 3,744 students. The Fluvanna High School Completion Rate is 90 percent with 80 percent of graduates seeking higher education.

Budgetary Controls

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

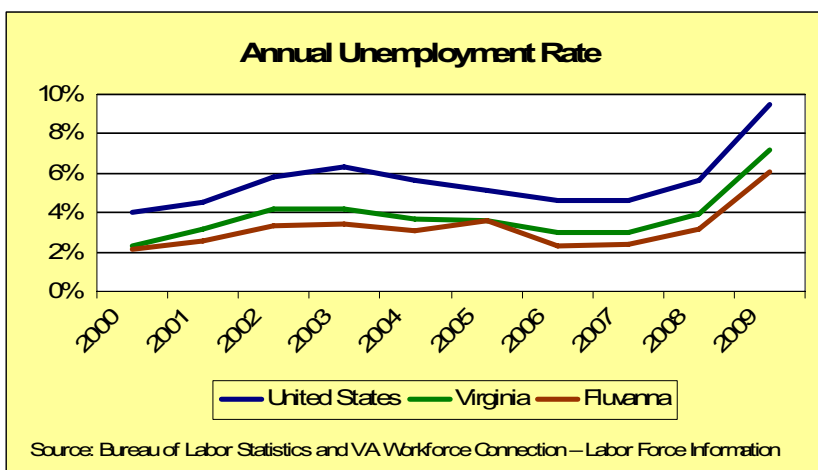
When necessary, the Board of Supervisors approves amendments to the adopted budget in accordance with 15.2-2507, Code of Virginia of 1950, as amended. Budgetary compliance is monitored and reported at the department level. The budget is implemented through appropriations that the Board makes annually,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

FACTORS AFFECTING FINANCIAL CONDITION

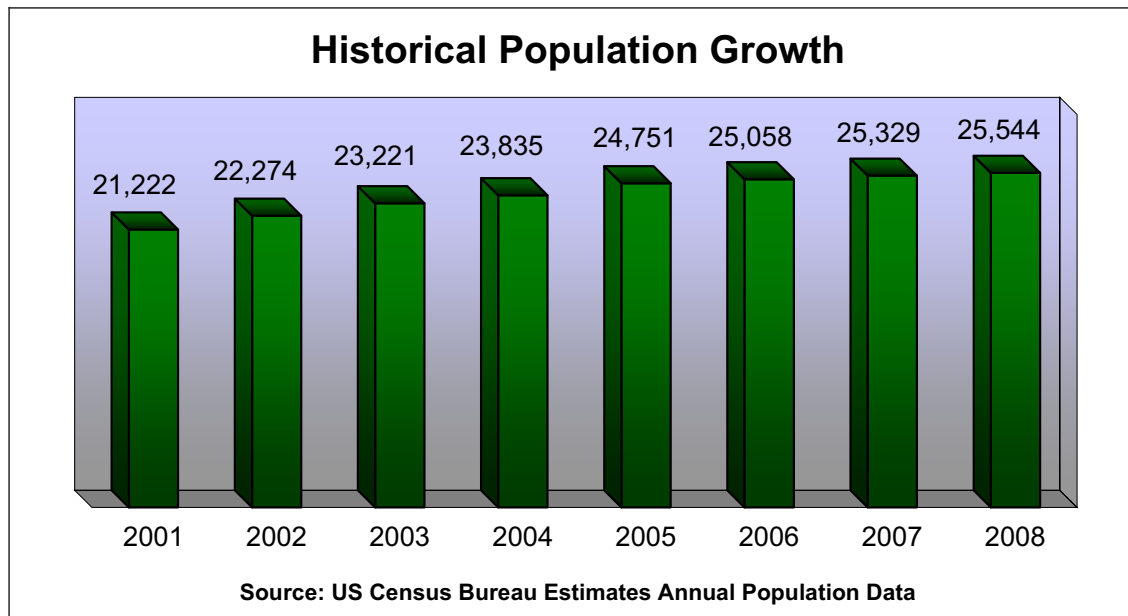
The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Fluvanna County operates.

Local Economy

Based on available economic data, the local unemployment rate was 6.1% at June 30, 2009, 3% higher than the 3.1% at June 30, 2008. The local unemployment rate compares favorably to the state and national rate of 7.2% and 9.5% respectively. The County's unemployment conditions increased significantly; however, the Charlottesville Metropolitan Statistical Area (MSA) maintains a lower unemployment rate of 6.4% compared to eight of Virginia's ten metropolitan areas, except for Northern Virginia at 5.5%. Jobs are steady in the area due to the University of Virginia, National Grounds Intelligence Center, and the technology sector. According to the Virginia Employment Commission, the number of persons employed in the civilian labor force for Fluvanna has increased by 3,937 from 10,104 in 2000 to 14,041 in 2009. In summary, the local job market has been impacted by layoffs in the construction industry due to the decline in new home construction.



Fluvanna County's Board of Supervisors has defined the County's vision statement as "the most livable and sustainable community in the United States". The population growth in the County has increased over the years due to affordable housing, rural setting, and approximation to major urban centers including Charlottesville, Richmond, and Washington, D.C. Fluvanna County saw its population increase by 4 percent since 2005.



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 A1 with remarks of "favorable location along Interstate 64 between the major employment centers of Charlottesville (G.O. rated Aaa) and Richmond (G.O. rated Aa3/stable outlook) is expected to support ongoing growth, albeit at more moderate levels."

Financial Policies

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

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

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

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

Risk Management

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

Cash Management

Investments and deposits during the year consisted of a variety of securities, durations and increments as allowable by the Code of Virginia. These allowable investments include U.S. agency securities, corporate notes, banker's acceptances, commercial paper, money market accounts, mutual funds, and state bonds. The amount of interest received was \$124,824. This is a decrease of \$398,444 from interest earned on investments in fiscal year 2007-08 when the interest on investments totaled \$523,268. The County Treasurer is responsible for investing County funds.

Pension Benefits

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

MAJOR INITIATIVES

For fiscal year 2009, 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:

Palmyra Sewer System

Preliminary engineering design work started during the fiscal year for a sewer expansion to Pleasant Grove on Route 53 for the New High School, other government buildings, and possibly residential and business customers. A contract for construction of sewer lines to the Public Safety, Library, and New High School buildings was awarded in September 2009 with anticipated completion in Spring 2010.

New High School

In April 2009 the School Board broke ground on the construction of a \$71 million new high school on Pleasant Grove. In December 2008, the County issued \$67.5 million in bonds through the Virginia Public School Authority (VPSA) Stand Alone program to complete the financing requirements for construction. The new high school is being designed with an initial capacity of 1,500 students with the flexibility to expand the capacity to 1,750 and eventually to 2,500 students in the future. The anticipated completion date is Spring 2012.

James River Water System Study

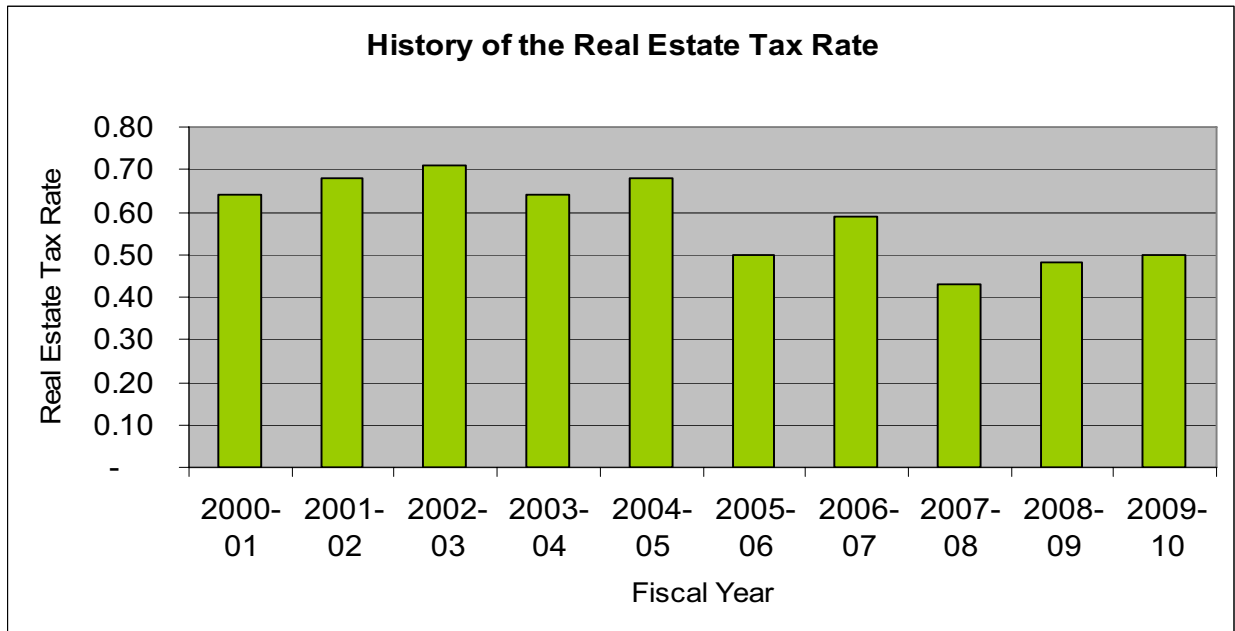
Fluvanna and Louisa Counties created the James River Water Authority in April 2009. This Authority was the product of a partnership and a water study to develop a new water system from the James River through Fluvanna and connecting to the existing Louisa County water system in the Zion Crossroads area. The Zion Crossroads area has been identified as a long-term economic development and high growth area by both Counties.

Pleasant Grove Manor House Rehabilitation Project

Pleasant Grove consists of just less than 1,000 acres located on Route 53 just west of the intersection of U.S. 15 and Route 53. The manor house in 2004 was officially entered into the Virginia Landmarks Register and National Register of Historic Places. The project includes 1) rehabilitation of the exterior of the house, 2) renovation of portions of the interior for a Visitors Center to showcase the history of the historic Rivanna River Canal Navigation system which served as the primary mode of transportation in the late 18th and early 19th centuries, and 3) construction of a new two-story addition. Funds totaling \$851,250 were raised through Federal, State, and Private grants including a County appropriation of \$250,000. Rehabilitation is planned for 2010.

PROSPECTS FOR THE FUTURE

For the fiscal year 2009-2010, the Board of Supervisors approved an operating budget of \$67.3 million inclusive of a governmental general fund budget of \$28.9 million and a school fund budget of \$38.4 million. Based on the debt service requirement for the New High School, the Board of Supervisors elected to increase the real estate tax rate 2 cents to \$0.50 to fund a debt reserve savings account in addition to the 3 cents set aside in the 2008 tax rate for a total of 5 cents. The County's 2009-2010 real estate tax rate continues to remain one of the lowest in the Commonwealth of Virginia. Below is a historical real estate tax rate graph for the County.



OTHER INFORMATION

Management's Discussion and Analysis

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

Independent Audit

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

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

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, 2008. This is the second 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 GFOA has awarded its Distinguished Budget Presentation Award to Fluvanna County for fiscal year 2009. This is the first year that the County has received this prestigious award.

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

Respectfully submitted,



G. Cabell Lawton, IV
County Administrator



Renee Hoover
Director of Finance

COUNTY OF FLUVANNA, VIRGINIA
DIRECTORY OF PRINCIPAL OFFICIALS

Board of Supervisors

Marvin F. Moss, Chair..... Columbia District
Charles W. Allbaugh, Vice Chair..... Rivanna District
Mozell H. Booker..... Fork Union District
John Y. Gooch Palmyra District
Gene F. Ott Rivanna District
Donald W. Weaver.....Cunningham District
Alice F. JonesClerk

Constitutional Officers

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

County Administrative Officials

G. Cabell Lawton, IV County Administrator
Shelly H. WrightAssistant County Administrator

School Board

Bertha Armstrong, Chair Fork Union District
Vivian Leach, Vice Chair..... Rivanna District
Barbara Gibbons..... Rivanna District
Shirley LeVines Columbia District
Tom Muir Palmyra District
R. J. SearcyCunningham District
Linda P. Higginbotham.....Clerk

School Administrative Officials

Dr. Thomas W. D. Smith, Jr. Superintendent of Schools
Maurice Carter Assistant Superintendent of Administration
Dr. Patty Culotta..... Assistant Superintendent of Instruction

Social Services Board

Carol Walker, Chair..... Palmyra District
Kathy Brent, Vice Chair..... Columbia District
Gail Bruce Fork Union District
Josina Bakker Rivanna District
Sharon Beeler Rivanna District
Gary L. Ellis.....Cunningham District
Gene F. Ott Board of Supervisor’s Representative

Social Services Administrative Official

Susan Muir Director of Social Services

Other Officials

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

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Fluvanna
Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

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

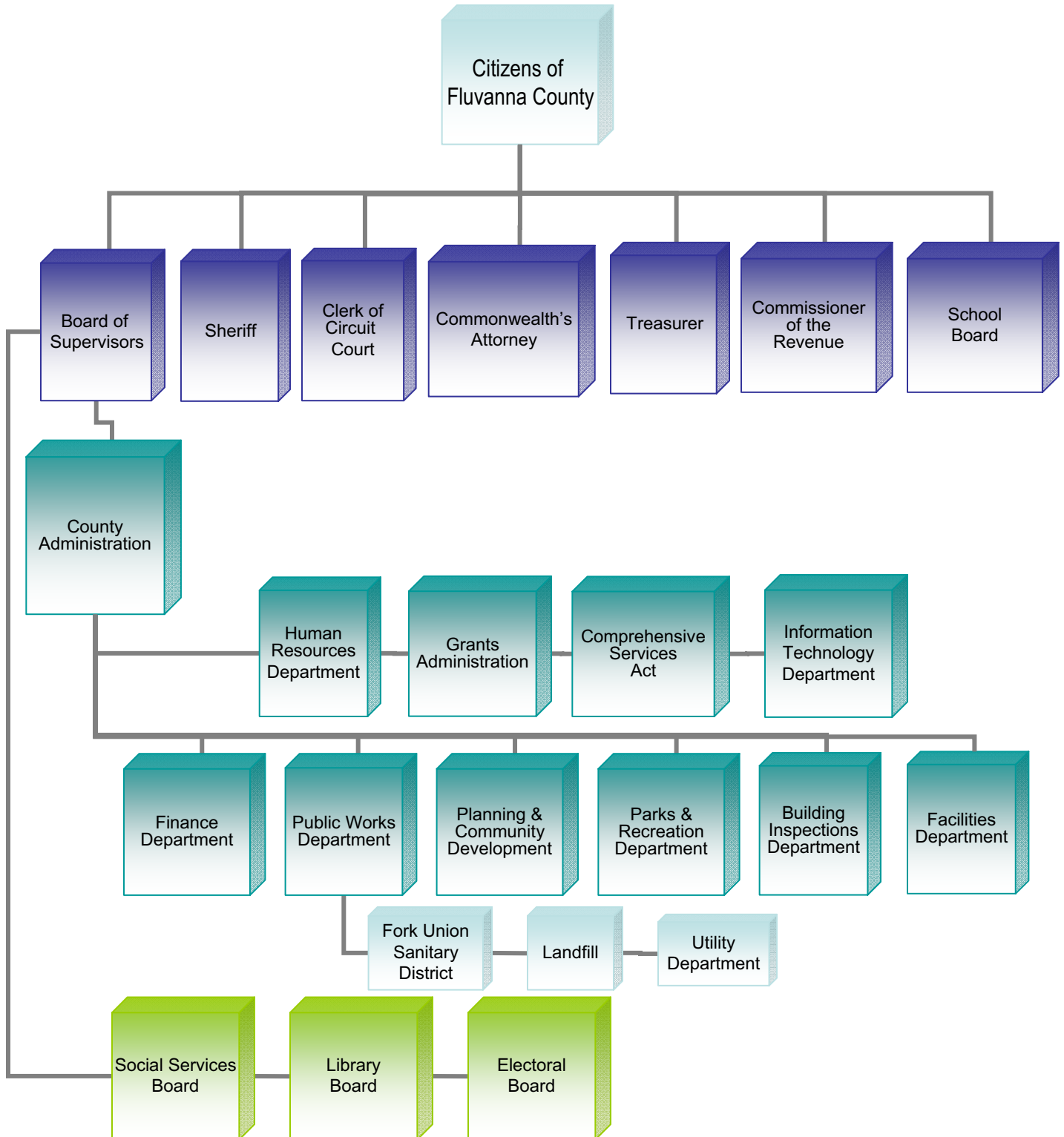


President

Executive Director

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Fluvanna County Organizational Chart



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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Fluvanna, Virginia, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Fluvanna, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Fluvanna, Virginia, as of June 30, 2009, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2009, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The Management's Discussion and Analysis and Required Supplementary Information as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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, combining and individual fund financial statements and schedules, supporting schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the County of Fluvanna, Virginia. The introductory section, combining and individual fund financial statements, and schedules, supporting schedules, and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Robinson, Farmer, Co. Associates

Charlottesville, Virginia
November 23, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The management of the County of Fluvanna, Virginia presents the following discussion and analysis as an overview of the County's financial activities for the fiscal year ended June 30, 2009. We encourage readers to read this discussion and analysis in conjunction with the transmittal letter in the Introductory Section of this report, and the County's financial statements which follow this discussion and analysis.

Financial Highlights

Government-wide Financial Statements

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$31.3 million (net assets). Of this amount, \$14.3 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net assets increased by \$273 thousand, of which the governmental activities increased by \$349 thousand and business-type activities decreased by \$76 thousand.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$89.6 million (Exhibit 3), an increase of \$61.7 million in comparison with the prior year. Approximately 79 percent of this amount, \$71.1 million, is reserved from funds borrowed in 2007 and 2008 for construction of the new high school. Approximately 17 percent of this amount, \$15.3 million, is available for spending at Fluvanna's Board of Supervisors discretion (unreserved fund balance).
- Undesignated fund balance for the General Fund was \$15.3 million, or 45 percent of total General Fund revenues and 44 percent of total general fund expenditures (Exhibit 4). This exceeds the County's reserve fund balance policy minimum of 12% of total governmental general fund revenues and component unit – school board operating revenues.
- The total cost of the County's programs was \$33.6 million (governmental activities) an increase of \$1.9 million, increases due primarily in Education expenses of \$1.1 million, Public Safety expenses of \$364 thousand, and Health and Welfare expenses of \$217 thousand.
- The County's total debt increased by \$67.2 million during the current fiscal year. The net increase was a result of the issuance of \$67.5 million of School General Obligation bonds for new high school architectural services and construction project, less principal payments.

Overview of the Financial Statements

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

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

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

Overview of the Financial Statements: (Continued)

Government-Wide Financial Statements

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

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

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

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

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

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

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

Fund Financial Statements

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

Overview of the Financial Statements: (Continued)

Fund Financial Statements: (Continued)

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

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

Proprietary funds – The County maintains four enterprise funds. Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its landfill, water, community operations, and sewer. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the landfill, water, community activities, and sewer all of which are considered to be major funds of the County.

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

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

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

Financial Analysis of the Government-Wide

Statement of Net Assets

Table 1 summarizes the Statement of Net Assets (Exhibit 1 in the Financial Section of the CAFR) for the primary government as of June 30, 2009 and 2008.

Table 1

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

	Primary Government					
	Governmental		Business-type		Total	
	Activities		Activities			
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 94.3	\$ 31.2	\$ -	\$ 0.3	\$ 94.3	\$ 31.5
Capital assets	34.0	28.1	5.4	5.3	39.4	33.4
Total assets	<u>\$ 128.3</u>	<u>\$ 59.3</u>	<u>\$ 5.4</u>	<u>\$ 5.6</u>	<u>\$ 133.7</u>	<u>\$ 64.9</u>
Long-term liabilities outstanding	\$ 93.9	\$ 26.8	\$ 2.6	\$ 2.7	\$ 96.5	\$ 29.5
Current liabilities	5.7	4.2	0.2	0.2	5.9	4.4
Total liabilities	<u>\$ 99.6</u>	<u>\$ 31.0</u>	<u>\$ 2.8</u>	<u>\$ 2.9</u>	<u>\$ 102.4</u>	<u>\$ 33.9</u>
Net assets:						
Invested in capital assets, net of related debt	\$ 9.5	\$ 8.7	\$ 3.5	\$ 3.4	\$ 13.0	\$ 12.1
Restricted	3.9	-	-	-	3.9	-
Unrestricted	15.3	19.6	(0.9)	(0.7)	14.4	18.9
Total net assets	<u>\$ 28.7</u>	<u>\$ 28.3</u>	<u>\$ 2.6</u>	<u>\$ 2.7</u>	<u>\$ 31.3</u>	<u>\$ 31.0</u>

As noted earlier, over time, changes in net assets may serve as a useful indicator of a County's financial position. Of interest, County's assets exceeded liabilities by \$28.7 million at the June 30, 2009. The County's net assets of \$9.5 million or 33 percent reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens, like schools, libraries, law enforcement, fire and emergency medical services. Consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities (i.e., the County's investment in capital assets is of a permanent nature, as assets acquired are generally not sold or otherwise disposed of during their useful life).

Of the remaining \$19.2 balance for net assets, \$3.9 million is restricted for the payment of capitalized interest on the 2008 bond issue and \$15.3 million may be used to meet the County's ongoing obligations to citizens and creditors.

For the business-type activities, total net assets decreased by \$100 thousand or 3.7% which is primarily the result of closure of the landfill and loss tipping fees and increase non-routine maintenance cost for Fork Union Sanitary District. The unrestricted net assets showed a deficit of \$900 thousand which is an increase to the deficit of \$700 thousand, 2.8% from the prior year due primarily to increased postclosure expenses offset partially by recycling revenues. This deficit does not mean that there are insufficient resources available to pay bills; but that long-term commitments are greater than currently available resources.

Financial Analysis of the Government-Wide: (Continued)

Statement of Activities

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

Table 2

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

	Primary Government					
	Governmental Activities		Business-type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 0.5	\$ 0.5	\$ 0.6	\$ 0.8	\$ 1.1	\$ 1.3
Operating grants and contributions	4.9	4.9	-	-	4.9	4.9
Capital grants and contributions	0.3	0.2	-	0.1	0.3	0.3
General revenues:						
General property taxes	21.5	21.0	-	-	21.5	21.0
Other local taxes	3.3	3.4	-	-	3.3	3.4
Use of money and property	0.5	0.8	-	-	0.5	0.8
C/VA non-categorical aid	3.2	3.2	-	-	3.2	3.2
Other general revenues	0.2	0.4	-	-	0.2	0.4
Total revenues	\$ 34.4	\$ 34.4	\$ 0.6	\$ 0.9	\$ 35.0	\$ 35.3
Expenses:						
General government administration	\$ 2.3	\$ 2.2	\$ -	\$ -	\$ 2.3	\$ 2.2
Judicial administration	1.2	1.1	-	-	1.2	1.1
Public safety	4.7	4.4	-	-	4.7	4.4
Public works	1.4	1.5	-	-	1.4	1.5
Health and welfare	5.0	4.8	-	-	5.0	4.8
Education	16.4	15.3	-	-	16.4	15.3
Parks, recreation, and cultural	0.9	0.9	-	-	0.9	0.9
Community development	0.6	0.5	-	-	0.6	0.5
Interest and other fiscal charges	1.1	1.0	-	-	1.1	1.0
Water	-	-	0.4	0.4	0.4	0.4
Community programs	-	-	0.1	0.1	0.1	0.1
Landfill	-	-	0.3	1.6	0.3	1.6
Sewer	-	-	0.1	-	0.1	-
Total expenses	\$ 33.6	\$ 31.7	\$ 0.9	\$ 2.1	\$ 34.5	\$ 33.8
Increase in net assets before transfers	\$ 0.8	\$ 2.7	\$ (0.3)	\$ (1.2)	\$ 0.5	\$ 1.5
Transfers	(0.5)	(0.5)	0.2	0.5	(0.3)	-
Increase in net assets	\$ 0.3	\$ 2.2	\$ (0.1)	\$ (0.7)	\$ 0.2	\$ 1.5
Net assets, July 1, 2008, as restated	28.4	26.2	2.7	3.4	31.1	29.6
Net assets, June 30, 2009	\$ 28.7	\$ 28.4	\$ 2.6	\$ 2.7	\$ 31.3	\$ 31.1

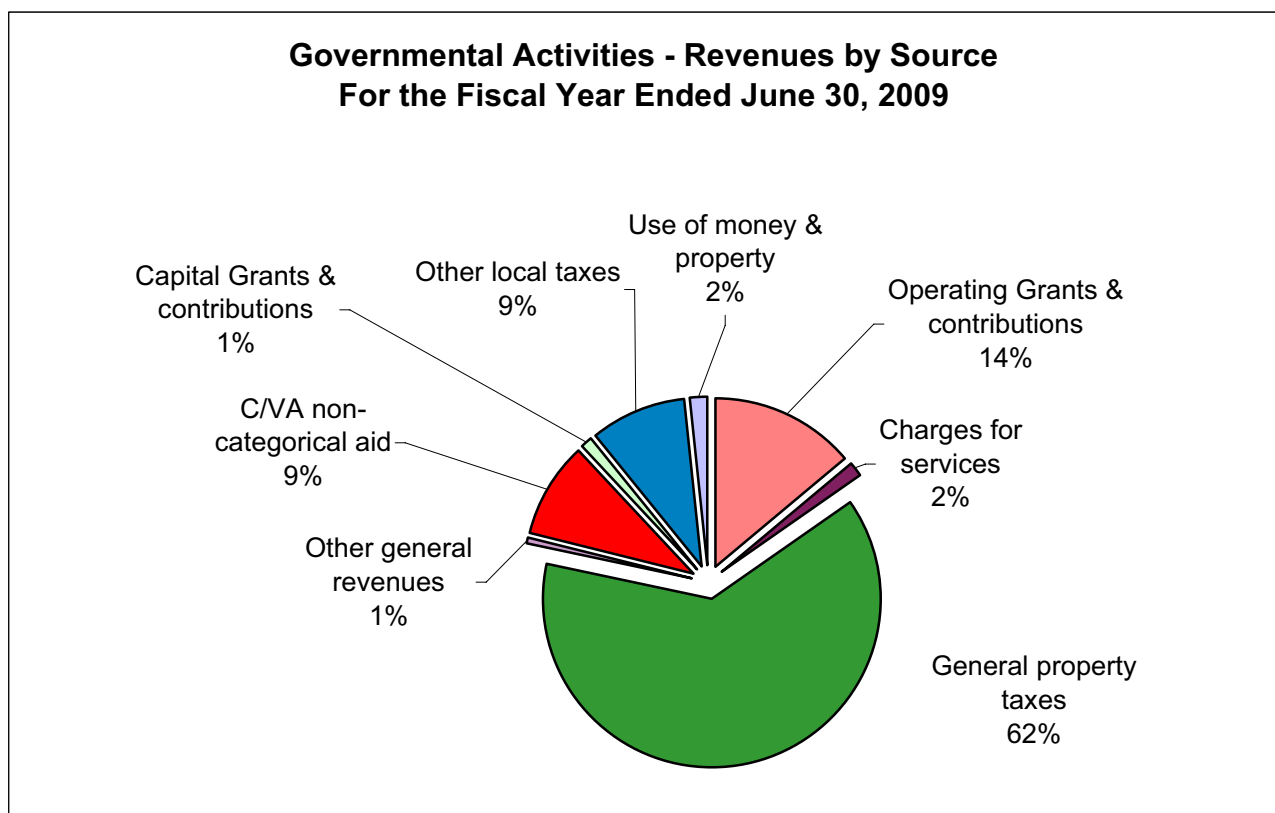
Financial Analysis of the Government-Wide: (Continued)

Statement of Activities: (Continued)

Generally, net asset changes are the result of difference between revenues and expenses. The increase in net assets attributable to the County's **governmental activities** totaled \$300 thousand for the current fiscal year. Revenues of \$34.4 million for fiscal year 2009 equal revenues recorded for the prior fiscal year; there were no changes in revenues. However, the expenses increased by \$1.9 million or 6 percent compared to the prior year.

A summary of key revenue elements follows:

- General property taxes, including the payments received from the State as reimbursement under the State's personal property tax relief program, were \$24.5 million, representing an increase of \$600 thousand or 2.5 percent. Taxes comprise the largest source of revenues. Although the general property taxes shows an increase from prior fiscal year, there should have been a higher increase because the tax rate levied for 2009 real estate was increased by 2 cents, in addition to collections for delinquent general property taxes.
- Capital grants for governmental activities increased by \$100 thousand or 50 percent primarily as a result of grants received for projects or studies including \$21 thousand from VA Dept Historical Preservation for renovations of Pleasant Grove House, \$21 thousand from Federal Transportation for Fork Union community planning, and \$6 thousand from Dept Environmental Quality for water plan.
- Use of money and property declined by \$300 thousand or 38 percent largely due to the drop in interest rates due to the financial market crisis in the fall 2008 and Federal Reserve lowering the fed fund rate in the fall 2007.

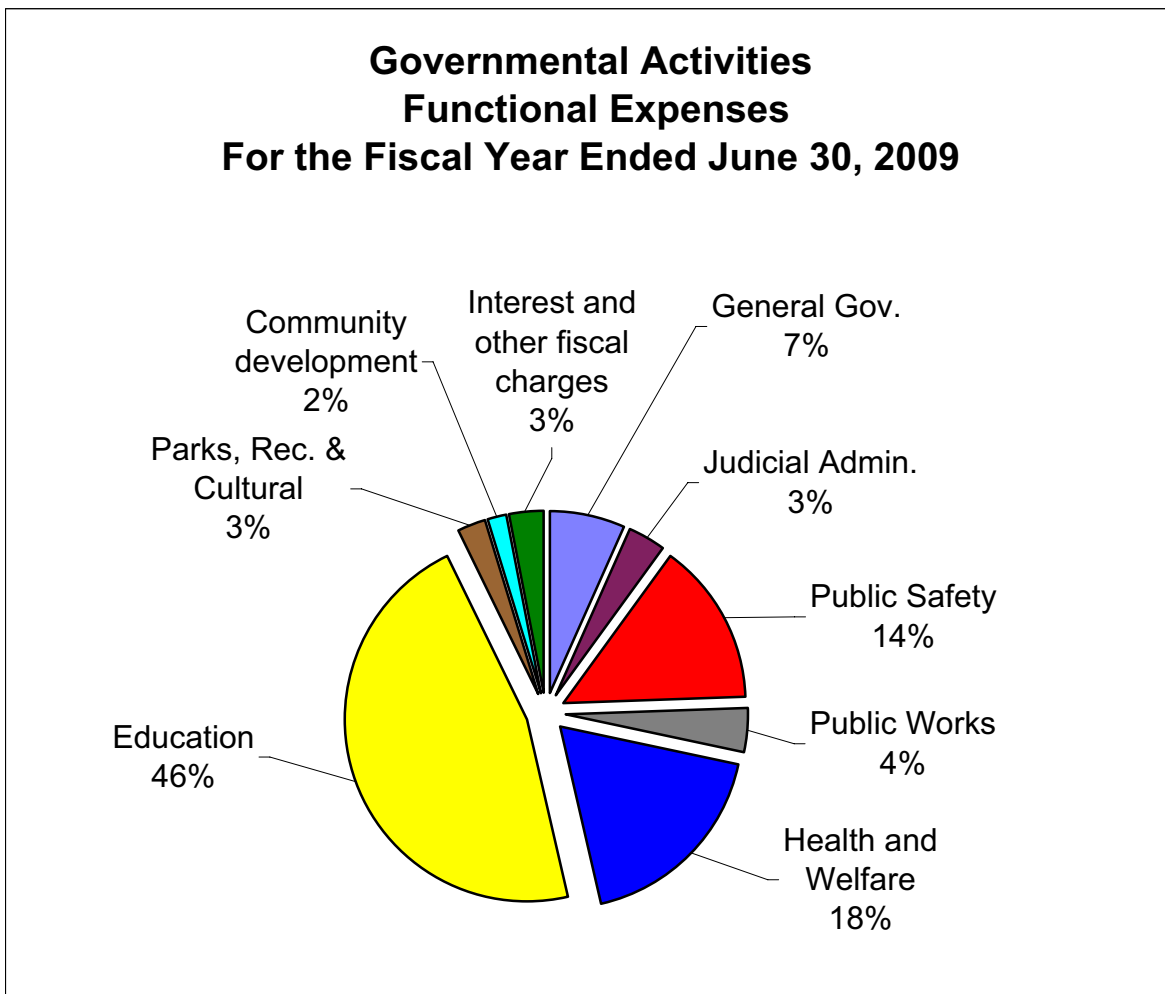


Financial Analysis of the Government-Wide: (Continued)

A summary of key expenditures elements follows:

- Local expenditures for education of \$16.4 increased by \$1.1 million from the prior year. Education continues to be the County's largest program and highest priority. The increase was the result of increases in teacher salaries and fund mandates required by the Federal No Child Left Behind Act.
- Expenditures in public safety increased by \$300 thousand or 6.4 percent from the prior year. The County's cost to the Blue Ridge Juvenile Detection Center and Central Virginia Regional Jail increased by \$270 thousand for incarceration.
- Health and welfare had an increased by \$200 thousand or 7.2 percent from the prior year. The administrative cost for Social Services increased by \$183 thousand; in addition, there were increased cost to public assistance services by \$147 thousand. The Comprehensive Services Act (CSA) program had a decline in expenditure of \$200 thousand.

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



Financial Analysis of the Government-Wide: (Continued)

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

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

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

- Charges for services for business-type activities decreased by \$200 thousand during the fiscal year. This was primarily due to the loss tipping fees from the landfill closure.
- Expenses total \$900 thousand, which were \$1.2 million lower than the prior year. The decline in expenses was primarily due to the completion of the landfill closure in fiscal year 2008.

Financial Analysis of the County’s Funds

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

Governmental Funds

As of June 30, 2009, the County’s governmental funds reported combined ending fund balances of \$89.6 million (Exhibit 3), an increase of \$61.7 million in comparison with the prior year. The increase is primarily due to proceeds of \$67.5 million from the 2008 bond issuance for the new high school construction project of which \$3.9 is reserved for capitalized interest and \$4 million from the 2007 public facilities revenue note. Approximately 21 percent of this total constitutes unreserved fund balance, which is available for spending at the County’s discretion. The remaining fund balance is designated for capital projects of \$2 million and for high school debt service of \$1 million.

The general fund is the main operating fund of the County. The fund balance for the general fund increased \$3.6 million (Exhibit 4) during the current fiscal year. This increase is primarily a result of proceeds from the 2008 bond issuance for capitalized interest. At the end of the current fiscal year, unreserved fund balance of the general fund was \$18.4 million (Exhibit 3), while total fund balance reached \$22.4 million. As a measure of the general fund’s liquidity, it may be useful to compare fund balances to total fund revenues. Unreserved fund balance represents 54.6 percent of total general fund revenues, while the total general fund expenditures represent 52.9 percent of that same amount. The Board of Supervisors uses a guideline to keep an undesignated general fund balance at a minimum of 12% of the total governmental general fund revenues and component unit – school board operating revenues. The undesignated fund balance in the general fund exceeds this guideline by 4.4 percent or \$6.7 million.

Fund balance for the Capital Projects Fund was \$67.2 million (Exhibit 4) for the fiscal year 2009; this amount is classified as *reserved* to indicate that it is not available for new spending. This fund increased by \$58.1 million during the fiscal year due to the issuance of \$67.5 million in a bond, plus interest earnings, less expenditures incurred for new high school construction.

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

Significant outlays in fiscal year 2009 included the following:

- The General Fund contributed \$15 million in operating funds to finance the Schools operations.
- The General Fund transferred \$736 thousand to the Capital Projects Fund to fund capital improvement projects for the County.
- The General Fund contributed \$287 thousand for the Other Post Employment Benefit (OPEB).

Proprietary Funds

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

Net assets of the Community Programs (*Parks & Recreation*) Fund at the end of the year were \$77 thousand, a decrease from the prior year of \$12 thousand or 15 percent. Charges for services decreased from the prior year by \$166. Operating expenses decreased from the prior year by \$1,755. There were no significant revenues or expenditures; the Community Programs made no capital outlay for the fiscal year.

Net assets of the Landfill Fund totaled a negative \$749 thousand increase from prior year of \$139 thousand. Charges for services decreased from the prior year by \$279 thousand. Operating expenses decreased from the prior year by \$1.3 million. With the landfill closure in December 2007, there was a loss of tipping fees and the decreased in expense is due completion of the landfill closure.

Net assets of the Fork Union Sanitary District Fund totaled \$1.5 million a decrease from prior year of \$50 thousand or 3.2 percent. Charges for services decreased from the prior year by \$8 thousand as result of volume of water used by commercial customers and operating expenses increased by \$44 thousand from the prior year due to cost associated with non routine maintenance of system.

Net assets of the Sewer totaled \$1.8 million a decrease from prior year of \$76 thousand or 2.8 percent. Charges for services increased from the prior year by \$58 thousand and operating expenses increased \$107 thousand as result of one year operations and depreciation of system.

General Fund Budgetary Highlights

Budget amendments resulted in an increase of \$3 million between the original budget and the final budget. Significant appropriations included:

- \$1.7 million for the capitalized interest on the 2008 bond issuance;
- \$541 thousand for Sheriff's public safety grants;
- \$287 thousand for Other Post Employment Benefit (OPEB) contribution;
- \$172 thousand to Education for the renovations to Central Elementary; and
- \$56 thousand for Smart Beginnings grant.

Variances between the final amended budget and actual was \$3 million. The significant differences were:

- \$1 million for new high school debt service reserve;
- \$370 thousand for Sheriff's public safety grants unspent;
- \$270 thousand where the Local Department of Social Services had budgeted funds for public assistance and purchased services but State funding was not available;
- \$209 thousand of unspent Comprehensive Services Act (CSA) program for providing community based services;
- \$385 thousand from educational services in the Schools; and
- \$247 thousand from non-departmental set aside for personnel, grant, and board contingencies.

Capital Asset and Debt Administration

Capital assets

Table 3 provides information on changes in the capital assets of the governmental activities during fiscal year 2009.

Table 3

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

	<u>Balance July 1, 2008</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2009</u>
Land and improvements	\$ 1.5	\$ -	\$ 1.5
Construction in progress - jointly owned	1.8	5.4	7.2
Construction in progress	1.9	(1.7)	0.2
Subtotal, capital assets not being depreciated	<u>\$ 5.2</u>	<u>\$ 3.7</u>	<u>\$ 8.9</u>
Buildings and improvements	\$ 13.4	\$ 3.0	\$ 16.4
Equipment	4.9	(0.1)	4.8
Jointly owned assets	13.0	(0.9)	12.1
Subtotal, capital assets being depreciated	<u>\$ 31.3</u>	<u>\$ 2.0</u>	<u>\$ 33.3</u>
Less: accumulated depreciation	<u>\$ 8.4</u>	<u>\$ 0.6</u>	<u>\$ 9.0</u>
Net capital assets being depreciated	<u>\$ 22.9</u>	<u>\$ 1.4</u>	<u>\$ 24.3</u>
Governmental activities capital assets, net	<u><u>\$ 28.1</u></u>	<u><u>\$ 5.1</u></u>	<u><u>\$ 33.2</u></u>

The County's investment in capital assets for its governmental type activities as of June 30, 2009 totals \$33.2 million, net of accumulated depreciation. This represents an increase of \$5.1 million or 15 percent over the prior year. The investment in capital assets includes land, buildings, improvements, infrastructure (primarily water system), machinery and equipment, and construction in progress. State law grants the County a *tenancy in common* with the School Component Unit for School capital assets for which the County incurs an obligation payable over more than one fiscal year, under which the County reported net capital assets of \$9.5 million at year end.

Major capital asset events during the current fiscal year for the governmental activities were the capitalization of the library for \$3 million, and the additional construction in progress of \$5 million for new high school.

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

Long-term debt

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

Table 4

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

	<u>Balance July 1, 2008</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2009</u>
Capital leases	\$ 0.6	\$ 0.3	\$ 0.9
Revenue bonds less deferred refunding	6.8	(0.3)	6.5
General obligations bonds plus premium	13.0	67.0	80.0
Compensated absences	0.4	0.1	0.5
Revenue note	7.5	-	7.5
Total long-term debt	<u><u>\$ 28.3</u></u>	<u><u>\$ 67.1</u></u>	<u><u>\$ 95.4</u></u>

Capital Asset and Debt Administration: (Continued)

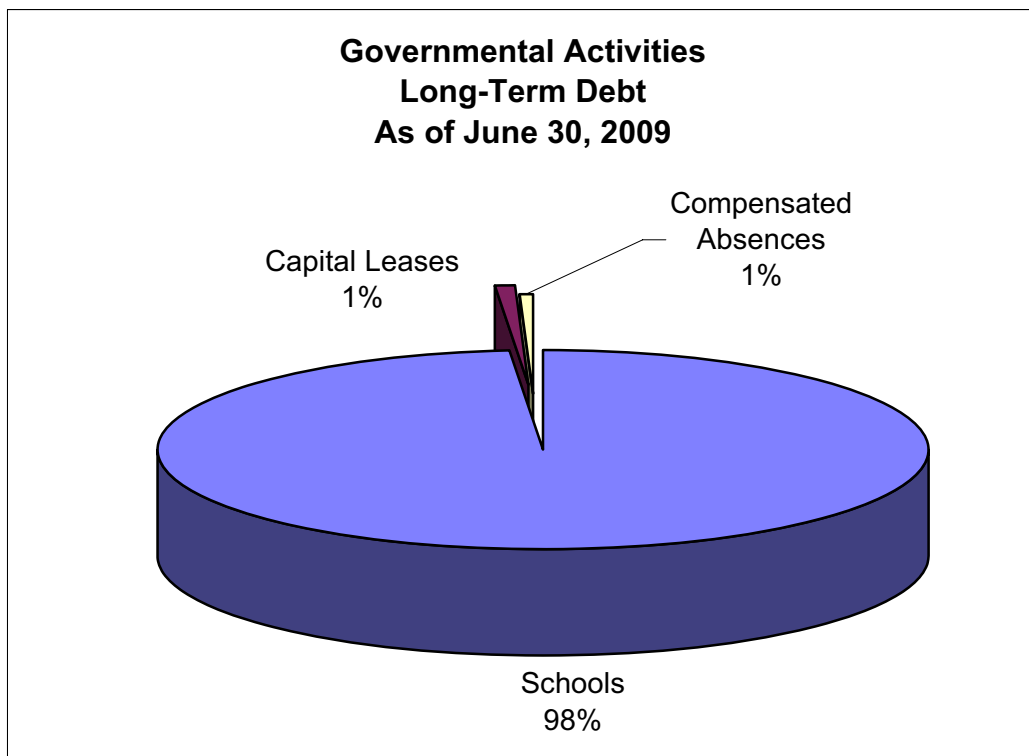
Long-term debt: (Continued)

At the end of the current fiscal year, the County had total bonded debt outstanding of \$86.5 million. This entire amount represents debt backed by the full faith and credit of the County.

The County has adopted two debt ratios as a management tool. The first ratio adopted, limits the annual general governmental debt service to no more than 12 percent of General Fund revenues. In fiscal year 2009, the County's debt to revenue ratio was 7.40 percent. The second ratio assessed by management is the net general obligation of debt to assessed value will not exceed 3.5 percent. This ratio measures the relationship between County's tax-supported debt to the taxable value of property in the County. In fiscal year 2009, this ratio was 2.54 percent.

On December 2008, the County issued \$67.5 million School General Obligation Bonds. Proceeds will be used to finance the construction for new high school.

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



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

Economic Factors and Next Year's Budgets and Rates

Economic Factors

According to the Weldon Cooper Center for Public Service at the University of Virginia, Fluvanna County's population was estimated to be 26,389; this is a decrease of 970 or 3.55 percent over the prior year. Population estimates for the last ten years are provided in Table 12, Statistical Section of this report.

The local unemployment rate was 6.1 percent at June 30, 2009, which is 2.9 percent greater than the 3.2 percent at June 30, 2008. The local unemployment rate compares favorably to the State's rate of 7.2 percent and national rate of 9.5 percent for the same period.

Inflation measured by the national consumer price index (CPI) for June was 1.4 percent lower than a year ago where the CPI for June 2008 had an increased percentage change of 5.6 percent. Factor contributing to decrease CPI was the energy prices.

The 2007 per capita personal income (PCPI) for Fluvanna County was \$32,259. This PCPI reflected an increase of 5.3 percent from 2006. Fluvanna is ranked 46th in the State and 77 percent compared to Commonwealth of Virginia's average of \$41,727 and 84 percent of the national average of \$38,615, as reported by the U. S. Department of Commerce Bureau of Economic Analysis.

According to Charlottesville Area Association of Realtors the median sale price in Fluvanna has continued to decline over the past three years (through third quarter of 2009). Median sale price for the County was \$202,900, 81% of the Charlottesville MSA average.

Fiscal Year 2010 Budget and Rates

For the fiscal year ending June 30, 2010, the adopted budget is \$67.3 million which is an increase of \$3.4 million or 5.3 percent over the prior fiscal year 2009.

For fiscal year 2009-2010 the real estate tax rate increased from \$0.48 to \$0.50 per \$100 of assessed value. Of this increase \$0.05 was set aside to build a debt reserve for the "New" High School financing.

The County will transfer to the component unit, Schools, \$15 million an decreased by 2 percent from prior fiscal year. Support to the Schools represents 50 percent of General Fund appropriations.

Key factors that are expected to impact future budget include:

- Uncertainty regarding the economy.
- Reduction of Federal and State funding.
- Debt Service for "New" High School.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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Government-wide Financial Statements

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Statement of Net Assets
At June 30, 2009

	Primary Government			Component Unit
	Governmental Activities	Business - Type Activities	Total	School Board
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 18,289,559	\$ 163,352	\$ 18,452,911	\$ 183,653
Restricted assets	71,629,328	28,090	71,657,418	-
Receivables (net of allowance for uncollectibles):				
Property taxes	1,602,669	-	1,602,669	-
Accounts receivable	213,651	29,498	243,149	18,392
Prepaid expenses	11,248	-	11,248	-
Due from primary government	-	-	-	1,547,915
Internal balances	145,775	(145,775)	-	-
Due from other governments	2,416,878	-	2,416,878	640,906
Total Current Assets	\$ 94,309,108	\$ 75,165	\$ 94,384,273	\$ 2,390,866
Noncurrent Assets				
Capital assets (net of accumulated depreciation):				
Land	\$ 1,513,246	\$ 296,176	\$ 1,809,422	\$ 329,523
Buildings and improvements	13,080,688	80,911	13,161,599	7,454,675
Infrastructure	-	4,666,558	4,666,558	-
Equipment	1,435,222	158,522	1,593,744	1,011,318
Jointly owned assets	9,825,257	-	9,825,257	-
Construction in progress	7,407,055	162,416	7,569,471	64,420
Total capital assets	\$ 33,261,468	\$ 5,364,583	\$ 38,626,051	\$ 8,859,936
Other assets:				
Bond issue costs	\$ 777,900	\$ -	\$ 777,900	\$ -
Total Noncurrent Assets	\$ 34,039,368	\$ 5,364,583	\$ 39,403,951	\$ 8,859,936
Total Assets	\$ 128,348,476	\$ 5,439,748	\$ 133,788,224	\$ 11,250,802
LIABILITIES				
Current Liabilities				
Accounts payable and other current liabilities	\$ 1,598,275	\$ 70,115	\$ 1,668,390	\$ 2,283,888
Due to component unit	1,547,915	-	1,547,915	-
Unearned revenue	167,233	-	167,233	-
Accrued interest payable	866,430	-	866,430	-
Current portion of long-term obligations	1,543,857	121,489	1,665,346	99,898
Total Current Liabilities	\$ 5,723,710	\$ 191,604	\$ 5,915,314	\$ 2,383,786
Noncurrent Liabilities				
Noncurrent portion of long-term obligations	93,921,881	2,621,525	96,543,406	899,079
Total Liabilities	\$ 99,645,591	\$ 2,813,129	\$ 102,458,720	\$ 3,282,865
NET ASSETS				
Invested in capital assets, net of related debt	\$ 9,453,382	\$ 3,572,328	\$ 13,025,710	\$ 8,859,936
Restricted for:				
Debt service	3,922,469	-	3,922,469	-
Unrestricted	15,327,034	(945,709)	14,381,325	(891,999)
Total Net Assets	\$ 28,702,885	\$ 2,626,619	\$ 31,329,504	\$ 7,967,937
Total Liabilities and Net Assets	\$ 128,348,476	\$ 5,439,748	\$ 133,788,224	\$ 11,250,802

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

COUNTY OF FLUVANNA, VIRGINIA

Statement of Activities
Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 2,349,221	\$ -	\$ 323,111	\$ 2,241
Judicial administration	1,160,816	83,773	515,224	27,306
Public safety	4,738,756	183,433	1,296,280	-
Public works	1,405,843	-	-	62,961
Health and welfare	5,007,658	-	2,614,036	-
Education	16,408,027	-	-	147,511
Parks, recreation, and cultural	909,931	109,084	5,000	80,687
Community development	606,155	140,484	-	27,554
Interest on long-term debt	1,046,588	-	-	-
Total governmental activities	\$ 33,632,995	\$ 516,774	\$ 4,753,651	\$ 348,260
Business-type activities:				
Fork Union Sanitary District	\$ 445,563	\$ 320,562	\$ -	\$ -
Community Programs	60,912	49,339	-	-
Landfill	264,311	124,695	-	-
Sewer	139,834	59,830	-	-
Total business-type activities	\$ 910,620	\$ 554,426	\$ -	\$ -
Total primary government	\$ 34,543,615	\$ 1,071,200	\$ 4,753,651	\$ 348,260
COMPONENT UNIT:				
School Board	\$ 39,699,462	\$ 1,019,696	\$ 22,605,910	\$ -

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

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	School Board
\$ (2,023,869)	\$ -	\$ (2,023,869)	\$ -
(534,513)	-	(534,513)	-
(3,259,043)	-	(3,259,043)	-
(1,342,882)	-	(1,342,882)	-
(2,393,622)	-	(2,393,622)	-
(16,260,516)	-	(16,260,516)	-
(715,160)	-	(715,160)	-
(438,117)	-	(438,117)	-
(1,046,588)	-	(1,046,588)	-
<u>\$ (28,014,310)</u>	<u>\$ -</u>	<u>\$ (28,014,310)</u>	<u>\$ -</u>
\$ -	\$ (125,001)	\$ (125,001)	\$ -
-	(11,573)	(11,573)	-
-	(139,616)	(139,616)	-
-	(80,004)	(80,004)	-
<u>\$ -</u>	<u>\$ (356,194)</u>	<u>\$ (356,194)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ (356,194)</u>	<u>\$ (28,370,504)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (16,073,856)</u>
\$ 21,534,695	\$ -	\$ 21,534,695	\$ -
1,062,461	-	1,062,461	-
1,285,679	-	1,285,679	-
373,002	-	373,002	-
277,611	-	277,611	-
210,213	-	210,213	-
3,166,206	-	3,166,206	-
525,726	452	526,178	263,998
207,764	-	207,764	271,363
-	-	-	15,874,285
(279,246)	279,246	-	-
<u>\$ 28,364,111</u>	<u>\$ 279,698</u>	<u>\$ 28,643,809</u>	<u>\$ 16,409,646</u>
\$ 349,801	\$ (76,496)	\$ 273,305	\$ 335,790
28,353,084	2,703,115	31,056,199	7,632,147
<u>\$ 28,702,885</u>	<u>\$ 2,626,619</u>	<u>\$ 31,329,504</u>	<u>\$ 7,967,937</u>

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Fund Financial Statements

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Balance Sheet - Governmental Funds
At June 30, 2009

	<u>Governmental Funds</u>		<u>Total Governmental Funds</u>
	<u>General</u>	<u>Capital Projects</u>	
ASSETS			
Cash and cash equivalents	\$ 18,289,559	\$ -	\$ 18,289,559
Restricted cash	3,922,469	67,706,859	71,629,328
Receivables (Net of allowance for uncollectibles):			
Taxes, including penalties	1,602,669	-	1,602,669
Accounts	207,874	5,777	213,651
Prepaid items	11,248	-	11,248
Due from other funds	145,775	70,778	216,553
Due from other governmental units	2,378,181	38,697	2,416,878
Total assets	<u>\$ 26,557,775</u>	<u>\$ 67,822,111</u>	<u>\$ 94,379,886</u>
LIABILITIES			
Accounts payable	\$ 966,498	\$ 631,777	\$ 1,598,275
Due to component unit School Board	1,547,915	-	1,547,915
Due to other funds	70,778	-	70,778
Deferred revenue	1,555,420	-	1,555,420
Total liabilities	<u>\$ 4,140,611</u>	<u>\$ 631,777</u>	<u>\$ 4,772,388</u>
FUND BALANCES			
Reserved for:			
Social services	\$ 78,938	\$ -	\$ 78,938
Debt service	3,922,469	-	3,922,469
Capital projects	-	67,190,334	67,190,334
Unreserved:			
Designated for capital projects	2,033,250	-	2,033,250
Designated for high school debt service	1,036,500	-	1,036,500
Undesignated	15,346,007	-	15,346,007
Total fund balances	<u>\$ 22,417,164</u>	<u>\$ 67,190,334</u>	<u>\$ 89,607,498</u>
Total liabilities and fund balances	<u>\$ 26,557,775</u>	<u>\$ 67,822,111</u>	

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

When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the County as a whole.	\$ 33,261,468
Bond issuance costs net of amortization	777,900
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(866,430)
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay current-period expenditures. Those assets (for example, receivables) are offset by deferred revenues in the governmental funds and thus are not included in the fund balance.	1,388,187
Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities--both current and long-term--are reported in the statement of net assets.	(95,465,738)
Net assets of General Government Activities	<u>\$ 28,702,885</u>

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

Statement of Revenues, Expenditures and Changes in Fund Balances -
 Governmental Funds
 Year Ended June 30, 2009

	Governmental Funds		Total Governmental Funds
	General	Capital Projects	
Revenues:			
General property taxes	\$ 21,348,203	\$ -	\$ 21,348,203
Other local taxes	3,208,966	-	3,208,966
Permits, privilege fees and regulatory licenses	424,842	-	424,842
Fines and forfeitures	36,545	-	36,545
Revenue from use of money and property	150,328	375,398	525,726
Charges for services	55,387	-	55,387
Miscellaneous	127,215	80,549	207,764
Recovered costs	157,665	58,093	215,758
Intergovernmental:			
Commonwealth	7,019,071	21,141	7,040,212
Federal	1,150,606	77,299	1,227,905
Total revenues	\$ 33,678,828	\$ 612,480	\$ 34,291,308
Expenditures:			
Current:			
General government administration	\$ 2,142,243	\$ 36,115	\$ 2,178,358
Judicial administration	991,921	-	991,921
Public safety	4,533,675	77,263	4,610,938
Public works	1,308,139	222,761	1,530,900
Health and welfare	4,934,848	-	4,934,848
Education	14,899,287	3,495,880	18,395,167
Parks, recreation, and cultural	766,002	1,322,592	2,088,594
Community development	596,262	26,942	623,204
Nondepartmental	380,835	-	380,835
Debt service:			
Principal retirement	1,341,301	53,581	1,394,882
Interest and other fiscal charges	2,860,882	6,510	2,867,392
Bond issuance cost	-	777,900	777,900
Total expenditures	\$ 34,755,395	\$ 6,019,544	\$ 40,774,939
Excess (deficiency) of revenues over expenditures	\$ (1,076,567)	\$ (5,407,064)	\$ (6,483,631)
Other financing sources (uses):			
Transfers in	\$ 5,634,322	\$ 735,743	\$ 6,370,065
Transfers (out)	(939,625)	(5,709,686)	(6,649,311)
Issuance of capital lease	-	450,000	450,000
Premium cost on issues of bonds	-	525,066	525,066
Issuance of general obligation bonds	-	67,525,000	67,525,000
Total other financing sources (uses)	\$ 4,694,697	\$ 63,526,123	\$ 68,220,820
Changes in fund balances	\$ 3,618,130	\$ 58,119,059	\$ 61,737,189
Fund balances at beginning of year	18,799,034	9,071,275	27,870,309
Fund balances at end of year	\$ 22,417,164	\$ 67,190,334	\$ 89,607,498

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, 2009

		<u>Primary Government Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balances - total governmental funds	\$	61,737,189
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. The following details support this adjustment.		
Capital outlay	\$ 6,852,612	
Depreciation expense	<u>(1,000,195)</u>	5,852,417
Transfer of joint tenancy assets from Primary Government to the Component Unit		(770,163)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. Details of this item consist of the change in deferred taxes.		186,492
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. A summary of items supporting this adjustment is as follows:		
Proceeds from issuance of general obligation bonds	\$ (68,050,066)	
Proceeds from issuance of capital lease	(450,000)	
Principal retired on school general obligation bonds	489,335	
Principal retired on public facility bonds	263,100	
Principal retired on capital lease obligations	147,096	
Principal retired on state literary fund loans	495,351	
Deferred amount on refunding	(9,978)	
Amortization of bond premium	12,361	
Bond issuance costs	<u>777,900</u>	(66,324,901)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. The following is a summary of items supporting this adjustment:		
Change in accrued leave	\$ (72,767)	
Change in interest payable	<u>(258,466)</u>	<u>(331,233)</u>
Change in net assets of governmental activities	\$	<u><u>349,801</u></u>

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

Statement of Net Assets
 Proprietary Funds
 At June 30, 2009

	<u>Fork Union Sanitary District</u>	<u>Community Programs Fund</u>	<u>Landfill</u>	<u>Sewer</u>	<u>Totals</u>
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 14,103	\$ 12,696	\$ 136,553	\$ -	\$ 163,352
Restricted cash - landfill closure	-	-	28,090	-	28,090
Accounts receivable	<u>26,888</u>	<u>-</u>	<u>1,657</u>	<u>953</u>	<u>29,498</u>
Total Current Assets	<u>\$ 40,991</u>	<u>\$ 12,696</u>	<u>\$ 166,300</u>	<u>\$ 953</u>	<u>\$ 220,940</u>
Noncurrent Assets					
Capital assets:					
Land and construction in progress	\$ 11,736	\$ -	\$ -	\$ 446,856	\$ 458,592
Other capital assets, net of depreciation	<u>2,217,196</u>	<u>65,492</u>	<u>77,590</u>	<u>2,545,713</u>	<u>4,905,991</u>
Total Noncurrent Assets	<u>\$ 2,228,932</u>	<u>\$ 65,492</u>	<u>\$ 77,590</u>	<u>\$ 2,992,569</u>	<u>\$ 5,364,583</u>
Total Assets	<u>\$ 2,269,923</u>	<u>\$ 78,188</u>	<u>\$ 243,890</u>	<u>\$ 2,993,522</u>	<u>\$ 5,585,523</u>
LIABILITIES					
Current Liabilities					
Accounts payable and accrued expenses	\$ 20,691	\$ 1,537	\$ 37,594	\$ 10,293	\$ 70,115
Due to other funds	-	-	28,090	117,685	145,775
Current portion of long-term obligations	<u>29,958</u>	<u>-</u>	<u>31,531</u>	<u>60,000</u>	<u>121,489</u>
Total Current Liabilities	<u>\$ 50,649</u>	<u>\$ 1,537</u>	<u>\$ 97,215</u>	<u>\$ 187,978</u>	<u>\$ 337,379</u>
Noncurrent Liabilities					
Noncurrent portion of long-term obligations	<u>705,811</u>	<u>-</u>	<u>895,714</u>	<u>1,020,000</u>	<u>2,621,525</u>
Total Liabilities	<u>\$ 756,460</u>	<u>\$ 1,537</u>	<u>\$ 992,929</u>	<u>\$ 1,207,978</u>	<u>\$ 2,958,904</u>
NET ASSETS					
Invested in capital assets, net of related debt	\$ 1,516,678	\$ 65,492	\$ 77,590	\$ 1,912,568	\$ 3,572,328
Unrestricted	<u>(3,215)</u>	<u>11,159</u>	<u>(826,629)</u>	<u>(127,024)</u>	<u>(945,709)</u>
Total Net Assets	<u>\$ 1,513,463</u>	<u>\$ 76,651</u>	<u>\$ (749,039)</u>	<u>\$ 1,785,544</u>	<u>\$ 2,626,619</u>
Total Liabilities and Net Assets	<u>\$ 2,269,923</u>	<u>\$ 78,188</u>	<u>\$ 243,890</u>	<u>\$ 2,993,522</u>	<u>\$ 5,585,523</u>

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

Statement of Revenues, Expenses and Changes in Net Assets --
 Proprietary Funds
 Year Ended June 30, 2009

	Fork Union Sanitary District	Community Programs Fund	Landfill	Sewer	Totals
Operating revenues:					
Charges for services	\$ 320,562	\$ 49,339	\$ 124,695	\$ 59,830	\$ 554,426
Total operating revenues	<u>\$ 320,562</u>	<u>\$ 49,339</u>	<u>\$ 124,695</u>	<u>\$ 59,830</u>	<u>\$ 554,426</u>
Operating expenses:					
Personal services	\$ 152,793	\$ -	\$ 92,919	\$ 7,867	\$ 253,579
Fringe benefits	56,825	-	26,767	301	83,893
Contractual services	36,815	4,709	130,586	43,337	215,447
Other charges	72,689	44,419	8,292	22,633	148,033
Depreciation	98,475	11,784	5,747	65,696	181,702
Total operating expenses	<u>\$ 417,597</u>	<u>\$ 60,912</u>	<u>\$ 264,311</u>	<u>\$ 139,834</u>	<u>\$ 882,654</u>
Operating income (loss)	<u>\$ (97,035)</u>	<u>\$ (11,573)</u>	<u>\$ (139,616)</u>	<u>\$ (80,004)</u>	<u>\$ (328,228)</u>
Nonoperating revenues (expenses):					
Interest income	\$ -	\$ -	\$ 452	\$ -	\$ 452
Interest expense	<u>(27,966)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27,966)</u>
Total nonoperating revenues (expenses)	<u>\$ (27,966)</u>	<u>\$ -</u>	<u>\$ 452</u>	<u>\$ -</u>	<u>\$ (27,514)</u>
Income (loss) before contributions and transfers	<u>\$ (125,001)</u>	<u>\$ (11,573)</u>	<u>\$ (139,164)</u>	<u>\$ (80,004)</u>	<u>\$ (355,742)</u>
Transfers					
Transfers in	<u>\$ 75,364</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 203,882</u>	<u>\$ 279,246</u>
Total transfers	<u>\$ 75,364</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 203,882</u>	<u>\$ 279,246</u>
Change in net assets	\$ (49,637)	(11,573)	(139,164)	123,878	(76,496)
Net assets at beginning of year	<u>1,563,100</u>	<u>88,224</u>	<u>(609,875)</u>	<u>1,661,666</u>	<u>2,703,115</u>
Net assets at end of year	<u><u>\$ 1,513,463</u></u>	<u><u>\$ 76,651</u></u>	<u><u>\$ (749,039)</u></u>	<u><u>\$ 1,785,544</u></u>	<u><u>\$ 2,626,619</u></u>

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

Statement of Cash Flows
 Proprietary Funds
 Year Ended June 30, 2009

	Fork Union Sanitary District	Community Programs Fund	Landfill	Sewer	Totals
Cash flows from operating activities:					
Receipts from customers and users	\$ 310,223	\$ 49,339	\$ 125,357	\$ 60,655	\$ 545,574
Payments to suppliers	(102,786)	(52,818)	(150,146)	(60,666)	(366,416)
Payments to employees (including fringe benefits)	(209,618)	-	(119,686)	(8,168)	(337,472)
Net cash provided (used) by operating activities	<u>\$ (2,181)</u>	<u>\$ (3,479)</u>	<u>\$ (144,475)</u>	<u>\$ (8,179)</u>	<u>\$ (158,314)</u>
Cash flows from noncapital financing activities:					
Transfers in	\$ 75,364	-	-	\$ 203,882	\$ 279,246
Increase / (decrease) in due to other funds	-	-	(101,842)	(182,671)	(284,513)
Net cash provided (used) by noncapital financing activities	<u>\$ 75,364</u>	<u>\$ -</u>	<u>\$ (101,842)</u>	<u>\$ 21,211</u>	<u>\$ (5,267)</u>
Cash flows from capital and related financing activities:					
Construction and acquisition of capital assets	\$ (68,137)	-	-	\$ (162,416)	\$ (230,553)
Construction grants	-	-	-	209,384	209,384
Interest expense	(27,966)	-	-	-	(27,966)
Retirement of indebtedness	(31,554)	-	-	(60,000)	(91,554)
Net cash provided (used) by capital and related financing activities	<u>\$ (127,657)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,032)</u>	<u>\$ (140,689)</u>
Cash flows from investing activities:					
Interest income	\$ -	-	\$ 452	-	\$ 452
Increase (decrease) in cash and cash equivalents	\$ (54,474)	\$ (3,479)	\$ (245,865)	-	\$ (303,818)
Cash and cash equivalents at beginning of year	68,577	16,175	410,508	-	495,260
Cash and cash equivalents at end of year	<u>\$ 14,103</u>	<u>\$ 12,696</u>	<u>\$ 164,643</u>	<u>\$ -</u>	<u>\$ 191,442</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (97,035)	\$ (11,573)	\$ (139,616)	\$ (80,004)	\$ (328,228)
Adjustments to reconcile net loss to net cash provided used by operations:					
Depreciation	\$ 98,475	\$ 11,784	\$ 5,747	\$ 65,696	\$ 181,702
Changes in operating assets and liabilities:					
(Increase)/decrease in accounts receivable	(10,339)	-	662	825	(8,852)
(Decrease) in accounts payable and accrued expenses	6,718	(3,690)	(11,268)	5,304	(2,936)
Total adjustments	<u>\$ 94,854</u>	<u>\$ 8,094</u>	<u>\$ (4,859)</u>	<u>\$ 71,825</u>	<u>\$ 169,914</u>
Net cash provided used by operating activities	<u>\$ (2,181)</u>	<u>\$ (3,479)</u>	<u>\$ (144,475)</u>	<u>\$ (8,179)</u>	<u>\$ (158,314)</u>

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

Statement of Fiduciary Net Assets
 Fiduciary Funds
 At June 30, 2009

	Other Post - Employment Benefits Trust	Agency Fund
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 286,561	\$ 64,074
Total assets	<u>\$ 286,561</u>	<u>\$ 64,074</u>
LIABILITIES		
Amounts held for social services clients	\$ -	\$ 64,074
Total liabilities	<u>\$ -</u>	<u>\$ 64,074</u>
NET ASSETS		
Assets held in trust for OPEB benefits	\$ 286,561	\$ -
Total net assets	<u>\$ 286,561</u>	<u>\$ -</u>

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

Statement of Changes in Fiduciary Net Assets
 Fiduciary Funds
 For the Year Ended June 30, 2009

	Other Post - Employment Benefits Trust
	<u> </u>
ADDITIONS	
Contributions:	
Employer	\$ 286,561
Total contributions	<u>\$ 286,561</u>
 DEDUCTIONS	
Benefits and refunds paid to plan members and beneficiaries	\$ -
Total deductions	<u>\$ -</u>
 Change in net assets	 \$ 286,561
Net assets - beginning	-
Net assets - ending	<u><u>\$ 286,561</u></u>

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

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

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

Government-wide and Fund Financial Statements

Government-wide Financial Statements

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

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

Statement of Net Assets

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

Statement of Activities

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

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

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

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

Fund Financial Statements

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

Budgetary Comparison Schedules

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

A. Financial Reporting Entity

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

B. Individual Component Unit Disclosures

Blended component Units:

The County has no blended component units.

Discretely Presented Component Unit:

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

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

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

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

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

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

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

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

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

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

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

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

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

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

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

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

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

1. Governmental Funds

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

a. General Fund

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

b. Capital Projects Fund

The Capital Projects Fund (Capital Improvements) accounts for all financial resources used for the acquisition or construction of major capital facilities not being financed by proprietary funds

2. Proprietary Funds

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

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

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

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

Enterprise Funds

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

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

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

3. Fiduciary Funds (Trust and Agency Funds)

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

D. Budgets and Budgetary Accounting

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

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

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

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

D. Budgets and Budgetary Accounting: (continued)

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

E. Cash and Cash Equivalents

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

F. Investments

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

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

G. Receivables and Payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$510,321 at June 30, 2009 and is comprised of the following:

Fork Union Sanitary District	\$	22,315
Sewer		202
Landfill		137,102
Property Taxes		<u>350,702</u>
Total	\$	<u><u>510,321</u></u>

Property Tax Calendar

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

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

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

H. Prepaid Items

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

I. Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Interest attributable to capitalized assets as of June 30, 2009 was \$2,076,887.

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

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

J. Compensated Absences

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

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

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

K. Long-term Obligations

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

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

L. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

M. Net Assets

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

N. Use of Estimates

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

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

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

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

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

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

NOTE 2 - DEPOSITS AND INVESTMENTS:

Deposits

All cash of the County and School Board Component Unit is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance.

The Act provides for a pooling of collateral pledged with the Treasurer of Virginia to secure public deposits as a class. No specific collateral can be identified as security for any one public depositor and public depositors are prohibited from holding collateral in their name as security for deposits. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and notifying local governments of compliance by banks and savings and loan associations. A multiple financial institution collateral pool that provides for additional assessments is similar to depository insurance. If any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. If the value of the pool's collateral is inadequate to cover the loss, additional amounts would be assessed on a pro rata basis to the members of the pool. Funds deposited in accordance with the requirements of the Act are considered fully secured and thus are not categorized below.

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, 2009 were rated by Standard & Poor's and the ratings are presented below using Standard & Poor's rating scale.

Rated Debt Investments' Values		
Investment Type	Fair Value	AAA
First American Prime Money Market	\$ 1,594,702	\$ 1,594,702
Evergreen Institutional Money Market	14,322,000	14,322,000
Money Market Mutual Funds	36,168,324	36,168,324
U.S. Agencies	<u>31,005,678</u>	<u>31,005,678</u>
Total	<u>\$ 83,090,704</u>	<u>\$ 83,090,704</u>

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

NOTE 2 - DEPOSITS AND INVESTMENTS: (continued)

Interest Rate Risk

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

Investment Maturities (in years)			
Investment Type	Fair Value	Less Than 1 Year	1-2 Years
Money Market Mutual Funds	\$ 36,168,324	\$ 36,168,324	\$ -
U.S. Agencies	<u>31,005,678</u>	<u>9,623,985</u>	<u>21,381,693</u>
Total	<u>\$ 67,174,002</u>	<u>\$ 45,792,309</u>	<u>\$ 21,381,693</u>

Custodial Credit Risk

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

NOTE 3 - DUE FROM OTHER GOVERNMENTAL UNITS:

Receivables due from other governmental units consist of the following at June 30, 2009:

	Primary Government	Component Unit School Board
Commonwealth of Virginia:		
Local sales tax	\$ 186,843	\$ -
Communication tax	126,790	-
Public assistance and welfare administration	37,546	-
State sales tax	-	485,684
PPTRA	1,438,261	-
Shared expenses	145,168	-
Registrar	53,185	-
Comprehensive services	267,387	-
Other	48,786	15,856
Federal Government:		
School grants	-	139,366
Public assistance and welfare administration	40,404	-
Criminal Justice Grants	64,700	-
Other	<u>7,808</u>	<u>-</u>
Totals	<u>\$ 2,416,878</u>	<u>\$ 640,906</u>

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

NOTE 4 - INTERFUND OBLIGATIONS/TRANSFERS:

Interfund obligations at June 30, 2009, consisted of the following:

<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 145,775	\$ 70,778
Capital Projects	70,778	-
Landfill	-	28,090
Sewer	-	117,685
Total	<u>\$ 216,553</u>	<u>\$ 216,553</u>

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

Interfund transfers for the year ended June 30, 2009, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government		
General Fund	\$ 5,634,322	\$ 939,625
Sewer	203,882	-
Fork Union Sanitary District	75,364	-
Capital Improvements Fund	735,743	5,709,686
Total	<u>\$ 6,649,311</u>	<u>\$ 6,649,311</u>

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

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

<u>Fund</u>	<u>Due from Primary Government</u>	<u>Due to Component Unit</u>
Primary Government - General Fund	\$ -	\$ 1,547,915
Component Unit - School Board	1,547,915	-
Total	<u>\$ 1,547,915</u>	<u>\$ 1,547,915</u>

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

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

NOTE 6 - CAPITAL ASSETS:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2009:

	Beginning Balance July 1, 2008	Additions	Deletions	Ending Balance June 30, 2009
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,513,246	\$ -	\$ -	\$ 1,513,246
Construction in progress-jointly owned assets	1,840,855	5,338,755	-	7,179,610
Construction in progress	1,892,586	1,324,484	2,989,625	227,445
Total capital assets not being depreciated	<u>\$ 5,246,687</u>	<u>\$ 6,663,239</u>	<u>\$ 2,989,625</u>	<u>\$ 8,920,301</u>
Capital assets being depreciated:				
Buildings	\$ 13,411,310	\$ 3,052,101	\$ -	\$ 16,463,411
Equipment	4,891,043	153,557	242,044	4,802,556
Jointly owned assets	13,024,762	-	984,686	12,040,076
Total capital assets being depreciated	<u>\$ 31,327,115</u>	<u>\$ 3,205,658</u>	<u>\$ 1,226,730</u>	<u>\$ 33,306,043</u>
Less accumulated depreciation for:				
Buildings	\$ 2,972,533	\$ 410,190	\$ -	\$ 3,382,723
Equipment	3,293,715	289,003	215,384	3,367,334
Jointly owned assets	2,128,340	301,002	214,523	2,214,819
Total accumulated depreciation	<u>\$ 8,394,588</u>	<u>\$ 1,000,195</u>	<u>\$ 429,907</u>	<u>\$ 8,964,876</u>
Total capital assets being depreciated, net	<u>\$ 22,932,527</u>	<u>\$ 2,205,463</u>	<u>\$ 796,823</u>	<u>\$ 24,341,167</u>
Governmental activities capital assets, net	<u>\$ 28,179,214</u>	<u>\$ 8,868,702</u>	<u>\$ 3,786,448</u>	<u>\$ 33,261,468</u>

Tenancy in Common – State legislation enacted in 2002, Section 15.2-1800.1 of the Code of Virginia, (1950), as amended, granted the County a tenancy in common with the School Board when the County incurs a financial obligation for school property which is payable over more than one fiscal year. For financial reporting purposes, the net book value of School capital assets financed by the County guaranteed debt is shown under the County up to the amount of outstanding debt. At June 30, 2009, the School component unit capital assets financed by the outstanding County guaranteed debt with a book value of \$17,004,867 were reported in the Primary Government as tenant in common with the School Board.

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

NOTE 6 - CAPITAL ASSETS: (continued)

	<u>Beginning Balance July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2009</u>
Business-type Activities:				
<u>Fork Union Sanitary District:</u>				
Capital assets, not being depreciated:				
Land	\$ 11,736	\$ -	\$ -	\$ 11,736
Total capital assets not being depreciated	<u>\$ 11,736</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,736</u>
Capital assets being depreciated:				
Buildings	\$ 18,079	\$ -	\$ -	\$ 18,079
Infrastructure	3,078,912	-	-	3,078,912
Equipment	91,575	68,136	-	159,711
Total capital assets being depreciated	<u>\$ 3,188,566</u>	<u>\$ 68,136</u>	<u>\$ -</u>	<u>\$ 3,256,702</u>
Less accumulated depreciation for:				
Buildings	\$ 14,537	\$ 221	\$ -	\$ 14,758
Infrastructure	879,594	78,473	-	958,067
Equipment	46,900	19,781	-	66,681
Total accumulated depreciation	<u>\$ 941,031</u>	<u>\$ 98,475</u>	<u>\$ -</u>	<u>\$ 1,039,506</u>
Total capital assets being depreciated, net	<u>\$ 2,247,535</u>	<u>\$ (30,339)</u>	<u>\$ -</u>	<u>\$ 2,217,196</u>
Fork Union Sanitary District capital assets, net	<u>\$ 2,259,271</u>	<u>\$ (30,339)</u>	<u>\$ -</u>	<u>\$ 2,228,932</u>
<u>Community Programs Fund:</u>				
Capital assets being depreciated:				
Equipment	\$ 159,153	\$ -	\$ -	\$ 159,153
Total capital assets being depreciated	<u>\$ 159,153</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 159,153</u>
Less accumulated depreciation for:				
Equipment	\$ 81,877	\$ 11,784	\$ -	\$ 93,661
Total accumulated depreciation	<u>\$ 81,877</u>	<u>\$ 11,784</u>	<u>\$ -</u>	<u>\$ 93,661</u>
Total capital assets being depreciated, net	<u>\$ 77,276</u>	<u>\$ (11,784)</u>	<u>\$ -</u>	<u>\$ 65,492</u>
Community Programs capital assets, net	<u>\$ 77,276</u>	<u>\$ (11,784)</u>	<u>\$ -</u>	<u>\$ 65,492</u>

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

NOTE 6 - CAPITAL ASSETS: (continued)

	Beginning Balance July 1, 2008	Additions	Deletions	Ending Balance June 30, 2009
Business-type Activities: (continued)				
<u>Landfill Fund:</u>				
Capital assets being depreciated:				
Land improvements	\$ 86,211	\$ -	\$ -	\$ 86,211
Total capital assets being depreciated	<u>\$ 86,211</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,211</u>
Less accumulated depreciation for:				
Land improvements	\$ 2,874	\$ 5,747	\$ -	\$ 8,621
Total accumulated depreciation	<u>\$ 2,874</u>	<u>\$ 5,747</u>	<u>\$ -</u>	<u>\$ 8,621</u>
Total capital assets being depreciated, net	<u>\$ 83,337</u>	<u>\$ (5,747)</u>	<u>\$ -</u>	<u>\$ 77,590</u>
Landfill capital assets, net	<u><u>\$ 83,337</u></u>	<u><u>\$ (5,747)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 77,590</u></u>
<u>Sewer Fund:</u>				
Capital assets, not being depreciated:				
Land	\$ 284,440	\$ -	\$ -	\$ 284,440
Construction in progress	-	162,416	-	162,416
Total capital assets not being depreciated	<u>\$ 284,440</u>	<u>\$ 162,416</u>	<u>\$ -</u>	<u>\$ 446,856</u>
Capital assets being depreciated:				
Infrastructure	\$ 2,627,832	\$ -	\$ -	\$ 2,627,832
Total capital assets being depreciated	<u>\$ 2,627,832</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,627,832</u>
Less accumulated depreciation for:				
Infrastructure	\$ 16,423	\$ 65,696	\$ -	\$ 82,119
Total accumulated depreciation	<u>\$ 16,423</u>	<u>\$ 65,696</u>	<u>\$ -</u>	<u>\$ 82,119</u>
Total capital assets being depreciated, net	<u>\$ 2,611,409</u>	<u>\$ (65,696)</u>	<u>\$ -</u>	<u>\$ 2,545,713</u>
Sewer capital assets, net	<u><u>\$ 2,895,849</u></u>	<u><u>\$ 96,720</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,992,569</u></u>
Business-type activities capital assets, net	<u><u>\$ 5,315,733</u></u>	<u><u>\$ 48,850</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,364,583</u></u>

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

NOTE 6 - CAPITAL ASSETS: (continued)

	<u>Beginning Balance July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2009</u>
Discretely Presented Component-Unit School Board:				
Capital assets, not being depreciated:				
Land	\$ 329,523	\$ -	\$ -	\$ 329,523
Construction in progress	<u>-</u>	<u>64,420</u>	<u>-</u>	<u>64,420</u>
Total capital assets not being depreciated	<u>\$ 329,523</u>	<u>\$ 64,420</u>	<u>\$ -</u>	<u>\$ 393,943</u>
Capital assets being depreciated:				
Buildings	\$ 8,748,776	\$ -	\$ -	\$ 8,748,776
Equipment	4,069,174	225,447	7,600	4,287,021
Jointly owned assets	<u>5,870,104</u>	<u>984,686</u>	<u>-</u>	<u>6,854,790</u>
Total capital assets being depreciated	<u>\$ 18,688,054</u>	<u>\$ 1,210,133</u>	<u>\$ 7,600</u>	<u>\$ 19,890,587</u>
Less accumulated depreciation for:				
Buildings	\$ 7,552,305	\$ 596,586	\$ -	\$ 8,148,891
Equipment	<u>3,084,399</u>	<u>197,104</u>	<u>5,800</u>	<u>3,275,703</u>
Total accumulated depreciation	<u>\$ 10,636,704</u>	<u>\$ 793,690</u>	<u>\$ 5,800</u>	<u>\$ 11,424,594</u>
Total capital assets being depreciated, net	<u>\$ 8,051,350</u>	<u>\$ 416,443</u>	<u>\$ 1,800</u>	<u>\$ 8,465,993</u>
School Board capital assets, net	<u>\$ 8,380,873</u>	<u>\$ 480,863</u>	<u>\$ 1,800</u>	<u>\$ 8,859,936</u>

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

NOTE 6 - CAPITAL ASSETS: (continued)

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

Governmental Activities:

General government administration	\$ 113,047
Judicial administration	166,545
Public safety	271,715
Public works	27,507
Health and welfare	19,927
Education	301,002
Parks, recreation and cultural	100,452
Total	<u>\$ 1,000,195</u>

Business-Type Activities:

Fork Union Sanitary District	<u>\$ 98,475</u>
Community Programs	<u>\$ 11,784</u>
Landfill	<u>\$ 5,747</u>
Sewer	<u>\$ 65,696</u>

Component Unit School Board \$ 579,167 (1)

(1) Depreciation Expense \$ 579,167

Accumulated depreciation on joint tenancy asset transfer 214,523

Total additions to accumulated depreciation \$ 793,690

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

NOTE 7 - LONG-TERM OBLIGATIONS:

The following is a summary of changes in long-term obligation transactions for the fiscal year ended June 30, 2009:

	<u>Amounts Payable at July 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts Payable at June 30, 2009</u>	<u>Amounts Due Within One Year</u>
Governmental Funds:					
Public facility note	\$ 7,500,000	\$ -	\$ -	\$ 7,500,000	\$ -
School general obligation bonds	7,791,636	67,525,000	489,335	74,827,301	495,425
Premium on general obligation bonds	-	525,066	12,361	512,705	27,988
Public facility bonds	6,891,600	-	263,100	6,628,500	322,400
Less deferred amount on refunding	(179,596)	-	(9,978)	(169,618)	(9,978)
Capital lease obligation	629,104	450,000	147,096	932,008	162,964
Literary fund loans	5,233,125	-	495,351	4,737,774	495,351
Compensated absences	424,301	178,842	106,075	497,068	49,707
Total governmental funds	<u>\$ 28,290,170</u>	<u>\$ 68,678,908</u>	<u>\$ 1,503,340</u>	<u>\$ 95,465,738</u>	<u>\$ 1,543,857</u>

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

	<u>Amounts Payable at July 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts Payable at June 30, 2009</u>	<u>Amounts Due Within One Year</u>
Enterprise Funds:					
Compensated absences payable	\$ 26,901	\$ 12,682	\$ 6,725	\$ 32,858	\$ 3,286
Water facility bonds	743,808	-	31,554	712,254	27,606
Sewer revenue bonds	1,140,000	-	60,000	1,080,000	60,000
Landfill closure and post-closure costs	917,902	-	-	917,902	30,597
Total Enterprise Funds	<u>\$ 2,828,611</u>	<u>\$ 12,682</u>	<u>\$ 98,279</u>	<u>\$ 2,743,014</u>	<u>\$ 121,489</u>

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

NOTE 7 - LONG-TERM OBLIGATIONS: (continued)

Primary Government

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

Year	Literary Fund Loans		General Obligation Bonds		Public Facility Revenue Refunding Bond		Public Facility Revenue Bond	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 495,351	\$ 149,230	\$ 495,425	\$ 4,259,739	\$ 69,900	\$ 94,249	\$ 252,500	\$ 181,218
2011	495,818	132,515	501,859	4,234,410	70,000	91,248	263,000	170,794
2012	482,351	115,781	1,208,631	4,194,868	74,800	88,142	273,700	159,936
2013	475,593	99,585	1,944,984	4,127,117	74,600	84,938	285,100	148,638
2014	309,851	83,660	2,005,884	4,044,084	79,300	81,637	296,900	136,866
2015	309,851	74,364	2,072,873	3,957,634	83,900	78,136	309,100	124,606
2016	309,851	65,069	2,156,011	3,857,114	88,300	74,442	321,800	111,844
2017	309,851	55,773	2,118,231	3,755,132	92,500	70,564	335,100	98,554
2018	309,851	46,478	2,143,911	3,661,120	96,500	66,510	349,100	84,714
2019	309,851	37,182	2,234,318	3,556,788	100,300	62,289	363,500	70,296
2020	309,851	27,887	2,340,009	3,437,097	104,000	57,906	378,400	55,280
2021	309,851	18,591	2,400,997	3,313,291	107,500	53,370	394,100	39,650
2022	309,853	9,296	2,517,299	3,189,989	110,700	48,689	410,300	23,368
2023	-	-	2,638,930	3,055,020	113,700	43,876	164,100	6,416
2024	-	-	2,784,985	2,899,096	121,500	38,831	-	-
2025	-	-	2,945,887	2,725,538	124,000	33,565	-	-
2026			3,117,067	2,541,702	720,300	15,453		
2027			2,925,000	2,355,956				
2028			3,115,000	2,167,206				
2029			3,315,000	1,966,269				
2030			3,525,000	1,756,925				
2031			3,740,000	1,538,975				
2032			3,970,000	1,307,675				
2033			4,215,000	1,062,125				
2034			4,490,000	789,750				
2035			4,790,000	488,150				
2036	-	-	5,115,000	166,238	-	-	-	-
Totals	\$ 4,737,774	\$ 915,411	\$ 74,827,301	\$ 74,409,008	\$ 2,231,800	\$ 1,083,845	\$ 4,396,700	\$ 1,412,180

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

NOTE 7 - LONG-TERM OBLIGATIONS: (continued)

Primary Government: (Continued)

Year	Public Facility Revenue Note		Capital Leases		Revenue Bonds			
	Principal	Interest	Principal	Interest	Water Facilities Bond		Sewer System Revenue Bond	
					Principal	Interest	Principal	Interest
2010	\$ -	\$ 243,000	\$ 162,964	\$ 34,587	\$ 27,606	\$ 31,824	\$ 60,000	\$ -
2011	7,500,000	243,000	105,666	31,794	28,968	30,552	60,000	-
2012	-	-	110,177	27,284	30,299	29,221	60,000	-
2013	-	-	114,882	22,579	31,691	27,829	60,000	-
2014	-	-	91,604	17,671	33,147	26,373	60,000	-
2015	-	-	95,322	13,953	34,670	24,850	60,000	-
2016	-	-	99,191	10,084	36,263	23,257	60,000	-
2017	-	-	48,767	6,058	37,928	21,592	60,000	-
2018	-	-	50,708	4,117	39,671	19,849	60,000	-
2019	-	-	52,727	2,098	41,493	18,027	60,000	-
2020	-	-	-	-	43,400	16,120	60,000	-
2021	-	-	-	-	45,393	14,127	60,000	-
2022	-	-	-	-	47,479	12,041	60,000	-
2023	-	-	-	-	49,660	9,860	60,000	-
2024	-	-	-	-	51,941	7,579	60,000	-
2025	-	-	-	-	54,327	5,193	60,000	-
2026	-	-	-	-	56,823	2,697	60,000	-
2027	-	-	-	-	21,495	377	60,000	-
Totals	\$ 7,500,000	\$ 486,000	\$ 932,008	\$ 170,225	\$ 712,254	\$ 321,368	\$ 1,080,000	\$ -

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

NOTE 7 - LONG-TERM OBLIGATIONS: (continued)

Detail of Long-Term Obligations

	<u>Amount Outstanding</u>	<u>Amounts Due Within One Year</u>
<i>Public Facility Bonds:</i>		
\$2,695,000 Public Facility Revenue Bond Series 2006 payable in various installments of principal and interest beginning January 15, 2007, interest payable semiannually at 4.27%.	\$ 2,585,000	\$ 152,800
\$2,505,000 Public Facility Revenue Refunding Bond Series 2005 payable in various principal installments ranging from \$59,100 to \$720,400 beginning October 15, 2006, interest payable semiannually at 4.29%.	2,231,900	69,900
Less deferred amount on refunding	(169,618)	(9,978)
\$1,900,000 Public Facility Revenue Bond Series 2007 payable in various principal installments ranging from \$88,300 to \$164,100 beginning January 15, 2009, interest payable semiannually at 3.91%.	<u>1,811,600</u>	<u>99,700</u>
Total public facility bonds	\$ <u>6,458,882</u>	\$ <u>312,422</u>
<i>Public Facility Note:</i>		
\$7,500,000 Public Facility Revenue Note Series 2007 principal payable in one lump sum on January 15, 2011. Interest payable semiannually beginning July 15, 2008 at 3.24%.	\$ <u>7,500,000</u>	\$ <u>-</u>
<i>School General Obligation Bonds:</i>		
\$2,096,324 School Bonds, 1995C, issued December 21, 1995, maturing annually in installments ranging from \$92,389 to \$123,720 through July 15, 2016, interest at 5.10% payable semiannually.	\$ 817,758	\$ 110,487
\$830,197 School Bonds, 1996A, issued March 1996, maturing annually in installments ranging from \$36,064 to \$49,458 through July 15, 2017, interest up to 8% payable semiannually.	368,909	43,101

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

NOTE 7 - LONG-TERM OBLIGATIONS: (continued)

Detail of Long-Term Obligations: (continued)

	<u>Amount Outstanding</u>	<u>Amounts Due Within One Year</u>
<i>School General Obligation Bonds: (continued)</i>		
\$1,000,000 Refunding School Bonds, 1999A, issued May 13, 1999, maturing annually in installments of \$50,000 through July 15, 2019, interest payable semiannually at 4.1%.	\$ 550,000	\$ 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%.	5,565,634	291,837
\$67,525,000 School Bonds, 2008A, issued December 22, 2008, maturing annually in installments ranging from \$700,000 to \$5,115,000 through December 1, 2035, interest payable semiannually at 5.95%	67,525,000	-
Premium on School Bonds 2008A	<u>512,705</u>	<u>27,988</u>
Total school general obligation bonds	\$ <u>75,340,006</u>	\$ <u>523,413</u>
<i>State Literary Fund Loans:</i>		
\$260,467, issued June 15, 1991 due in annual installments of \$13,000 through June 15, 2011, \$13,000 due on June 15, 2011, interest at 4%.	\$ 26,467	\$ 13,000
\$3,500,000, issued June 15, 1992 due in annual installments of \$172,500 through June 15, 2011, final payment due June 15, 2012 in the amount of \$165,742, interest at 4%.	683,242	172,500
\$6,197,023, issued July 15, 2001 due in principal annual installments of \$309,851 through July 15, 2021, interest at 3%.	<u>4,028,065</u>	<u>309,851</u>
Total state literary fund loans	\$ <u>4,737,774</u>	\$ <u>495,351</u>

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

NOTE 7 - LONG-TERM OBLIGATIONS: (continued)

Detail of Long-Term Obligations: (continued)

	<u>Amount Outstanding</u>	<u>Amounts Due Within One Year</u>
<i>Capital Leases:</i>		
\$412,000 capital lease dated February 15, 2007 payable in annual payments of principal and interest in the amount of \$54,450 through July 15, 2015. Interest payable annually at 4.13%. Lease is for Pumper Truck.	\$ 325,249	\$ 41,017
\$217,963 capital lease dated December 22, 2002 payable in annual payments of principal and interest in the amount of \$28,186 through December 26, 2012. Interest payable annually at 4.97%. Lease is for Tanker Truck.	100,016	23,215
\$450,000 capital lease dated January 7, 2009 payable in annual payments of principal and interest in the amount of \$54,825 through October 15, 2018. Interest payable annually at 3.98%. Lease is for Pumper Truck.	450,000	41,989
\$170,415 capital lease dated November 7, 2007 payable in annual payments of principal and interest in the amount of \$60,091 through November 9, 2009. Interest payable annually at 5.90%. Lease is for Sheriff Vehicles.	<u>56,743</u>	<u>56,743</u>
Total capital leases	\$ <u>932,008</u>	\$ <u>162,964</u>
Compensated absences	\$ <u>497,068</u>	\$ <u>49,707</u>
Total	\$ <u>95,465,738</u>	\$ <u>1,543,857</u>
<i>Enterprise Funds:</i>		
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.	\$ 712,254	\$ 27,606
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.	1,080,000	60,000
Compensated absences	32,858	3,286
Landfill closure liability	<u>917,902</u>	<u>30,597</u>
Total Enterprise Obligations	\$ <u>2,743,014</u>	\$ <u>121,489</u>
Total Primary Government	\$ <u>98,208,752</u>	\$ <u>1,665,346</u>

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

NOTE 7 - LONG-TERM OBLIGATIONS: (continued)

Component Unit School Board

The following is a summary of long-term obligations for the fiscal year ended June 30, 2009:

	Amounts			Amounts	Amounts
	Payable at			Payable at	Due Within
	July 1, 2008	Increases	Decreases	June 30, 2009	One Year
Compensated absences payable	\$ 923,089	\$ 306,660	\$ 230,772	\$ 998,977	\$ 99,898
Total	\$ 923,089	\$ 306,660	\$ 230,772	\$ 998,977	\$ 99,898

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

NOTE 8 - DEFINED BENEFIT PENSION PLAN:

A. Plan Description

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

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating local law enforcement officers, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.70% of their average final compensation (AFC) for each year of credited service (1.85% for sheriffs and if the employer elects, for other employees in hazardous duty positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5.00% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/Pdf/Publications/2008annurept.pdf> or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual salary to the VRS. This 5.00% member contribution may be assumed by the employer. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County and School's contribution rate for the fiscal year ended 2009 were 8.71% and 6.52% of annual covered payroll.

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

NOTE 8 - DEFINED BENEFIT PENSION PLAN: (Continued)

B. Funding Policy: (Continued)

The School Board's contributions for professional employees were \$2,227,174, \$2,491,649, and \$1,957,652 to the teacher cost-sharing pool for the fiscal years ended June 30, 2009, 2008 and 2007 respectively and these contributions represented 8.81%, 10.30%, and 9.20% respectively, of current covered payroll.

C. Annual Pension Cost

For fiscal year 2009, the County's annual pension cost of \$499,625 was equal to the County's required and actual contributions.

For fiscal year 2009, the County School Board's annual pension cost for the Board's non-professional employees was \$131,036 which was equal to the Board's required and actual contributions.

Three Year Trend Information for the County and School Board				
Fiscal Year Ending	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation	
County:				
June 30, 2009	\$ 499,625	100%	\$	-
June 30, 2008	375,800	100%		-
June 30, 2007	341,680	100%		-
School Board				
Non-Professional:				
June 30, 2009	\$ 131,036	100%	\$	-
June 30, 2008	101,300	100%		-
June 30, 2007	95,008	100%		-

(1) Employer portion only

The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County's and the County and School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County's and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2007 was 20 years.

D. Funded Status and Funding Progress

As of June 30, 2008, the most recent actuarial valuation date, the County's plan was 88.00% funded. The actuarial accrued liability for benefits was \$13,395,729, and the actuarial value of assets was \$11,787,805, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,607,924. The covered payroll (annual payroll of active employees covered by the plan) was \$5,329,695, and ratio of the UAAL to the covered payroll was 30.17%.

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

NOTE 8 - DEFINED BENEFIT PENSION PLAN: (Continued)

D. Funded Status and Funding Progress: (Continued)

As of June 30, 2008, the most recent actuarial valuation date, the County School Board's plan was 92.16% funded. The actuarial accrued liability for benefits was \$3,860,843, and the actuarial value of assets was \$3,558,317, resulting in an unfunded actuarial accrued liability (UAAL) of \$302,526. The covered payroll (annual payroll of active employees covered by the plan) was \$1,797,502, and ratio of UAAL to the covered payroll was 16.83%.

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

NOTE 9 - CLAIMS, JUDGMENTS AND COMPENSATED ABSENCES:

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

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

Primary Government	\$ 497,068
Enterprise Funds	\$ 32,858
Component Unit School Board	\$ 998,977

NOTE 10 - RISK MANAGEMENT:

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

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

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

NOTE 11 - DEFERRED REVENUE - GOVERNMENTAL FUNDS:

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Deferred revenue totaling \$1,555,420 is comprised of the following:

- A. Deferred property tax revenues totaled \$1,520,899.
- B. Litter grant totaling \$1,240.
- C. Cash Proffers from Allied Waste totaling \$20,925.
- D. Virginia Early Childhood Foundation Grant totaling \$12,356.

NOTE 12 - CONTINGENT LIABILITIES:

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

NOTE 13 - LITIGATION:

At June 30, 2009, 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 \$917,902 reported as a landfill closure and postclosure care liability at June 30, 2009, 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 2009. 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. Also, \$28,090 has been restricted in the Landfill Fund for payment of future closure, postclosure care and corrective action costs.

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

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

NOTE 15 - SURETY BONDS:

Fidelity and Deposit Company of Maryland - Surety:

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

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

Western Surety Company - Surety:

Dr. Thomas W. D. Smith, Jr., Superintendent of Schools	\$ 10,000
Linda P. Higginbotham, Clerk of the School Board	\$ 10,000
G. Cabell Lawton, IV, County Administrator	\$ 2,000
Marvin Moss, Supervisor	\$ 2,500
Charles W. Allbaugh, Supervisor	\$ 2,500
Gene F. Ott, Supervisor	\$ 2,500
Donald W. Weaver, Supervisor	\$ 2,500
John Gooch, Supervisor	\$ 2,500
Mozell Booker, Supervisor	\$ 2,500

Continental Insurance Company - Surety:

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

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

At June 30, 2009 the County has several major projects under construction which are summarized below:

<u>Project</u>	<u>Contract Amounts</u>	<u>Expenditures as of June 30, 2009</u>	<u>Contract Balance</u>
High School	\$ 61,779,370	\$ 4,746,156	\$ 57,033,214

NOTE 17 - TRUST FOR OTHER POST-EMPLOYMENT BENEFITS:

The County of Fluvanna has established a irrevocable trust pursuant to Section 15.2-1544 of the Code of Virginia, as amended for the purpose of accumulated and investing assets to fund Other Post-Employment Benefits (OPEB) and to participate in the Virginia Pooled OPEB Trust Fund and has established a Local Finance Board to become a Participating Employer in the Trust Fund. The Trust Fund provides administrative, custodial and investment services to the Participating Employers in the Trust Fund. For the fiscal year ending June 30, 2009 the County contributed \$286,561 to the Trust Fund. There have been no expenses allocated to the Trust Fund during the fiscal year ended June 30, 2009.

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

NOTE 18—OTHER POST-EMPLOYMENT BENEFITS PROGRAM:

County:

A. Plan Description

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

B. Funding Policy

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

C. Annual OPEB Cost and Net OPEB Obligation

The annual cost of other post employment benefits (OPEB) under GASB 45 is calculated based on the annual required contribution or ARC, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The estimated pay as you go cost for OPEB benefits is \$98,798 for fiscal year 2009. 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.

For 2009, the County's expected cash payment of \$98,798 is equal to the ARC. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 are as follows:

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2009	\$ 98,798	100%	\$ -

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2009 is as follows:

Actuarial accrued liability (AAL)	\$	510,631
Actuarial value of plan assets		98,798
Unfunded actuarial accrued liability		411,833
Funded ratio (actuarial value of plan assets / AAL)		19%
Covered payroll (active plan members)		N/A
UAAL as a percentage of covered payroll		N/A

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

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

County: (Continued)

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

Funded Status and Funding Progress: (Continued)

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

Actuarial Methods and Assumptions

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

Cost Method

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

Interest Assumptions

In the July 1, 2007, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 7.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9 percent initially, reduced by decrements to an ultimate rate of 5 percent after ten years. Both rates included a 4.5 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2007, was thirty years.

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

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

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

School Board:

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.

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 \$253,963 for fiscal year 2009. 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 2009, the School Board's expected cash payment of \$253,963 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 2009 are as follows:

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2009	\$ 253,963	100%	\$ -

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2009 is as follows:

Actuarial accrued liability (AAL)	\$ 1,791,292
Actuarial value of plan assets	253,963
Unfunded actuarial accrued liability	1,537,329
Funded ratio (actuarial value of plan assets / AAL)	14%
Covered payroll (active plan members)	N/A
UAAL as a percentage of covered payroll	N/A

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

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

School Board: (Continued)

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

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

Actuarial Methods and Assumptions

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

Cost Method

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

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

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

COUNTY OF FLUVANNA, VIRGINIA

Notes to Financial Statements
At June 30, 2009 (Continued)

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

School Board: (Continued)

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

Interest Assumptions

In the July 1, 2007, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 7.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9 percent initially, reduced by decrements to an ultimate rate of 5 percent after ten years. Both rates included a 4.5 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2007, was thirty years.

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

NOTE 19-RESTRICTED ASSETS:

Restricted assets at June 30, 2009 consist of the following:

	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	<u>Primary</u>
			<u>Government</u>
Cash for Debt Service - Capitalized Interest	\$ 3,922,469	\$ -	\$ 3,922,469
Cash for Capital Projects - New High School	67,706,859	-	67,706,859
Cash for Landfill Closure	-	28,090	28,090
	<u>71,629,328</u>	<u>28,090</u>	<u>71,657,418</u>
Total	\$ <u>71,629,328</u>	\$ <u>28,090</u>	\$ <u>71,657,418</u>

NOTE 20-SUBSEQUENT EVENTS:

On November 13, 2009 the County issued \$5.42 million of Qualified School Construction Bonds (QZAB) to refinance \$4.83 million of the \$7.5 million 2007 note for the new high school.

REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

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

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Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual - General Fund
 Year Ended June 30, 2009

	General Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
General property taxes	\$ 21,260,110	\$ 21,260,110	\$ 21,348,203	\$ 88,093
Other local taxes	3,710,989	3,674,489	3,208,966	(465,523)
Permits, privilege fees and regulatory licenses	418,122	418,122	424,842	6,720
Fines and forfeitures	20,700	20,700	36,545	15,845
Revenue from use of money and property	715,000	715,000	150,328	(564,672)
Charges for services	129,809	129,809	55,387	(74,422)
Miscellaneous	67,821	152,607	127,215	(25,392)
Recovered costs	62,517	142,112	157,665	15,553
Intergovernmental:				
Commonwealth	7,197,303	7,279,778	7,019,071	(260,707)
Federal	1,268,216	1,727,247	1,150,606	(576,641)
Total revenues	<u>\$ 34,850,587</u>	<u>\$ 35,519,974</u>	<u>\$ 33,678,828</u>	<u>\$ (1,841,146)</u>
Expenditures:				
Current:				
General government administration	\$ 2,089,393	\$ 2,189,540	\$ 2,142,243	\$ 47,297
Judicial administration	1,033,351	1,047,695	991,921	55,774
Public safety	4,434,245	4,974,840	4,533,675	441,165
Public works	1,339,432	1,402,493	1,308,139	94,354
Health and welfare	5,412,271	5,491,697	4,934,848	556,849
Education	15,112,131	15,283,961	14,899,287	384,674
Parks, recreation, and cultural	803,144	812,144	766,002	46,142
Community development	554,029	638,723	596,262	42,461
Nondepartmental	438,800	628,699	380,835	247,864
Debt service:				
Principal retirement	2,377,702	2,377,702	1,341,301	1,036,401
Interest and other fiscal charges	1,133,206	2,860,981	2,860,882	99
Total expenditures	<u>\$ 34,727,704</u>	<u>\$ 37,708,475</u>	<u>\$ 34,755,395</u>	<u>\$ 2,953,080</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 122,883</u>	<u>\$ (2,188,501)</u>	<u>\$ (1,076,567)</u>	<u>\$ 1,111,934</u>
Other financing sources (uses):				
Transfers in	\$ -	\$ 1,728,414	\$ 5,634,322	\$ (3,905,908)
Transfers (out)	<u>(760,792)</u>	<u>(2,006,208)</u>	<u>(939,625)</u>	<u>1,066,583</u>
Total other financing sources (uses)	<u>\$ (760,792)</u>	<u>\$ (277,794)</u>	<u>\$ 4,694,697</u>	<u>\$ (2,839,325)</u>
Changes in fund balances	\$ (637,909)	\$ (2,466,295)	\$ 3,618,130	\$ 6,084,425
Fund balances at beginning of year	<u>637,909</u>	<u>2,466,295</u>	<u>18,799,034</u>	<u>16,332,739</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,417,164</u>	<u>\$ 22,417,164</u>

Required Supplementary Information
Schedule of Funding Progress

VIRGINIA RETIREMENT SYSTEM:

COUNTY:

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability	Funded Ratio (2)/(3)	Annual Covered Payroll	UAAL as % of Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2008	\$ 11,787,805	\$ 13,395,729	\$ 1,607,924	88.00%	\$ 5,329,695	30.17%
6/30/2007	10,445,512	11,592,812	1,147,300	90.10%	4,852,544	23.64%
6/30/2006	9,110,069	10,279,620	1,169,551	88.62%	4,412,775	26.50%

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

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability	Funded Ratio (2)/(3)	Annual Covered Payroll	UAAL as % of Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2008	\$ 3,558,317	\$ 3,860,843	\$ 302,526	92.16%	\$ 1,797,502	16.83%
6/30/2007	3,123,892	3,501,548	377,656	89.21%	1,749,605	21.59%
6/30/2006	2,696,351	2,982,660	286,309	90.40%	1,548,103	18.49%

OTHER POST EMPLOYMENT BENEFITS:

COUNTY:

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability	Funded Ratio (2)/(3)	Annual Covered Payroll	UAAL as % of Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
7/1/2007	\$ 98,798	\$ 510,631	\$ 411,833	19.35%	N/A	N/A

DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability	Funded Ratio (2)/(3)	Annual Covered Payroll	UAAL as % of Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
7/1/2007	\$ 253,963	\$ 1,791,292	\$ 1,537,329	14.18%	N/A	N/A

OTHER SUPPLEMENTARY INFORMATION

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Combining and Individual Fund Statements and Schedules

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Capital Projects Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Year Ended June 30, 2009

	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Revenues:				
Revenue from use of money	\$ -	\$ -	\$ 375,398	\$ 375,398
Miscellaneous	35,000	194,475	80,549	(113,926)
Recovered costs	-	119,833	58,093	(61,740)
Intergovernmental:				
Commonwealth	-	21,250	21,141	(109)
Federal	-	1,149,113	77,299	(1,071,814)
Total revenues	\$ 35,000	\$ 1,484,671	\$ 612,480	\$ (872,191)
Expenditures:				
General government administration:				
Human services building	\$ 150,000	\$ 275,000	\$ 36,115	\$ 238,885
Total general government administration	\$ 150,000	\$ 275,000	\$ 36,115	\$ 238,885
Public safety:				
Sheiff's vehicles	\$ 62,909	\$ 62,909	\$ 61,654	\$ 1,255
Fire and rescue buildings	75,000	75,000	15,609	59,391
Fire and rescue vehicles	500,000	500,000	-	500,000
Total public safety	\$ 637,909	\$ 637,909	\$ 77,263	\$ 560,646
Public works:				
Rural development project	\$ -	\$ 75,364	\$ -	\$ 75,364
Water system development	-	267,288	136,430	130,858
Historical courthouse renovations	-	76,372	26,058	50,314
Carysbrook gym	-	168,250	60,273	107,977
Total public works	\$ -	\$ 587,274	\$ 222,761	\$ 364,513
Education:				
High school construction	\$ -	\$ 73,341,094	\$ 3,261,869	\$ 70,079,225
School buses	200,000	225,447	225,447	-
School carpet	40,000	61,698	8,564	53,134
Total education	\$ 240,000	\$ 73,628,239	\$ 3,495,880	\$ 70,132,359

Capital Projects Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Budget As Amended</u>	<u>Actual</u>	<u>Variance From Amended Budget Positive (Negative)</u>
Parks, recreation, and cultural:				
Library	\$ -	\$ 1,142,489	\$ 1,137,088	\$ 5,401
Heritage trail project	-	32,725	-	32,725
Western trailhead	-	155,060	-	155,060
Mill park	-	167,315	-	167,315
Pleasant grove house renovations	-	799,132	26,926	772,206
Pleasant field amenities	-	44,040	37,048	6,992
REC access road	-	114,370	100,000	14,370
Pleasant grove basketball and tennis courts	100,000	100,000	-	100,000
Library alternative energy project	-	31,500	21,530	9,970
Pleasant grove parking	-	75,000	-	75,000
Total parks, recreation, and cultural	\$ 100,000	\$ 2,661,631	\$ 1,322,592	\$ 1,339,039
Community development:				
Fork union community plan	\$ -	\$ 481,968	\$ 26,942	\$ 455,026
Total community development	\$ -	\$ 481,968	\$ 26,942	\$ 455,026
Debt service:				
Principal retirement	\$ 53,581	\$ 53,581	\$ 53,581	\$ -
Interest	6,510	6,510	6,510	-
Bond issuance cost	-	-	777,900	(777,900)
Total debt service	\$ 60,091	\$ 60,091	\$ 837,991	\$ (777,900)
Total expenditures	\$ 1,188,000	\$ 78,332,112	\$ 6,019,544	\$ 72,312,568
Excess (deficiency) of revenues over expenditures	\$ (1,153,000)	\$ (76,847,441)	\$ (5,407,064)	\$ 71,440,377
Other financing sources (uses):				
Transfers in	\$ 698,000	\$ 1,922,159	\$ 735,743	\$ (1,186,416)
Issuance of capital lease	455,000	455,000	450,000	(5,000)
Issuance of general obligation bonds	-	67,525,000	67,525,000	-
Premium cost on issuance of bonds	-	-	525,066	525,066
Transfers (out)	-	(1,726,122)	(5,709,686)	(3,983,564)
Total other financing sources (uses)	\$ 1,153,000	\$ 68,176,037	\$ 63,526,123	\$ (4,649,914)
Changes in fund balances	\$ -	\$ (8,671,404)	\$ 58,119,059	\$ 66,790,463
Fund balance at beginning of the year	-	8,671,404	9,071,275	399,871
Fund balance at end of the year	\$ -	\$ -	\$ 67,190,334	\$ 67,190,334

Statement of Fiduciary Net Assets -
Agency Fund
At June 30, 2009

	<u>Special Welfare Fund</u>
<hr/> ASSETS <hr/>	
Cash and cash equivalents	\$ <u>64,074</u>
Total assets	\$ <u><u>64,074</u></u>
 <hr/> LIABILITIES <hr/>	
Amounts held for social services clients	\$ <u>64,074</u>
Total liabilities	\$ <u><u>64,074</u></u>

Agency Fund
Statement of Changes in Assets and Liabilities-Agency Fund
Year Ended June 30, 2009

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ <u>54,617</u>	\$ <u>37,753</u>	\$ <u>28,296</u>	\$ <u>64,074</u>
Liabilities:				
Amounts held for social services clients	\$ <u>54,617</u>	\$ <u>37,753</u>	\$ <u>28,296</u>	\$ <u>64,074</u>
Total liabilities	\$ <u>54,617</u>	\$ <u>37,753</u>	\$ <u>28,296</u>	\$ <u>64,074</u>

Discretely Presented Component Unit-School Board

Combining Balance Sheet - Discretely Presented Component Unit - School Board
 At June 30, 2009

	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 35,591	\$ 148,062	\$ 183,653
Accounts receivable	18,392	-	18,392
Due from other governmental units	640,906	-	640,906
Due from primary government	<u>1,547,915</u>	<u>-</u>	<u>1,547,915</u>
Total assets	<u>\$ 2,242,804</u>	<u>\$ 148,062</u>	<u>\$ 2,390,866</u>
LIABILITIES			
Accrued liabilities	<u>\$ 2,242,804</u>	<u>\$ 41,084</u>	<u>\$ 2,283,888</u>
Total liabilities	<u>\$ 2,242,804</u>	<u>\$ 41,084</u>	<u>\$ 2,283,888</u>
FUND BALANCES			
Unreserved:			
Undesignated	<u>\$ -</u>	<u>\$ 106,978</u>	<u>\$ 106,978</u>
Total fund balances	<u>\$ -</u>	<u>\$ 106,978</u>	<u>\$ 106,978</u>
Total liabilities and fund balances	<u>\$ 2,242,804</u>	<u>\$ 148,062</u>	

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

When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the School Board as a whole.	8,859,936
Long-term liabilities applicable to the School Board's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net assets.	<u>(998,977)</u>
Net assets of General Government Activities	<u>\$ 7,967,937</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
 Governmental Funds - Discretely Presented Component Unit - School Board
 Year Ended June 30, 2009

	School Operating Fund	School Cafeteria Fund	Total
Revenues:			
Revenue from use of money and property	\$ 263,998	\$ -	\$ 263,998
Charges for services	-	1,019,696	1,019,696
Miscellaneous	271,363	-	271,363
Recovered costs	554,432	-	554,432
Intergovernmental:			
County contribution to School Board	14,878,675	-	14,878,675
Commonwealth	20,922,677	18,756	20,941,433
Federal	1,269,039	395,438	1,664,477
Total revenues	\$ 38,160,184	\$ 1,433,890	\$ 39,594,074
Expenditures:			
Current:			
Education	\$ 38,160,184	\$ 1,501,275	\$ 39,661,459
Total expenditures	\$ 38,160,184	\$ 1,501,275	\$ 39,661,459
Changes in fund balances	\$ -	\$ (67,385)	\$ (67,385)
Fund balances at beginning of year	-	174,363	174,363
Fund balances at end of year	<u>\$ -</u>	<u>\$ 106,978</u>	<u>\$ 106,978</u>

COUNTY OF FLUVANNA, VIRGINIA

Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual - Discretely Presented Component Unit - School Board
 Year Ended June 30, 2009

	School Operating Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
Revenue from use of money and property	\$ -	\$ -	\$ 263,998	\$ 263,998
Charges for services	-	-	-	-
Miscellaneous	553,343	553,343	271,363	(281,980)
Recovered costs	-	-	554,432	554,432
Intergovernmental:				
County contribution to School Board	15,091,519	15,263,349	14,878,675	(384,674)
Commonwealth	21,964,080	21,964,080	20,922,677	(1,041,403)
Federal	1,386,100	1,386,100	1,269,039	(117,061)
Total revenues	\$ 38,995,042	\$ 39,166,872	\$ 38,160,184	\$ (1,006,688)
Expenditures:				
Current:				
Instruction	\$ 30,483,417	\$ 30,483,417	\$ 29,973,167	\$ 510,250
Administration, attendance, and health	1,278,090	1,353,090	1,339,016	14,074
Pupil transportation	2,579,331	2,320,083	2,260,697	59,386
Operation and maintenance	3,128,382	3,484,460	3,361,870	122,590
School food service costs	-	-	-	-
Technology	1,270,101	1,270,101	1,225,434	44,667
Total education	\$ 38,739,321	\$ 38,911,151	\$ 38,160,184	\$ 750,967
Debt service:				
Principal retirement	255,721	255,721	-	255,721
Total expenditures	\$ 38,995,042	\$ 39,166,872	\$ 38,160,184	\$ 1,006,688
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	\$ -	\$ -
Net changes in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	\$ -	\$ -	\$ -	\$ -

Exhibit 18

School Cafeteria Fund			
Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -
1,734,994	1,734,994	1,019,696	(715,298)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	18,756	18,756
-	-	395,438	395,438
<u>\$ 1,734,994</u>	<u>\$ 1,734,994</u>	<u>\$ 1,433,890</u>	<u>\$ (301,104)</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
1,734,994	1,734,994	1,501,275	233,719
-	-	-	-
<u>\$ 1,734,994</u>	<u>\$ 1,734,994</u>	<u>\$ 1,501,275</u>	<u>\$ 233,719</u>
\$ -	\$ -	\$ (67,385)	\$ (67,385)
\$ -	\$ -	\$ (67,385)	\$ (67,385)
-	-	174,363	174,363
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,978</u>	<u>\$ 106,978</u>

Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2009

	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	\$ (67,385)
Assets purchased by the primary government on behalf of the School Board	225,447
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. The following details support this adjustment.</p>	
Capital additions	\$ 62,620
Depreciation expense	<u>(579,167)</u> (516,547)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. This amount reflects the change in accrued leave.	(75,888)
Transfer of joint tenancy assets from Primary Government to the Component Unit	<u>770,163</u>
Change in net assets of governmental activities	\$ <u><u>335,790</u></u>

Supporting Schedules

Governmental Funds and Discretely Presented Component Unit
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2009

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	\$ 14,147,000	\$ 14,147,000	\$ 14,542,761	\$ 395,761
Real and personal public service corporation taxes	2,472,000	2,472,000	2,391,574	(80,426)
Personal property taxes	4,360,780	4,360,780	4,012,795	(347,985)
Mobile home taxes	14,000	14,000	11,006	(2,994)
Machinery and tools taxes	6,330	6,330	5,701	(629)
Penalties	200,000	200,000	292,202	92,202
Interest	60,000	60,000	92,164	32,164
Total general property taxes	<u>\$ 21,260,110</u>	<u>\$ 21,260,110</u>	<u>\$ 21,348,203</u>	<u>\$ 88,093</u>
Other local taxes:				
Local sales and use taxes	\$ 1,202,000	\$ 1,202,000	\$ 1,062,461	\$ (139,539)
Consumer utility taxes	1,436,500	1,400,000	1,285,679	(114,321)
Gross receipts tax - utilities	85,000	85,000	101,540	16,540
Motor vehicle licenses	400,000	400,000	373,002	(26,998)
Bank stock taxes	50,000	50,000	38,268	(11,732)
Recordation taxes	450,000	450,000	277,611	(172,389)
Tax on wills	87,489	87,489	70,405	(17,084)
Total other local taxes	<u>\$ 3,710,989</u>	<u>\$ 3,674,489</u>	<u>\$ 3,208,966</u>	<u>\$ (465,523)</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 7,500	\$ 7,500	\$ 18,418	\$ 10,918
Building permits	135,450	135,450	163,797	28,347
Recreation program fees	135,102	135,102	102,683	(32,419)
Other permits, fees, and licenses	140,070	140,070	139,944	(126)
Total permits, privilege fees and regulatory licenses	<u>\$ 418,122</u>	<u>\$ 418,122</u>	<u>\$ 424,842</u>	<u>\$ 6,720</u>
Fines and Forfeitures:				
Court and other fines and forfeitures	\$ 20,700	\$ 20,700	\$ 36,545	\$ 15,845
Revenue from use of money and property:				
Revenue from use of money	\$ 690,000	\$ 690,000	\$ 124,824	\$ (565,176)
Revenue from use of property	25,000	25,000	25,504	504
Total revenue from use of money and property	<u>\$ 715,000</u>	<u>\$ 715,000</u>	<u>\$ 150,328</u>	<u>\$ (564,672)</u>
Charges for services:				
Charges for Commonwealth Attorney	\$ 600	\$ 600	\$ 678	\$ 78
Charges for library	5,600	5,600	6,401	801
Law library fees	1,300	1,300	1,293	(7)
Planning and community development	1,300	1,300	540	(760)
Courthouse maintenance fees	7,500	7,500	7,349	(151)
Other charges for services	55,509	55,509	35,659	(19,850)
Excess fees of clerk	58,000	58,000	3,467	(54,533)
Total charges for services	<u>\$ 129,809</u>	<u>\$ 129,809</u>	<u>\$ 55,387</u>	<u>\$ (74,422)</u>

Governmental Funds and Discretely Presented Component Unit
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2009 (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	\$ 67,821	\$ 152,607	\$ 127,215	\$ (25,392)
Total miscellaneous revenue	\$ 67,821	\$ 152,607	\$ 127,215	\$ (25,392)
Recovered costs:				
Miscellaneous	\$ 62,517	\$ 142,112	\$ 157,665	\$ 15,553
Total recovered costs	\$ 62,517	\$ 142,112	\$ 157,665	\$ 15,553
Total revenue from local sources	\$ 26,385,068	\$ 26,512,949	\$ 25,509,151	\$ (1,003,798)
Revenue from the Commonwealth:				
Noncategorical aid:				
ABC profits	\$ 11,709	\$ 11,709	\$ -	\$ (11,709)
Wine taxes	12,273	12,273	-	(12,273)
Motor vehicle carriers tax	29,000	29,000	36,553	7,553
Mobile home titling taxes	15,000	15,000	15,253	253
Recordation taxes	-	-	117,830	117,830
PPTRA	2,996,570	2,996,570	2,996,570	-
Total noncategorical aid	\$ 3,064,552	\$ 3,064,552	\$ 3,166,206	\$ 101,654
Categorical aid:				
Shared expenses:				
Commonwealth's Attorney	\$ 237,451	\$ 237,451	\$ 242,204	\$ 4,753
Sheriff	1,025,774	1,025,774	978,808	(46,966)
Commissioner of the Revenue	125,291	125,291	126,667	1,376
Treasurer	135,000	135,000	143,259	8,259
Registrar/electoral board	50,000	50,000	53,185	3,185
Clerk of the Circuit Court	263,518	263,518	267,666	4,148
Total shared expenses	\$ 1,837,034	\$ 1,837,034	\$ 1,811,789	\$ (25,245)
Other categorical aid:				
Litter control	\$ 8,000	\$ 8,000	\$ 7,216	\$ (784)
Health	24,475	24,475	4,425	(20,050)
Library grant	55,000	55,000	59,546	4,546
Public assistance and welfare administration	591,015	591,015	596,234	5,219
Comprehensive services act	1,245,536	1,245,536	973,921	(271,615)
Fire funds	52,000	54,353	54,353	-
School construction	142,667	142,667	147,511	4,844
Two for life	22,000	24,888	24,888	-
Other categorical aid	155,024	232,258	172,982	(59,276)
Total other categorical aid	\$ 2,295,717	\$ 2,378,192	\$ 2,041,076	\$ (337,116)
Total categorical aid	\$ 4,132,751	\$ 4,215,226	\$ 3,852,865	\$ (362,361)
Total revenue from the Commonwealth	\$ 7,197,303	\$ 7,279,778	\$ 7,019,071	\$ (260,707)

Governmental Funds and Discretely Presented Component Unit
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2009 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Criminal justice grants	\$ 23,277	\$ 480,067	\$ 108,909	\$ (371,158)
Help America vote assistance grant	-	2,241	2,241	-
Public assistance and welfare administration-ARRA	-	-	11,765	11,765
Public assistance and welfare administration	1,244,939	1,244,939	1,027,691	(217,248)
Total revenue from the federal government	<u>\$ 1,268,216</u>	<u>\$ 1,727,247</u>	<u>\$ 1,150,606</u>	<u>\$ (576,641)</u>
Total General Fund	<u>\$ 34,850,587</u>	<u>\$ 35,519,974</u>	<u>\$ 33,678,828</u>	<u>\$ (1,841,146)</u>
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 375,398	\$ 375,398
Miscellaneous revenue:				
Miscellaneous	35,000	194,475	80,549	(113,926)
Recovered costs:				
Miscellaneous	-	119,833	58,093	(61,740)
Total revenue from local sources	<u>\$ 35,000</u>	<u>\$ 314,308</u>	<u>\$ 514,040</u>	<u>\$ 199,732</u>
Revenue from the commonwealth:				
Categorical aid:				
Historic preservation grant	\$ -	\$ 21,250	\$ 21,141	\$ (109)
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ 21,250</u>	<u>\$ 21,141</u>	<u>\$ (109)</u>
Revenue from the federal government:				
Categorical aid:				
Rural development grant	\$ -	\$ 55,745	\$ 55,745	\$ -
Transportation grant	-	1,093,368	21,554	(1,071,814)
Total revenue from the federal government	<u>\$ -</u>	<u>\$ 1,149,113</u>	<u>\$ 77,299</u>	<u>\$ (1,071,814)</u>
Total Capital Projects Fund	<u>\$ 35,000</u>	<u>\$ 1,484,671</u>	<u>\$ 612,480</u>	<u>\$ (872,191)</u>
Grand Total Revenues -- Primary Government	<u>\$ 34,885,587</u>	<u>\$ 37,004,645</u>	<u>\$ 34,291,308</u>	<u>\$ (2,713,337)</u>

Governmental Funds and Discretely Presented Component Unit
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2009 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Component Unit -- School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property	\$ -	\$ -	\$ 263,998	\$ 263,998
Miscellaneous revenue:				
Miscellaneous	553,343	553,343	271,363	(281,980)
Recovered costs:				
Piedmont Regional Education Program	-	-	554,432	554,432
Total revenue from local sources	\$ 553,343	\$ 553,343	\$ 1,089,793	\$ 536,450
Intergovernmental revenue:				
County contribution to School Board	\$ 15,091,519	\$ 15,263,349	\$ 14,878,675	\$ (384,674)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 3,157,835	\$ 3,157,835	\$ 2,888,184	\$ (269,651)
Basic school aid	12,491,267	12,491,267	12,016,798	(474,469)
Governor's school	386,618	386,618	357,600	(29,018)
Special education - SOQ	1,387,998	1,387,998	1,329,361	(58,637)
Fringe benefits	1,438,254	1,438,254	1,377,492	(60,762)
Special education tuition	484,881	484,881	485,483	602
Textbooks	283,630	283,630	271,648	(11,982)
Remedial education	131,621	131,621	126,060	(5,561)
Alternative education	201,858	201,858	198,251	(3,607)
Technology	258,000	258,000	154,428	(103,572)
Lottery proceeds	570,180	570,180	455,260	(114,920)
Vocational education - SOQ	351,786	351,786	336,924	(14,862)
Other state funds	820,152	820,152	925,188	105,036
Total categorical aid	\$ 21,964,080	\$ 21,964,080	\$ 20,922,677	\$ (1,041,403)
Total revenue from the Commonwealth	\$ 21,964,080	\$ 21,964,080	\$ 20,922,677	\$ (1,041,403)
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 345,886	\$ 345,886	\$ 412,876	\$ 66,990
Title VI-A state assessments	11,697	11,697	-	(11,697)
Title II - part A	180,196	180,196	116,145	(64,051)
Adult literacy	-	-	19,995	19,995
Title VI-B - special education	724,788	724,788	629,257	(95,531)
Preschool handicapped	37,118	37,118	19,936	(17,182)

Governmental Funds and Discretely Presented Component Unit
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2009 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Component Unit -- School Board: (Continued)				
School Operating Fund: (Continued)				
Revenue from the federal government: (Continued)				
Vocational education	\$ 44,382	\$ 44,382	\$ 53,617	\$ 9,235
AP test fees	156	156	-	(156)
Title III	-	-	2,303	2,303
Title V	10,458	10,458	438	(10,020)
Literacy challenge	16,958	16,958	5,173	(11,785)
Drug free schools	14,461	14,461	9,299	(5,162)
	<u>1,386,100</u>	<u>1,386,100</u>	<u>1,269,039</u>	<u>(117,061)</u>
Total revenue from the federal government	\$ 1,386,100	\$ 1,386,100	\$ 1,269,039	\$ (117,061)
	<u>38,995,042</u>	<u>39,166,872</u>	<u>38,160,184</u>	<u>(1,006,688)</u>
Total School Operating Fund	\$ 38,995,042	\$ 39,166,872	\$ 38,160,184	\$ (1,006,688)
School Cafeteria Fund:				
Charges for services:				
Cafeteria sales	\$ 1,734,994	\$ 1,734,994	\$ 1,019,696	\$ (715,298)
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	-	-	18,756	18,756
Revenue from the federal government:				
Categorical aid:				
School food program grant	-	-	395,438	395,438
	<u>1,734,994</u>	<u>1,734,994</u>	<u>1,433,890</u>	<u>(301,104)</u>
Total School Cafeteria Fund	\$ 1,734,994	\$ 1,734,994	\$ 1,433,890	\$ (301,104)
Grand Total Revenues -- Component Unit -- School Board	\$ 40,730,036	\$ 40,901,866	\$ 39,594,074	\$ (1,307,792)

General Fund - Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2009

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government:				
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 140,664	\$ 162,574	\$ 162,153	\$ 421
General and financial administration:				
County administrator	\$ 448,823	\$ 450,401	\$ 450,401	\$ -
County attorney	98,000	113,541	113,540	1
Commissioner of the revenue	321,850	329,121	323,424	5,697
Information technology	167,697	188,197	171,617	16,580
Treasurer	456,701	460,007	460,007	-
Finance department	290,611	303,959	279,613	24,346
Total general and financial administration	\$ 1,783,682	\$ 1,845,226	\$ 1,798,602	\$ 46,624
Board of Elections:				
Electoral board general registrar	\$ 165,047	\$ 181,740	\$ 181,488	\$ 252
Total board of elections	\$ 165,047	\$ 181,740	\$ 181,488	\$ 252
Total general government administration	\$ 2,089,393	\$ 2,189,540	\$ 2,142,243	\$ 47,297
Judicial administration:				
Courts:				
Circuit court	\$ 42,407	\$ 42,907	\$ 42,423	\$ 484
General district and juvenile relations court	10,000	10,000	7,718	2,282
Juvenile court service unit	4,400	4,400	4,119	281
Clerk of the circuit court	606,777	618,596	563,021	55,575
Total courts	\$ 663,584	\$ 675,903	\$ 617,281	\$ 58,622
Commonwealth's attorney:				
Commonwealth's attorney	\$ 369,767	\$ 371,792	\$ 374,640	\$ (2,848)
Total judicial administration	\$ 1,033,351	\$ 1,047,695	\$ 991,921	\$ 55,774
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,238,161	\$ 2,202,443	\$ 2,191,955	\$ 10,488
Narcotics task force	74,544	75,968	75,461	507
Drug forfeiture	-	44,756	16,151	28,605
K-9 unit	-	1,618	502	1,116
Public safety grants	9,204	465,975	95,729	370,246
Total law enforcement and traffic control	\$ 2,321,909	\$ 2,790,760	\$ 2,379,798	\$ 410,962

General Fund - Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2009 (continued)

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Public Safety: (Continued)				
Fire and rescue services:				
Forest warden	\$ 5,491	\$ 7,687	\$ 7,687	\$ -
Volunteer fire and rescue	605,530	610,771	610,771	-
Emergency Medical Services Council	16,942	16,942	16,942	-
Total fire and rescue services	<u>\$ 627,963</u>	<u>\$ 635,400</u>	<u>\$ 635,400</u>	<u>\$ -</u>
Correction and detention:				
Care of prisoners	<u>\$ 332,300</u>	<u>\$ 401,455</u>	<u>\$ 401,156</u>	<u>\$ 299</u>
Total correction and detention	<u>\$ 332,300</u>	<u>\$ 401,455</u>	<u>\$ 401,156</u>	<u>\$ 299</u>
Inspections:				
Building	<u>\$ 241,228</u>	<u>\$ 249,478</u>	<u>\$ 246,131</u>	<u>\$ 3,347</u>
Other protection:				
Animal control	\$ 192,182	\$ 175,431	\$ 169,602	\$ 5,829
Transportation safety committee	-	672	66	606
E-911	712,663	715,644	695,522	20,122
Legal aid service	4,000	4,000	4,000	-
Offender aid and restoration	2,000	2,000	2,000	-
Total other protection	<u>\$ 910,845</u>	<u>\$ 897,747</u>	<u>\$ 871,190</u>	<u>\$ 26,557</u>
Total public safety	<u>\$ 4,434,245</u>	<u>\$ 4,974,840</u>	<u>\$ 4,533,675</u>	<u>\$ 441,165</u>
Public works:				
Sanitation and waste removal:				
Litter control	<u>\$ 8,000</u>	<u>\$ 31,866</u>	<u>\$ 13,591</u>	<u>\$ 18,275</u>
Total sanitation and waste removal	<u>\$ 8,000</u>	<u>\$ 31,866</u>	<u>\$ 13,591</u>	<u>\$ 18,275</u>
Maintenance of general buildings and grounds:				
General administration	<u>\$ 1,331,432</u>	<u>\$ 1,370,627</u>	<u>\$ 1,294,548</u>	<u>\$ 76,079</u>
Total maintenance of general buildings and grounds	<u>\$ 1,331,432</u>	<u>\$ 1,370,627</u>	<u>\$ 1,294,548</u>	<u>\$ 76,079</u>
Total public works	<u>\$ 1,339,432</u>	<u>\$ 1,402,493</u>	<u>\$ 1,308,139</u>	<u>\$ 94,354</u>
Health and welfare:				
Health:				
Local health department	<u>\$ 318,084</u>	<u>\$ 290,853</u>	<u>\$ 290,853</u>	<u>\$ -</u>
Mental health and mental retardation:				
Region Ten Community Services Board	<u>\$ 90,000</u>	<u>\$ 90,000</u>	<u>\$ 90,000</u>	<u>\$ -</u>

General Fund - Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2009 (continued)

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Health and Welfare: (Continued)				
Welfare:				
Public assistance and welfare administration	\$ 2,589,388	\$ 2,591,812	\$ 2,321,582	\$ 270,230
Comprehensive services act program	2,123,417	2,123,417	1,914,015	209,402
Jefferson area board on aging	125,000	125,000	125,000	-
JAUNT, Inc.	74,689	74,689	74,689	-
Shelter for help in emergency	10,750	10,750	10,750	-
Sexual assault resource agency	1,500	1,500	1,500	-
Fluvanna housing foundation	19,800	19,800	19,800	-
Piedmont housing alliance	4,000	4,000	4,000	-
Jefferson area chip	-	27,231	27,231	-
Children, youth and family services	2,000	2,000	2,000	-
Streamwatch	3,000	3,000	3,000	-
Youth advisory council	500	1,252	196	1,056
Piedmont workforce network	2,000	2,000	2,000	-
Animal disaster	2,500	22,500	2,445	20,055
Smart beginnings grant	-	56,250	144	56,106
Monticello area community action agency	45,643	45,643	45,643	-
Total welfare	<u>\$ 5,004,187</u>	<u>\$ 5,110,844</u>	<u>\$ 4,553,995</u>	<u>\$ 556,849</u>
Total health and welfare	<u>\$ 5,412,271</u>	<u>\$ 5,491,697</u>	<u>\$ 4,934,848</u>	<u>\$ 556,849</u>
Education:				
Contributions to community colleges	\$ 20,612	\$ 20,612	\$ 20,612	\$ -
Contribution to Component Unit School Board	15,091,519	15,263,349	14,878,675	384,674
Total education	<u>\$ 15,112,131</u>	<u>\$ 15,283,961</u>	<u>\$ 14,899,287</u>	<u>\$ 384,674</u>
Parks, recreation and cultural:				
Parks and recreation:				
Parks and recreation	\$ 536,914	\$ 536,914	\$ 490,869	\$ 46,045
Total parks and recreation	<u>\$ 536,914</u>	<u>\$ 536,914</u>	<u>\$ 490,869</u>	<u>\$ 46,045</u>
Cultural enrichment:				
Cultural arts	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
County museum	1,000	1,000	1,000	-
Total cultural enrichment	<u>\$ 11,000</u>	<u>\$ 11,000</u>	<u>\$ 11,000</u>	<u>\$ -</u>
Library:				
Regional library	\$ 255,230	\$ 264,230	\$ 264,133	\$ 97
Total parks, recreation and cultural	<u>\$ 803,144</u>	<u>\$ 812,144</u>	<u>\$ 766,002</u>	<u>\$ 46,142</u>

General Fund - Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2009 (continued)

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Community development:				
Planning and community development:				
Planning commission	\$ 28,500	\$ 27,542	\$ 27,542	\$ -
Zoning board	5,450	5,837	5,822	15
Economic development	68,609	53,068	46,104	6,964
County planner	310,654	394,385	358,900	35,485
Small business development center	5,000	5,000	5,000	-
Leadership development program	1,000	1,000	1,075	(75)
Southeast rural community assistant project	500	500	500	-
Holiday lake 4-H education center	-	10,000	10,000	-
Thomas Jefferson Partnership for Economic Development	12,500	12,500	12,500	-
Thomas Jefferson Planning District Commission	29,716	29,716	29,716	-
Total planning and community development	<u>\$ 461,929</u>	<u>\$ 539,548</u>	<u>\$ 497,159</u>	<u>\$ 42,389</u>
Environmental management:				
Soil and water conservation district	<u>\$ 18,000</u>	<u>\$ 18,000</u>	<u>\$ 18,000</u>	<u>\$ -</u>
Total environmental management	<u>\$ 18,000</u>	<u>\$ 18,000</u>	<u>\$ 18,000</u>	<u>\$ -</u>
Cooperative extension program:				
Cooperative extension service	<u>\$ 74,100</u>	<u>\$ 81,175</u>	<u>\$ 81,103</u>	<u>\$ 72</u>
Total community development	<u>\$ 554,029</u>	<u>\$ 638,723</u>	<u>\$ 596,262</u>	<u>\$ 42,461</u>
Nondepartmental:				
Miscellaneous	\$ 438,800	\$ 342,138	\$ 94,274	\$ 247,864
Contribution to OPEB trust fund	<u>-</u>	<u>286,561</u>	<u>286,561</u>	<u>-</u>
Total nondepartmental	<u>\$ 438,800</u>	<u>\$ 628,699</u>	<u>\$ 380,835</u>	<u>\$ 247,864</u>
Debt service:				
Principal retirement	\$ 2,377,702	\$ 2,377,702	\$ 1,341,301	\$ 1,036,401
Interest and fiscal charges	<u>1,133,206</u>	<u>2,860,981</u>	<u>2,860,882</u>	<u>99</u>
Total debt service	<u>\$ 3,510,908</u>	<u>\$ 5,238,683</u>	<u>\$ 4,202,183</u>	<u>\$ 1,036,500</u>
Total General Fund Expenditures	<u>\$ 34,727,704</u>	<u>\$ 37,708,475</u>	<u>\$ 34,755,395</u>	<u>\$ 2,953,080</u>

Statistical Section

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

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities							
Invested in capital assets, net of related debt	\$ 3,394,423	\$ 6,956,005	\$ 7,615,852	\$ 8,848,034	\$ 8,820,288	\$ 8,715,583	\$ 9,453,382
Restricted	301,877	225,718	215,888	95,195	-	-	-
Unrestricted	<u>13,887,018</u>	<u>13,811,149</u>	<u>13,439,095</u>	<u>16,282,205</u>	<u>17,352,326</u>	<u>19,637,501</u>	<u>19,249,503</u>
Total governmental activities net assets	<u>\$ 17,583,318</u>	<u>\$ 20,992,872</u>	<u>\$ 21,270,835</u>	<u>\$ 25,225,434</u>	<u>\$ 26,172,614</u>	<u>\$ 28,353,084</u>	<u>\$ 28,702,885</u>
Business-type activities							
Invested in capital assets, net of related debt	\$ 591,726	\$ 540,511	\$ 496,399	\$ 577,246	\$ 2,834,924	\$ 3,431,925	\$ 3,572,328
Restricted	443,115	446,460	652,977	825,453	1,009,433	-	-
Unrestricted	<u>194,280</u>	<u>225,175</u>	<u>(102,232)</u>	<u>(80,310)</u>	<u>(396,731)</u>	<u>(728,810)</u>	<u>(945,709)</u>
Total business-type activities net assets	<u>\$ 1,229,121</u>	<u>\$ 1,212,146</u>	<u>\$ 1,047,144</u>	<u>\$ 1,322,389</u>	<u>\$ 3,447,626</u>	<u>\$ 2,703,115</u>	<u>\$ 2,626,619</u>
Primary government							
Invested in capital assets, net of related debt	\$ 3,986,149	\$ 7,496,516	\$ 8,112,251	\$ 9,425,280	\$ 11,655,212	\$ 12,147,508	\$ 13,025,710
Restricted	744,992	672,178	868,865	920,648	1,009,433	-	-
Unrestricted	<u>14,081,298</u>	<u>14,036,324</u>	<u>13,336,863</u>	<u>16,201,895</u>	<u>16,955,595</u>	<u>18,908,691</u>	<u>18,303,794</u>
Total primary government net assets	<u>\$ 18,812,439</u>	<u>\$ 22,205,018</u>	<u>\$ 22,317,979</u>	<u>\$ 26,547,823</u>	<u>\$ 29,620,240</u>	<u>\$ 31,056,199</u>	<u>\$ 31,329,504</u>

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

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

	2003	2004	2005	2006	2007	2008	2009
Expenses							
Governmental activities:							
General government administration	\$ 1,243,903	\$ 1,253,226	\$ 1,650,941	\$ 1,876,265	\$ 2,158,182	\$ 2,212,493	\$ 2,349,221
Judicial administration	761,871	776,509	829,676	969,016	1,106,540	1,140,519	1,160,816
Public Safety	2,997,683	3,157,159	4,056,943	4,427,947	3,885,133	4,374,838	4,738,756
Public works	684,334	770,854	796,359	878,458	1,214,823	1,484,129	1,405,843
Health and welfare	3,460,761	3,442,859	4,364,965	4,390,337	4,723,667	4,790,192	5,007,658
Education	6,530,466	8,304,113	12,059,052	13,403,847	14,463,598	15,276,510	16,408,027
Parks, recreation and cultural	648,408	763,112	695,784	853,116	790,866	872,307	909,931
Community development	728,258	337,043	356,903	408,255	457,810	453,556	606,155
Interest on long-term debt	772,555	582,099	591,538	648,514	853,223	1,090,223	1,046,588
Total governmental activities expenses	\$ 17,828,239	\$ 19,386,974	\$ 25,402,161	\$ 27,855,755	\$ 29,653,842	\$ 31,694,767	\$ 33,632,995
Business-type activities:							
Community Programs	\$ 96,608	\$ 101,512	\$ 103,581	\$ 19,779	\$ 43,989	\$ 62,667	\$ 60,912
Water	328,592	305,324	342,629	321,998	460,964	405,108	445,563
Sewer	-	-	-	-	-	33,015	139,834
Landfill	354,750	531,272	466,396	559,611	826,973	1,588,412	264,311
Total business-type activities expenses	\$ 779,950	\$ 938,108	\$ 912,606	\$ 901,388	\$ 1,331,926	\$ 2,089,202	\$ 910,620
Total primary government expenses	\$ 18,608,189	\$ 20,325,082	\$ 26,314,767	\$ 28,757,143	\$ 30,985,768	\$ 33,783,969	\$ 34,543,615
Program Revenues							
Governmental activities:							
Charges for services:							
General government administration	\$ -	\$ 81,004	\$ 98,260	\$ 166,588	\$ -	\$ -	\$ -
Judicial administration	66,260	130,754	114,280	167,650	125,397	68,352	83,773
Public safety	176,579	205,381	174,905	166,066	148,865	131,542	183,433
Public works	5,662	-	-	-	-	-	-
Parks, recreation and cultural	5,750	5,285	5,801	110,090	161,565	139,337	109,084
Community development	71,286	18,910	8,284	27,229	173,001	137,721	140,484
Operating grants and contributions	4,201,602	3,959,533	4,254,662	4,594,724	4,737,759	4,878,357	4,753,650
Capital grants and contributions	166,352	143,706	170,363	2,174,437	406,080	185,706	348,260
Total governmental activities program revenues	\$ 4,693,491	\$ 4,544,573	\$ 4,826,555	\$ 7,406,784	\$ 5,752,667	\$ 5,541,015	\$ 5,618,684
Business-type activities:							
Charges for services:							
Community Programs	\$ 73,020	\$ 96,953	\$ 115,952	\$ 25,191	\$ 35,299	\$ 49,505	\$ 49,339
Water	294,526	355,701	277,788	295,050	315,046	328,873	320,562
Sewer	-	-	-	-	-	1,778	59,830
Landfill	381,097	465,134	442,030	657,094	616,775	404,191	124,695
Capital grants and contributions	-	-	-	-	1,185,272	60,527	-
Total business-type activities program revenues	\$ 748,643	\$ 917,788	\$ 835,770	\$ 977,335	\$ 2,152,392	\$ 844,874	\$ 554,426
Total primary government program revenues	\$ 5,442,134	\$ 5,462,361	\$ 5,662,325	\$ 8,384,119	\$ 7,905,059	\$ 6,385,889	\$ 6,173,110
Net (expense) / revenue							
Governmental activities	\$ (13,134,748)	\$ (14,842,401)	\$ (20,575,606)	\$ (20,448,971)	\$ (23,901,175)	\$ (26,153,752)	\$ (28,014,311)
Business-type activities	(31,307)	(20,320)	(76,836)	75,947	820,466	(1,244,328)	(356,194)
Total primary government net expense	\$ (13,166,055)	\$ (14,862,721)	\$ (20,652,442)	\$ (20,373,024)	\$ (23,080,709)	\$ (27,398,080)	\$ (28,370,505)

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

	2003	2004	2005	2006	2007	2008	2009
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Taxes							
Property taxes	\$ 11,609,997	\$ 12,353,034	\$ 14,226,876	\$ 17,142,347	\$ 17,752,214	\$ 21,008,065	\$ 21,534,695
Local sales and use taxes	2,810,086	868,289	790,835	876,163	944,465	1,070,306	1,062,461
Taxes on recordation and wills	-	-	400,795	501,235	467,307	377,965	277,611
Motor vehicle licenses taxes	-	398,447	424,029	425,872	376,200	368,629	373,002
Consumer utility taxes	-	938,626	1,033,668	1,057,777	1,186,143	1,369,502	1,285,679
Other local taxes	-	824,412	564,512	595,716	365,473	217,929	210,213
Unrestricted grants and contributions	2,823,051	2,790,504	3,252,990	3,301,337	3,416,980	3,171,261	3,166,206
Unrestricted revenues from use of money and property	509,162	63,417	278,144	226,914	857,089	863,366	525,726
Miscellaneous	117,039	15,225	63,778	20,285	335,513	362,539	207,765
Transfers	(50,000)	-	(30,000)	136,137	(291,384)	(475,340)	(279,246)
Total governmental activities	\$ 17,819,335	\$ 18,251,954	\$ 21,005,627	\$ 24,283,783	\$ 25,410,000	\$ 28,334,222	\$ 28,364,112
Business-type activities:							
Unrestricted revenues from use of money and property	\$ 4,627	\$ 3,345	\$ 6,517	\$ 22,476	\$ 36,996	\$ 24,477	\$ 452
Transfers	50,000	-	30,000	(136,137)	291,384	475,340	279,246
Total business-type activities	\$ 54,627	\$ 3,345	\$ 36,517	\$ (113,661)	\$ 328,380	\$ 499,817	\$ 279,698
Total primary government	\$ 17,873,962	\$ 18,255,299	\$ 21,042,144	\$ 24,170,122	\$ 25,738,380	\$ 28,834,039	\$ 28,643,810
Change in Net Assets							
Governmental activities	\$ 4,684,587	\$ 3,409,553	\$ 430,021	\$ 3,834,812	\$ 1,508,825	\$ 2,180,470	\$ 349,801
Business-type activities	23,320	(16,975)	(40,319)	(37,714)	1,148,846	(744,511)	(76,496)
Total primary government	\$ 4,707,907	\$ 3,392,578	\$ 389,702	\$ 3,797,098	\$ 2,657,671	\$ 1,435,959	\$ 273,305

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

COUNTY OF FLUVANNA, VIRGINIA

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
General fund				
Reserved	\$ -	\$ 139,384	\$ 219,881	\$ 301,877
Unreserved, designated for capital projects	-	-	-	-
Unreserved, designated for high school debt service	-	-	-	-
Unreserved, designated for subsequent expenditures	-	-	-	-
Unreserved, undesignated	<u>6,017,101</u>	<u>9,470,565</u>	<u>9,515,128</u>	<u>7,984,130</u>
Total general fund	<u>\$ 6,017,101</u>	<u>\$ 9,609,949</u>	<u>\$ 9,735,009</u>	<u>\$ 8,286,007</u>
All other governmental funds				
Reserved for Capital Projects	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:				
Capital projects funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Table 3

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$	411,677	\$ 283,527	\$ 110,269	\$ 78,938	\$ 78,938	\$ 4,001,407
	-	-	-	-	1,858,037	2,033,250
	-	-	-	-	-	1,036,500
	-	-	-	-	10,015,676	-
	<u>7,637,629</u>	<u>7,486,780</u>	<u>8,645,692</u>	<u>8,982,217</u>	<u>6,846,383</u>	<u>15,346,007</u>
\$	<u>8,049,306</u>	<u>7,770,307</u>	<u>8,755,961</u>	<u>9,061,155</u>	<u>18,799,034</u>	<u>22,417,164</u>
\$	-	\$ -	\$ -	\$ 3,553,451	\$ 9,071,275	\$ 67,190,334
	<u>(287,393)</u>	<u>(261,771)</u>	<u>(398,886)</u>	-	-	-
\$	<u>(287,393)</u>	<u>(261,771)</u>	<u>(398,886)</u>	<u>3,553,451</u>	<u>9,071,275</u>	<u>67,190,334</u>

COUNTY OF FLUVANNA, VIRGINIA

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Revenues					
General property taxes	\$ 9,676,190	\$ 10,096,503	\$ 10,027,527	\$ 11,118,921	\$ 11,985,006
Other local taxes	1,802,302	2,046,519	2,285,870	2,810,086	3,029,774
Permits, privilege fees and regulatory licenses	205,024	242,864	294,990	236,955	286,385
Fines and forfeitures	30,240	28,235	36,493	40,895	4,153
Revenue from use of money and property	725,645	1,257,967	856,777	509,162	63,417
Charges for services	22,313	21,123	18,260	47,687	150,796
Miscellaneous	96,807	80,479	109,028	117,038	15,225
Recovered costs	-	-	-	12,810	12,038
Intergovernmental:					
Contribution from School Board	-	-	-	484,332	-
Commonwealth	3,695,750	5,858,031	6,407,003	6,090,380	5,801,934
Federal	-	-	-	1,100,625	1,091,809
Total revenues	<u>\$ 16,254,271</u>	<u>\$ 19,631,721</u>	<u>\$ 20,035,948</u>	<u>\$ 22,568,891</u>	<u>\$ 22,440,537</u>
Expenditures					
General government administration	\$ 3,047,608	\$ 1,156,628	\$ 1,103,402	\$ 1,219,216	\$ 1,304,476
Judicial administration	485,454	575,908	677,921	601,752	615,062
Public safety	1,857,415	2,102,458	2,466,176	2,790,993	3,002,473
Public works	520,484	610,724	620,597	684,322	740,550
Health and welfare	2,164,277	2,148,605	2,836,547	3,419,535	3,414,233
Education	8,604	8,604	6,832	9,940,741	11,087,704
Parks, recreation and cultural	554,864	623,304	675,644	640,218	617,689
Community development	256,328	353,905	381,741	419,536	325,589
Capital projects	27,358	32,796	31,592	2,386,947	414,027
Nondepartmental	-	-	-	-	-
Debt service					
Principal	13,923	-	30,000	568,481	531,518
Interest and other fiscal charges	6,077	44,556	155,678	767,540	623,917
Bond issuance cost	-	-	-	-	-
Total expenditures	<u>\$ 8,942,392</u>	<u>\$ 7,657,488</u>	<u>\$ 8,986,130</u>	<u>\$ 23,439,281</u>	<u>\$ 22,677,238</u>
Excess of revenues over (under) expenditures	<u>\$ 7,311,879</u>	<u>\$ 11,974,233</u>	<u>\$ 11,049,818</u>	<u>\$ (870,390)</u>	<u>\$ (236,701)</u>
Other financing sources (uses)					
Transfers in	\$ 1,844,884	\$ (8,381,375)	\$ (937,564)	\$ 2,415,209	\$ 108,712
Transfers out	(1,844,884)	-	(9,987,204)	(2,465,209)	(108,712)
Bonds issued	-	-	-	-	-
Early retirement of indebtedness	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-	-
Issuance of capital leases	-	-	-	-	-
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ (8,381,375)</u>	<u>\$ (10,924,768)</u>	<u>\$ (50,000)</u>	<u>\$ -</u>
Net change in fund balances	<u>\$ 7,311,879</u>	<u>\$ 3,592,858</u>	<u>\$ 125,050</u>	<u>\$ (920,390)</u>	<u>\$ (236,701)</u>
Debt service as a percentage of noncapital expenditures	0.14%	0.28%	0.98%	6.35%	5.19%

Table 4

	2005	2006	2007	2008	2009
\$	13,913,702	\$ 15,341,412	\$ 17,550,665	\$ 21,261,041	\$ 21,348,203
	3,213,839	3,456,763	3,339,588	3,404,331	3,208,966
	273,165	437,914	476,668	399,327	424,842
	24,496	82,323	21,594	17,895	36,545
	278,144	226,914	857,089	863,366	525,726
	103,869	117,386	110,566	59,730	55,387
	63,778	20,285	335,513	362,539	207,764
	6,271	18,965	168,970	220,734	215,758
	-	-	46,045	248,648	-
	6,363,759	7,824,255	7,065,830	7,053,225	7,004,314
	1,314,256	2,229,074	1,477,182	1,182,099	1,263,803
\$	<u>25,555,279</u>	<u>\$ 29,755,291</u>	<u>\$ 31,449,710</u>	<u>\$ 35,072,935</u>	<u>\$ 34,291,308</u>
\$	1,540,692	\$ 1,847,681	\$ 1,964,112	\$ 1,999,645	\$ 2,178,358
	692,038	830,530	940,159	991,983	991,921
	3,455,390	4,333,143	5,264,255	4,841,652	4,610,938
	786,948	2,074,486	1,278,835	1,668,794	1,530,900
	4,303,490	4,421,708	4,720,466	4,814,963	4,934,848
	11,397,534	12,410,194	13,736,102	15,774,008	18,395,167
	655,250	856,134	1,173,154	2,307,236	2,088,594
	352,449	406,666	463,347	490,571	623,204
	1,287,338	-	-	-	-
	-	-	45,450	88,617	380,835
	534,603	561,972	1,083,734	1,150,687	1,394,882
	646,488	484,439	838,181	939,119	2,867,392
	-	-	-	-	777,900
\$	<u>25,652,220</u>	<u>\$ 28,226,953</u>	<u>\$ 31,507,795</u>	<u>\$ 35,067,275</u>	<u>\$ 40,774,939</u>
\$	<u>(96,941)</u>	<u>\$ 1,528,338</u>	<u>\$ (58,085)</u>	<u>\$ 5,660</u>	<u>\$ (6,483,631)</u>
\$	1,510,334	\$ 1,367,417	\$ 2,237,244	\$ 910,587	\$ 6,370,065
	(1,540,334)	(1,231,279)	(2,528,628)	(1,260,263)	(6,649,311)
	-	8,832,057	4,195,000	9,400,000	67,525,000
	-	(7,500,000)	-	(1,500,000)	-
	-	-	-	-	525,066
	-	(2,529,552)	-	-	-
	-	-	412,000	170,415	450,000
\$	<u>(30,000)</u>	<u>\$ (1,061,357)</u>	<u>\$ 4,315,616</u>	<u>\$ 7,720,739</u>	<u>\$ 68,220,820</u>
\$	<u>(126,941)</u>	<u>\$ 466,981</u>	<u>\$ 4,257,531</u>	<u>\$ 7,726,399</u>	<u>\$ 61,737,189</u>
	4.85%	3.71%	6.62%	7.09%	14.37%

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

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Public Service	Total Taxable Assessed Value	Direct Real Estate Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2000	\$ 911,274,545	\$ 113,864,789	\$ 2,957,740	\$ 1,923,109	\$ 142,115,585	\$ 1,172,135,768	0.64	\$ 1,298,046,255	90.30%
2001	954,552,970	123,046,407	3,077,290	2,109,979	99,577,728	1,182,364,374	0.68	1,405,902,942	84.10%
2002	1,205,051,542	127,313,302	3,502,650	2,146,467	140,095,898	1,478,109,859	0.71	1,606,641,151	92.00%
2003	1,267,333,061	142,226,232	3,181,700	2,248,824	156,891,453	1,571,881,270	0.64	1,950,224,901	80.60%
2004	1,340,661,591	143,647,549	3,186,818	2,348,392	162,462,759	1,652,307,109	0.68	2,244,982,485	73.60%
2005	1,936,489,728	174,026,238	3,599,965	1,584,926	290,920,203	2,406,621,060	0.50	2,568,432,295	93.70%
2006	2,014,078,500	173,845,016	3,088,633	1,810,416	468,961,464	2,661,784,029	0.59	3,246,078,084	82.00%
2007	2,944,590,400	183,039,939	2,638,402	1,573,171	414,309,104	3,546,151,016	0.43	3,546,151,016	100.00%
2008	2,997,714,100	189,245,088	2,629,502	258,300 (1)	513,525,759	3,703,372,749	0.48	3,948,158,581	93.80%
2009	3,024,298,450	184,221,325	2,603,730	246,555	500,464,801	3,711,834,861	0.50	3,711,834,861	100.00%

Source: Commissioner of Revenue

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

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

Fiscal Years	Direct Rates			
	Real Estate	Personal Property	Mobile Homes	Machinery and Tools
2000	0.64	3.70	0.64	2.00
2001	0.68	3.70	0.68	2.00
2002	0.71	3.70	0.71	2.00
2003	0.64	3.70	0.64	2.00
2004	0.68	3.70	0.68	2.00
2005	0.50	3.70	0.50	2.00
2006	0.59	3.70	0.59	2.00
2007	0.43	3.70	0.43	2.00
2008	0.48	3.85	0.48	2.00
2009	0.50	3.85	0.50	2.00

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

Principal Property Taxpayers
 Current Year and the Period Nine Years Prior

Fiscal Year 2009			
Taxpayer	Type Business	2008 Assessed Valuation	% of Total Assessed Valuation
Tenaska Virginia Partners, LP	Utility/Electric	\$ 294,647,497	11.07%
Virginia Electric and Power	Utility/Electric	100,769,366	3.79%
Central Va. Electric Co-op	Utility/Electric	29,944,010	1.12%
Aqua Resources	Utility/Water	17,435,722	0.66%
Central Telephone of Virginia	Utility/Water	10,414,364	0.39%
Colonial Pipeline Co.	Utility/Gas	9,288,033	0.35%
Transcontinental Gas Pipeline	Utility/Gas	8,337,684	0.53%
CSX Transportation	Railroad	7,812,830	0.29%
Virginia Properties LLC	Commercial Property	5,490,300	0.21%
Carysbrook Holdings LLC	Commercial Property	5,310,800	0.20%
		<u>\$ 489,450,606</u>	<u>18.39%</u>

Fiscal Year 2000			
Taxpayer	Type Business	1999 Assessed Valuation	% of Total Assessed Valuation
Virginia Electric & Power	Utility/Electric	\$ 94,475,091	10.07%
Central Va. Electric Co-op	Utility/Electric	14,093,225	1.50%
Central Telephone Co. of Va	Utility/Telephone	12,353,579	1.32%
Colonial Pipeline Co.	Utility/Gas	8,583,022	0.91%
Transcontinental Gas Pipeline	Utility/Gas	5,409,813	0.58%
CSX Transportation Inc	Railroad	3,902,090	0.42%
360 Communications	Utility/Telephone	1,065,255	0.11%
Charlottesville Cellular Partnership	Utility/Telephone	805,066	0.09%
Lake Monticello Service Company	Utility/Water	285,972	0.03%
Bell Atlantic - Virginia Inc	Utility/Telephone	164,141	0.02%
		<u>\$ 141,137,254</u>	<u>3.76%</u>

Source: Commissioner of Revenue (FY2009)
 Source: Commissioner of Revenue (FY2000)

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year (2)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2000	\$ 10,847,178	\$ 9,768,726	90.06%	\$ 497,208	\$ 10,265,934	94.64%
2001	11,757,157	11,193,352	95.20%	1,225,167 (1)	12,418,519	105.63%
2002	12,734,112	12,166,211	95.54%	523,208	12,689,419	99.65%
2003	13,906,887	13,317,866	95.76%	225,620	13,543,486	97.39%
2004	15,013,364	14,123,660	94.07%	232,154	14,355,814	95.62%
2005	16,598,696	15,908,764	95.84%	256,317	16,165,081	97.39%
2006	19,426,926	18,299,002	94.19%	189,494	18,488,496	95.17%
2007	30,368,234	27,813,792	91.59%	739,054	28,552,846	94.02%
2008	23,963,600	23,110,441	96.44%	624,236	23,734,677	99.04%
2009	24,306,671	23,127,310	95.15%	-	23,127,310	95.15%

Source: Commissioner of Revenue, County Treasurer's office

- Notes: (1) Increase in delinquent tax collections attributed to \$721,233 in PPTRA collections received during year for prior year taxes.
(2) Exclusive of the penalties and interest.

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Years	Governmental Activities				Business- Type Activities	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds (2)	Literary Fund Loans	Other Notes/ Bonds	Capital Leases	General Obligation Bonds			
2000	\$ 6,835,276	\$ 8,054,746	\$ 978,673	\$ 323,449	\$ 720,102	16,912,246	3.60%	836
2001	6,519,082	8,390,732	977,542	181,736	1,000,057	17,069,149	3.34%	804
2002	6,166,410	8,205,232	8,560,200	109,717	953,456	23,995,015	4.49%	1,077
2003	5,817,085	7,709,881	8,569,268	54,151	953,721	23,104,106	4.04%	994
2004	5,495,418	7,214,530	8,521,866	37,026	1,194,700	22,463,540	3.53%	931
2005	5,130,666	6,719,179	8,387,431	18,992	1,189,588	21,445,856	3.02%	850
2006	11,284,594	6,223,828	-	-	791,892	18,300,314	2.50%	739
2007	14,701,638	5,728,476	-	617,625	1,971,586	23,019,325	2.74%	624
2008	22,003,640	5,233,125	-	629,104	1,883,808	29,749,677	3.46%	630
2009	75,340,006	4,737,774	13,958,882	932,008	1,792,254	96,760,924	11.23%	686

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

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

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

Fiscal Year	Gross Bonded Debt	Less Business Type Activities		Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
		General Obligation Bonds				
2000	\$ 15,815,389	\$ 720,102	\$	15,095,287	1.29%	746
2001	16,069,584	1,000,057		15,069,527	1.27%	710
2002	22,935,614	953,456		21,982,158	1.49%	987
2003	22,020,844	936,495		21,084,349	1.34%	908
2004	21,128,702	918,754		20,209,948	1.22%	848
2005	20,250,043	900,198		19,349,845	0.80%	777
2006	18,300,314	791,892		17,508,422	0.66%	707
2007	23,019,325	1,971,586		21,047,739	0.59%	800
2008	29,749,677	1,883,808		27,865,869	0.75%	1019
2009	96,760,924	1,792,254		94,968,670	2.56%	3599

- (1) Population data can be found in the Schedule of Demographic and Economic Statistics - Table 12.
- (2) See the Schedule of Assessed Value and Estimated Value of Taxable Property - Table 5.
- (3) Includes all long-term general obligation bonded debt, Literary Fund Loans, excludes revenue bonds, capital leases, and compensated absences.

COUNTY OF FLUVANNA, VIRGINIADebt Policy Information
Last Ten Fiscal Years

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Total net debt applicable to debt limits (1)	\$ 94,625,583	\$ 27,865,869	\$ 21,047,739	\$ 17,508,422
Ratio of net debt to assessed taxable property value (2)	2.54%	0.75%	0.59%	0.66%
Debt limit per policy for property value	3.50%	3.50%	4.00%	4.00%
Total general governmental revenue (3)	34,291,308	35,072,935	31,449,710	29,755,291
Debt service to general governmental revenues (3)	7.40%	5.96%	6.11%	4.76%
Debt limit per policy for general governmental revenues	12.00%	12.00%	10.00%	10.00%

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

	2005	2004	2003	2002	2001	2000
\$	19,349,845	\$ 20,209,948	\$ 21,084,349	\$ 21,982,158	\$ 15,069,527	\$ 15,095,287
	0.80%	1.22%	1.34%	1.49%	1.27%	1.29%
	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
	25,555,279	22,440,537	22,568,891	20,035,948	19,631,721	16,254,271
	6.24%	6.88%	7.73%	6.92%	5.14%	6.85%
	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%

Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2000	20,237	\$ 470,130,000	\$ 23,231	3,048	2.10%
2001	21,222	511,567,000	24,106	3,190	2.60%
2002	22,274	534,108,000	23,979	3,287	3.30%
2003	23,221	570,953,000	24,588	3,336	3.40%
2004	23,835	628,202,000	26,356	3,395	3.10%
2005	24,900	700,287,000	28,124	3,590	3.60%
2006	24,751	730,287,000	29,530	3,670	2.30%
2007	26,311	766,801,350	29,144	3,686	2.40%
2008	27,359	805,141,418 (1),(2)	29,429	3,850	3.20%
2009	26,389	845,398,488 (1),(2)	32,036	3,736	6.10%

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

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

(2) Projection based on 5% inflation.

Principal Employers
Current Year and Nine Years Ago

Fiscal Year 2009			
Employer	Employees	Rank	% of Total County Employment
Fluvanna County Public Schools	490	1	3.83%
Fluvanna Correctional Center	480	2	3.75%
County of Fluvanna	158	3	1.23%
Fork Union Military Academy	192	4	1.50%
Virginia Electric & Power Company Inc	98	5	0.77%
Food Lion	85	6	0.66%
Lake Monticello Owners	90	7	0.70%
Dominoes Pizza	18	8	0.14%
Correctional Medical Services	15	9	0.12%
Oakland School	10	10	0.08%
	<u>1,636</u>		<u>12.78%</u>

Fiscal Year 2000			
Employer	Employees	Rank	% of Total County Employment
Fluvanna County Public Schools	250	1	2.92%
Fluvanna Correctional Center	250	2	2.92%
Thomasville Furniture Industry	250	3	2.92%
Fork Union Military Academy	100	4	1.17%
Lake Monticello Owners	100	5	1.17%
County of Fluvanna	99	6	1.16%
Virginia Electric & Power Company Inc	99	7	1.16%
T & L Companions	50	8	0.58%
The Village Nursing Center	50	9	0.58%
Food Lion Inc	50	10	0.00%
Totals	<u>1,298</u>		<u>14.59%</u>

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

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

<u>Function</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General government	20	28	28	28	28	33	28	24	24	24
Judicial administration	9	9	12	11	13	14	12	12	12	12
Public safety										
Sheriffs department	36	29	37	45	43	49	55	51	54	53
Fire & rescue	0	0	0	0	0	0	0	0	0	0
Building inspections	2	3	3	4	3	3	3	3	4	4
Animal control	1	1	1	1	1	1	1	1	2	2
Public works										
General maintenance	3	5	8	12	13	13	17	18	18	18
Landfill	1	1	4	5	6	5	3	4	4	3
Engineering	1	1	1	1	1	1	1	1	1	1
Health and welfare										
Department of social services	23	22	22	26	27	29	28	26	21	25
Culture and recreation										
Parks and recreation	8	9	5	7	7	5	5	5	7	7
Museum	0	0	0	0	0	0	0	0	0	0
Library	3	3	3	3	3	3	3	3	6	6
Community development										
Planning	1	2	3	4	4	4	4	5	5	5
Totals	<u>108</u>	<u>113</u>	<u>127</u>	<u>147</u>	<u>149</u>	<u>160</u>	<u>160</u>	<u>153</u>	<u>158</u>	<u>160</u>

Source: County Payroll Records.

Operating Indicators by Function
Last Four Fiscal Years

Function	2006	2007	2008	2009
Public safety				
Sheriffs department:				
Physical arrests	844	1,121	1,735	1,037
Traffic violations	n/a	n/a	n/a	n/a
Civil papers	7,034	7,131	6,021	7,115
E911:				
Emergency Calls	22,428	24,048	26,000	24,058
Fire calls:				
Number of calls answered	1,980	1,608	1,859	1,958
Building inspections:				
Permits issued	658	698	478	439
Animal control:				
Number of calls answered	1,376	1,806	1,973	1,973
Public works				
General maintenance:				
Trucks/vehicles	11	12	14	14
Landfill:				
Refuse collected (tons/day)	43	53	28	9
Recycling (tons/day)	0	3	3	n/a
Health and welfare				
Department of Social Services:				
Adoption Cases	N/A	N/A	N/A	91
Adult Services Cases	N/A	N/A	N/A	638
Child Protective Services Cases	N/A	N/A	N/A	314
Family Services Cases	N/A	N/A	N/A	1,326
Foster Care Cases	N/A	N/A	N/A	376
Virginia Initiative for Employment not Welfare Cases	N/A	N/A	N/A	153
Auxiliary Grant Cases	N/A	N/A	N/A	76
General Relief Cases	N/A	N/A	N/A	51
Medicaid Cases	N/A	N/A	N/A	12,618
State Local Hospitalization Applications	N/A	N/A	N/A	27
Supplemental Nutrition Assistance Program Cases	N/A	N/A	N/A	4,913
Temporary Assistance Needy Families Cases	N/A	N/A	N/A	404
Culture and recreation				
Parks and recreation:				
Recreation hall permits issued	-	-	-	-
After-school program participants	98	162	172	180
Youth sports participants	994	1,030	1,078	1,128
Community development				
Planning:				
Zoning permits issued	330	421	295	246
Component Unit - School Board				
Education:				
School age population enrolled	3,670	3,686	3,850	3,736
Number of teachers	280	291	315	311
Local expenditures per pupil	\$ 8,053	\$ 8,885	\$ 9,773	\$ 9,967

Source: Individual county departments

Note: Information not available prior to fiscal year 2006

Capital Asset Statistics by Function
Last Five Fiscal Years

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

Source: Individual county departments.

Note: Information not available prior to fiscal year 2005

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Fluvanna, Virginia, as of and for the year ended June 30, 2009, which collectively comprise the County of Fluvanna, Virginia's basic financial statements and have issued our report thereon dated November 23, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

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

Compliance and Other Matters

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

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

Robinson, Turner, Co. Associates

Charlottesville, Virginia

November 23, 2009

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

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

Compliance

We have audited the compliance of the County of Fluvanna, Virginia with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The County of Fluvanna, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County of Fluvanna, Virginia's management. Our responsibility is to express an opinion on the County of Fluvanna, Virginia's compliance based on our audit.

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

In our opinion, the County of Fluvanna, Virginia complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

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

Internal Control Over Compliance (Continued)

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

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

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

Robinson, Farmer, Co. Associates
Charlottesville, Virginia
November 23, 2009

COUNTY OF FLUVANNA, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Unit
Year Ended June 30, 2009

<u>Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)</u>	<u>Federal Catalog Number</u>	<u>Expendi- tures</u>
PRIMARY GOVERNMENT:		
<u>DEPARTMENT OF AGRICULTURE:</u>		
<u>Direct Payments:</u>		
Water and waste disposal systems for rural communities	10.760	\$ 55,745
<u>Pass through payments:</u>		
Department of Social Services:		
State administrative matching grants for the supplemental nutrition assistance program	10.561	184,831
Total Department of Agriculture		\$ 240,576
<u>U. S. DEPARTMENT OF JUSTICE, OFFICE OF JUSTICE PROGRAMS, BUREAU OF JUSTICE ASSISTANCE:</u>		
<u>Pass through payments:</u>		
Department of Justice:		
Edward Byrne Memorial justice assistance grant program	16.738	\$ 1,901
Crime victim assistance	16.575	21,415
Bulletproof vest partnership program	16.607	950
Public safety partnership and community policing grants	16.710	23,940
Total Department of Justice		\$ 48,206
<u>DEPARTMENT OF TRANSPORTATION:</u>		
<u>Pass through payments:</u>		
Virginia Department of Transportation:		
State and community highway safety	20.600	\$ 2,693
Highway planning and construction	20.205	21,554
Total Department of Transportation		\$ 24,247
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>		
<u>Pass Through Payments:</u>		
Department of Social Services:		
Promoting safe and stable families	93.556	\$ 16,242
Temporary assistance to needy families	93.558	127,820
Refugee and entrant assistance - state administered programs	93.566	416
Low-income home energy assistance	93.568	6,333
Child care and development block grant	93.575	142,947
Child care mandatory and matching funds of the child care and development fund	93.596	104,563
Chafee education and training vouchers	93.599	1,407
Child welfare services - state grants	93.645	841
Foster care-title IV-E	93.658	204,856
Foster care-title IV-E - ARRA	93.658	9,919
Adoption assistance	93.659	25,550
Adoption assistance - ARRA	93.659	1,846
Social services block grant	93.667	67,082
Chafee foster care independence program	93.674	6,450
Children's health insurance program	93.767	12,837
Medical assistance program	93.778	125,516
Total Department of Health and Human Services		\$ 854,625

COUNTY OF FLUVANNA, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Units
Year Ended June 30, 2009 (Continued)

<u>Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)</u>	<u>Federal Catalog Number</u>	<u>Expendi- tures</u>
PRIMARY GOVERNMENT: (CONTINUED)		
<u>ELECTION ASSISTANCE COMMISSION:</u>		
<u>Pass through payments:</u>		
Help America vote requirements payments	90.401	\$ <u>2,241</u>
 <u>DEPARTMENT OF HOMELAND SECURITY</u>		
<u>Pass through payments:</u>		
<u>Virginia Department of Emergency Management</u>		
Law enforcement program	97.074	\$ <u>58,010</u>
Total Primary Government		\$ <u>1,227,905</u>
 COMPONENT UNIT-SCHOOL BOARD:		
<u>DEPARTMENT OF AGRICULTURE:</u>		
<u>Pass through payments:</u>		
Department of Agriculture and Consumer Services:		
Food distribution	10.555	\$ 57,191
Department of Education:		
National school breakfast program	10.553	60,985
National school lunch program	10.555	<u>277,262</u>
Total Department of Agriculture		\$ <u>395,438</u>
 <u>DEPARTMENT OF EDUCATION:</u>		
<u>Pass through payments:</u>		
Department of Education:		
Title 1 grants to local educational agencies	84.010	\$ 412,876
Special education - grants to states	84.027	629,257
Career and technical education - basic grants to states	84.048	53,618
Adult education - basic grants to states	84.002	19,995
Special education - preschool grant	84.173	19,936
State grants for innovative programs	84.298	438
Safe and drug - free schools and communities - state grants	84.186	9,299
English language acquisition grants	84.365	2,303
Education technology state grants	84.318	5,173
Improving teacher quality - state grants	84.367	<u>116,144</u>
Total Department of Education		\$ <u>1,269,039</u>
Total Component Unit School Board		\$ <u>1,664,477</u>
Total Reporting Entity		\$ <u>2,892,382</u>

COUNTY OF FLUVANNA, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

Note 1 - General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federally assisted programs of the County of Fluvanna, Virginia. The County's reporting entity is defined in Note 1 to the County's basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

Note 2 - Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the County's basic financial statements.

Note 3 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:	
Primary government:	
General Fund	\$ 1,150,606
Capital Projects Fund	<u>77,299</u>
Total primary government	\$ <u>1,227,905</u>
Component Unit Public Schools:	
School Operating Fund	\$ 1,269,039
School Cafeteria Fund	<u>395,438</u>
Total component unit public schools	\$ <u>1,664,477</u>
Total federal expenditures per basic financial statements	\$ <u><u>2,892,382</u></u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ <u><u>2,892,382</u></u>

COUNTY OF FLUVANNA, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? No

Significant deficiencies identified not considered to be material weaknesses? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weaknesses identified? No

Significant deficiencies identified not considered to be material weaknesses? None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)? No

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
84.027/84.173	Special Education Cluster
10.553/10.555	Child Nutrition Cluster
93.658	Foster Care
93.658	Foster Care - ARRA

Dollar threshold used to distinguish between Type A and Type B programs \$300,000

Auditee qualified as low-risk auditee? Yes

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Prior Year Findings and Questioned Costs

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