COUNTY OF FAUQUIER, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2018

Prepared by:

The Fauquier County Government and Public Schools
Department of Finance

JUSTITIA ET LIBERATAS

COUNTY OF FAUQUIER, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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November 19, 2018

To the Honorable Chairman and Members of the Fauquier County Board of Supervisors, Chairman and Members of the Fauquier County School Board, and Citizens of Fauquier County, Virginia:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of Fauquier County (the County) for the fiscal year ended June 30, 2018. The *Code of Virginia* requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of audited financial statements presented in conformity with accounting principles generally accepted in the United States (GAAP) as established by the Governmental Accounting Standards Board.

This report consists of management's representations concerning the finances of the County. Consequently, responsibility for both the accuracy of the data, and the completeness and reliability of the information presented in this report rests with management. To provide a reasonable basis for making these representations, County Administration has established a comprehensive internal control framework that is designed both to protect the assets of the County from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of controls should not exceed the benefits obtained. To the best of our knowledge and belief, this financial report is complete and accurate in all material respects.

The County's financial statements have been audited by the firm of Robinson, Farmer, Cox Associates, a firm of licensed certified public accountants, as required by the *Code of Virginia*. The audit was conducted in accordance with generally accepted auditing standards and the Independent Auditors' Report is included as the first component in the Financial Section of this report. The goal of the independent audit was to provide reasonable assurance that the financial statements for the fiscal year ended June 30, 2018 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements are fairly presented in conformity with GAAP.

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 audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The reports are presented in the Compliance Section of this report.

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

MD&A is included in the Financial Section of this report immediately following the report of the independent auditors.

Profile of Fauquier County, Virginia

Fauquier County (the County), incorporated in 1759, is located in the north-central Piedmont region of Virginia, approximately 40 miles southwest of Washington D.C., or 95 miles northwest of Richmond, Virginia, and encompasses approximately 660 square miles.

Population growth, which for many years hovered around 2.0%, has slowed in the past ten years. The population has increased by an average of 0.8% per year since 2009 (last ten years), and 0.9% per year since 2014 (last five years), to the current level of 69,098. Despite population growth, the County remains primarily rural in nature. More than half of the land area within the County is comprised of farmlands and woodlands. Interstate Highway 66 runs east-west through the northern portion of the County. Additionally, five U.S. primary routes and two State primary routes traverse the County.

The County seat is located in the Town of Warrenton in central Fauquier County. In addition to Warrenton, Fauquier County includes the towns of Remington and The Plains. The County provides certain governmental services, such as public education, to the town residents pursuant to general provisions of the *Code of Virginia*. Properties in these towns are subject to both town and county taxation.

Government

Fauquier County operates under the traditional (modified) Board of Supervisors/County Administrator form of government as defined under Virginia law. The governing body of the County is the Board of Supervisors, which establishes policies for the administration of the County. The Board of Supervisors consists of five members representing the five magisterial districts in the County: Cedar Run, Center, Lee, Marshall, and Scott. The Chairman of the Board of Supervisors is elected from within the Board of Supervisors and serves generally for a term of one year in addition to being a District Supervisor. 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.

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

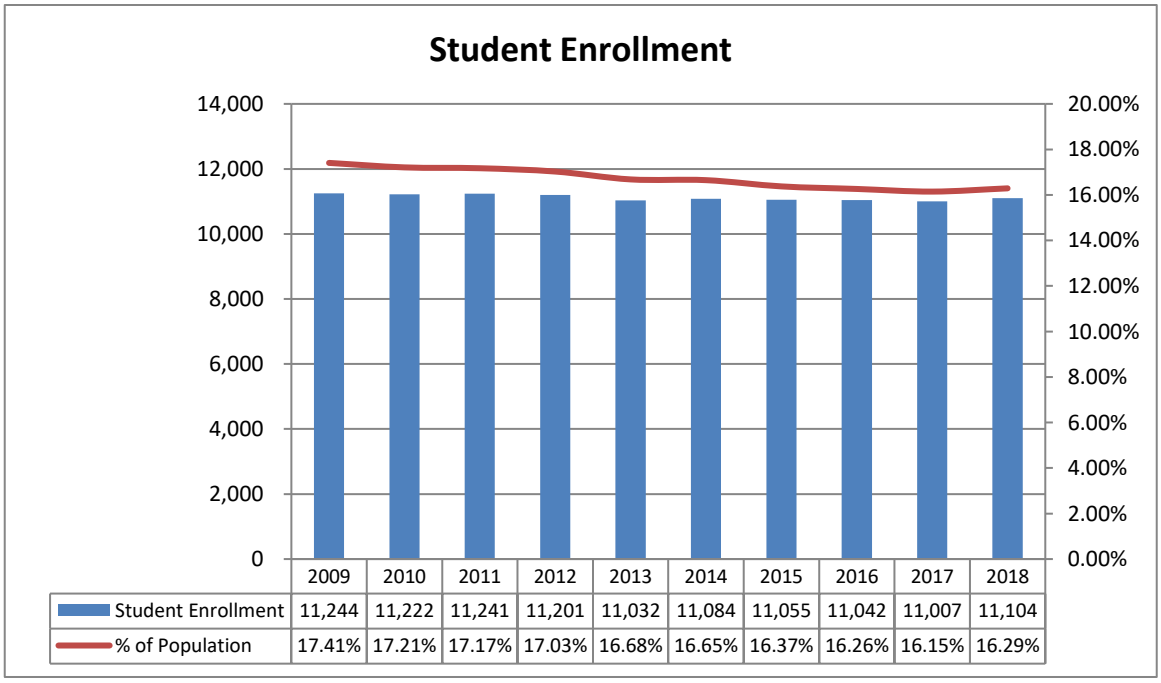
The County provides a full range of services to its residents, including education, public safety, court services, solid waste disposal, community and economic development, parks and recreational activities, public libraries, social services, and general administration. All resources required to support these services are reflected in this report.

School Board

Fauquier County is financially accountable for a legally separate school district, which is reported separately within the financial statements as a component unit. The Fauquier County Public Schools (FCPS) is the single largest service provided by the County. FCPS is committed to ensuring the development of confident, responsible, and broadly-educated citizens by cultivating the unique potential and character of each learner for a successful future. In order to achieve this mission, the Schools are engaged in the implementation of a strategic plan originally established in 2010, and revised in 2017. Aspirations 2.1 contains six strategies (academics, student support, environments, staff, communication, and resources) for achieving FCPS' mission to be an innovative learning community committed to the development of creative, confident, knowledgeable citizens who are globally-competitive by cultivating the potential of each learner.

The elected School Board is composed of five members who represent the five magisterial districts. The School Board members serve a term of four years, with the Chairman and Vice Chairman of the Board selected annually by the members.

The School Board appoints a Superintendent to administer the policies of the School Board. The school system is comprised of three high schools, five middle schools, eleven elementary schools, and one alternative school. In addition, FCPS participates with five other school divisions in the Mountain Vista Regional Governor's School. The Mountain Vista Regional Governor's School was established in fiscal year 2007. FCPS is the fiscal agent for the school.



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Student Enrollment	11,244	11,222	11,241	11,201	11,032	11,084	11,055	11,042	11,007	11,104
% of Population	17.41%	17.21%	17.17%	17.03%	16.68%	16.65%	16.37%	16.26%	16.15%	16.29%

The combined enrollment of FCPS as of June 2018 totaled 11,104 students. The FCPS High School Completion Rate as of June 2018 is 96.1%. The above chart shows student enrollment (Data Source - Table

13) which has remained relatively flat between fiscal years 2009 and 2012, with over 11,200 students enrolled each year during that span. The student enrollment for fiscal year 2013 declined to 11,032 students; however, student enrollment has since remained relatively stable, showing modest changes from one year to the next. The increase from fiscal year 2017 to fiscal year 2018 is the first increase of significance in the last ten years.

Budget

Virginia law requires the County to maintain a balanced budget in each fiscal year. The annual budget serves as the foundation for the County's financial planning and control. County departments and agencies begin their budget preparation each year in August. By November, all agencies have submitted their appropriation requests for the fiscal year commencing the following July 1st. The County Administrator submits a proposed capital improvement program in January and the proposed operating and capital budgets in February. The operating and capital budgets include proposed expenditures and the means of financing such expenditures. Public hearings are conducted to obtain citizen comments. Prior to April 1st, the budget is legally enacted through passage of an Appropriations Resolution. The Appropriations Resolution places legal restrictions on expenditures at the fund level and sets budgetary limits for all departments. All budgets are adopted on a basis consistent with GAAP. A budget-to-actual comparison for the general fund is provided in this report in Exhibit 7. Additional budget-to-actual comparisons can be found in the *Combining and Individual Fund Statements* following the *Notes to Financial Statements*.

The *Code of Virginia* requires the appointed Superintendent of the FCPS to submit a budget to the County Board of Supervisors with approval of the School Board. The Superintendent submits a budget plan to the School Board for review in January, and the School Board discusses the budget plan in a series of work sessions and public hearings. In February, the School Board adopts its requested budget and forwards it to the County for inclusion in the County Administrator's proposed budget plan. The County Board of Supervisors reviews the School Board's budget during the month of March, and determines the level of funding for the Schools by the end of the month. If the level of funding determined by the County Board of Supervisors is less than requested, the budget is reworked by the FCPS staff in coordination with the School Board to develop and adopt a revised budget. The approved budget is the basis for operating FCPS in the next fiscal year.

Factors Affecting Financial Condition

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

Local Economy

Fauquier County's housing economy, after having been significantly impacted by the turmoil in the national housing market in comparison to the unprecedented growth that characterized the region in the early part of the last decade, experienced a measured recovery from those dramatic losses from 2010 to 2017; however, as of the latest reassessment, that recovery has now accelerated. After witnessing double-digit annual increases in home values in the early to middle portion of the last decade followed by dramatic declines, the local real estate housing market has consistently improved and continues to be impacted by a recovering economic environment.

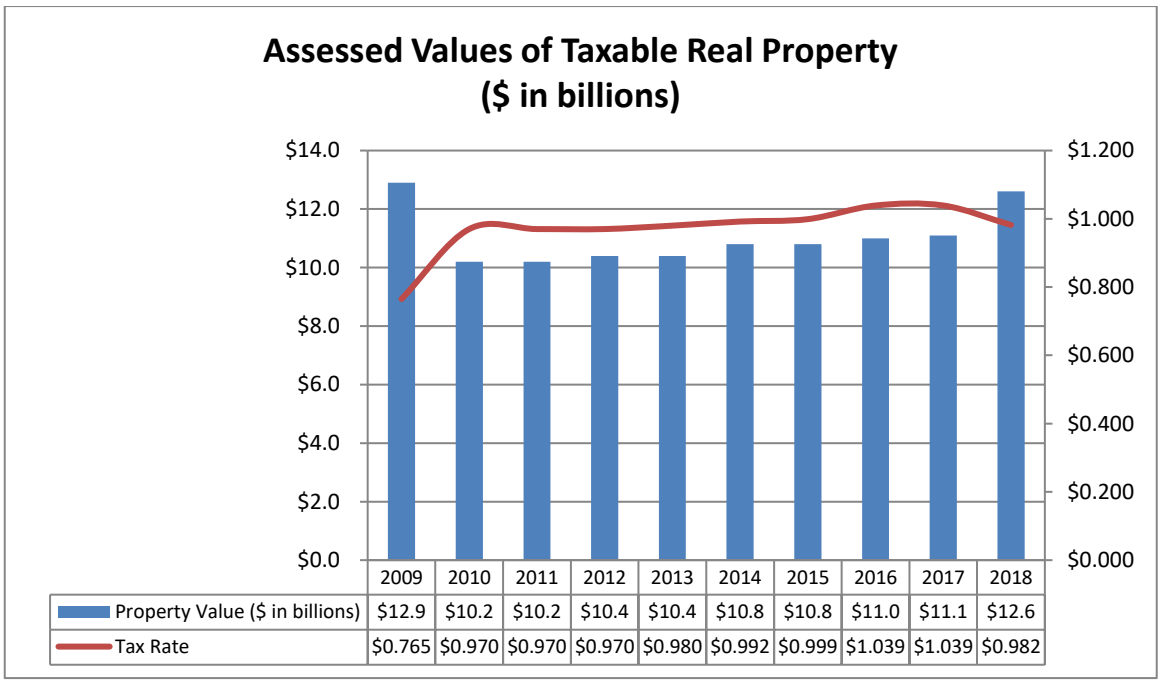
The County's real estate valuation is reassessed on a quadrennial basis. The most recent reassessment was conducted in 2017, effective January 1, 2018, and resulted in an overall increase in assessed values of 13.36% from previous levels. In addition to the improvement in assessed values, increased values from new construction during the fiscal year contributed to a 1.21% increase in overall taxable real property values from a four-year average of $10.45 billion from 2011 to 2014 to $11.37 billion from 2015 to 2018.

The current assessed values show varying trends among different classes of property, with residential and agricultural values up by 16.8% and 12.3%, respectively, while commercial values were up 2.1%, and public service values decreased by 2.8% compared with the prior year. This marked the fourth time since 2014 that the County saw increases in at least three of four classes of real property in the same year. The comparably higher increases associated with residential, commercial, and agricultural values are even more impactful since these classes of real estate comprise approximately 94.9% of the total assessed values of property in the County, while the decrease associated with public service properties was less

significant since this class of real estate represents only about 5.1% of total assessed values of property in the County.

These trends demonstrate a more robust and significant recovery in the housing market since than has been seen in recent years. In fact, the annualized growth rate of total assessed values of all taxable real estate in the County has been 2.7% since the low point in 2010, while the recovery rate for personal property has been more vigorous, at an annualized increase of 4.3% per year.

The relatively slow rate of growth in assessed values since the low point in 2010, coupled with increasing costs of services, necessitated real property tax rate increases from $0.97 in 2010 to $1.039 in 2016; these increases were necessary to ensure that the County received sufficient revenue to maintain services and meet its obligations. In 2018 however, the real property tax rate decreased to $0.982 per $100 in assessed values. The graph below shows varying property values and corresponding tax rates for the last ten years.



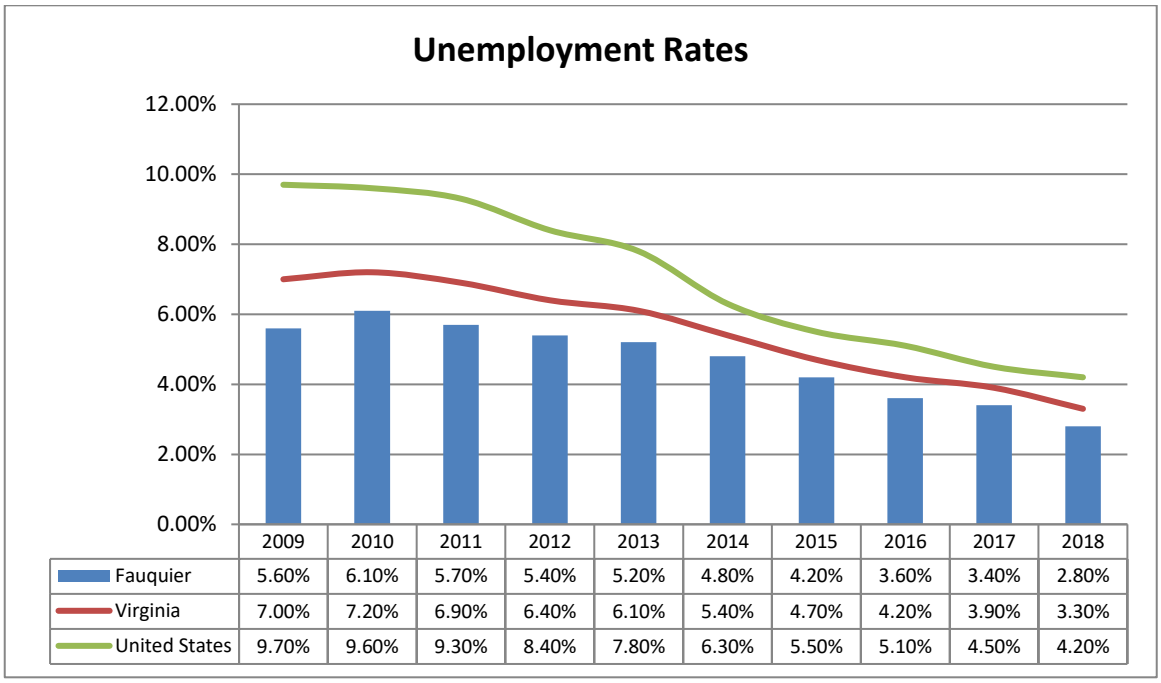
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Property Value ($ in billions)	$12.9	$10.2	$10.2	$10.4	$10.4	$10.8	$10.8	$11.0	$11.1	$12.6
Tax Rate	$0.765	$0.970	$0.970	$0.970	$0.980	$0.992	$0.999	$1.039	$1.039	$0.982

In an environment where aggregated property values (real and personal) increased 12.6% in comparison with the prior year, the Board of Supervisors sought to provide some equalization while also delivering a strong, stable revenue base capable of funding delivery of the County's services, resulting in the reduction of the real estate tax rate from the rate of the prior year by approximately 5.5%. The collection rate for property tax levies within the fiscal year of the levy increased slightly in fiscal year 2018 to 98.93% compared with 97.79% in fiscal year 2017.

Several key economic indicators show that the County's economy has exhibited continued improvement. Building and new residential construction permit volumes were up 10.6% at the end of the second quarter of fiscal year 2018, with new construction permits increasing 8.9%. Construction value of permits continued their recent increases, up more than 24%. Median home sale prices were up nearly 18% at the end of the second quarter of fiscal year 2018 as compared to the end of fiscal year 2017, while the average number of days on the market decreased by approximately 10% as compared to the same period of the prior year. The number of home sales remained relatively stable compared to the same period in the prior year. Additionally, the number of new business licenses issued continues to rise, up 2.4% from the prior year.

The County's unemployment rate trends mirror the state and national rate trends; however, the County's rates generally tend to be lower. The County's proximity to the federal government and its affiliated contractor industries has provided some mitigation of the economic decline experienced in other regions during the mid-to-late 2000's. As of June 2018, 54.4% of the County's total population participated in the labor force (37,613 out of 69,098), and 97.2% of the civilian labor force was employed (36,560 out of 37,613).

The County's unemployment rate is 2.8% as of June 2018. This figure is below last year's rate of 3.4%, and marks the eighth straight year of improvement since 2010. Additionally, the County unemployment rate continues to be below Virginia's unemployment rate of 3.3% as well as the National unemployment rate of 4.2%, though as those rates continue to fall, the gap between them has shrunk as well. The data reflects modest job growth, as the economy continues its recovery from the economic downturn of 2009 through 2011.



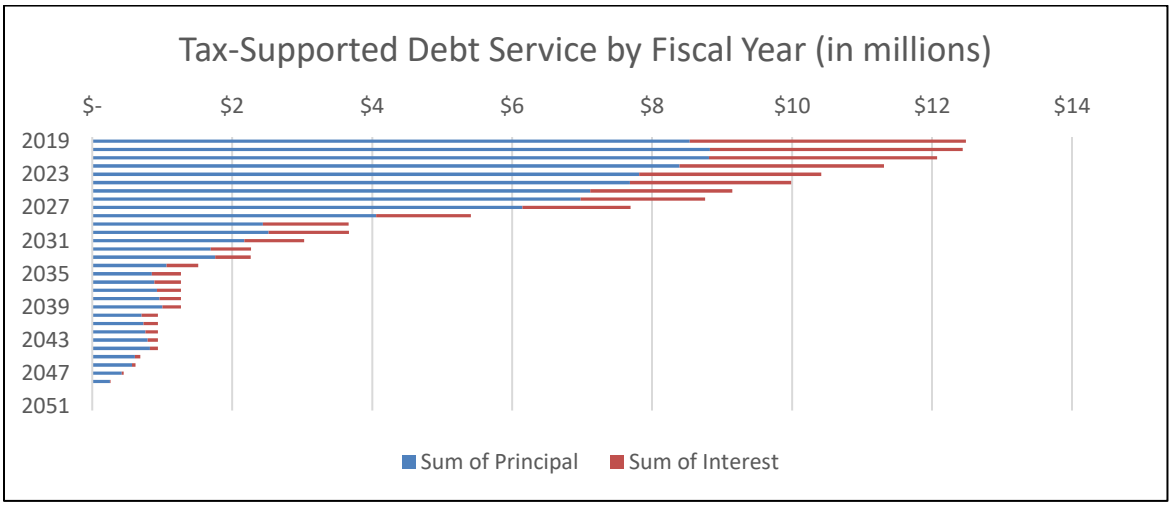
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Fauquier	5.60%	6.10%	5.70%	5.40%	5.20%	4.80%	4.20%	3.60%	3.40%	2.80%
Virginia	7.00%	7.20%	6.90%	6.40%	6.10%	5.40%	4.70%	4.20%	3.90%	3.30%
United States	9.70%	9.60%	9.30%	8.40%	7.80%	6.30%	5.50%	5.10%	4.50%	4.20%

Source: U.S. Bureau of Labor Statistics - June, 2018 (not seasonally adjusted)

According to 2015 data obtained from the U.S. Census Bureau, approximately 74.0% of the County's employed workers commute to work outside the County. The primary employment destinations for the County's 'out-commuters' are Fairfax, Prince William, and Loudoun Counties.

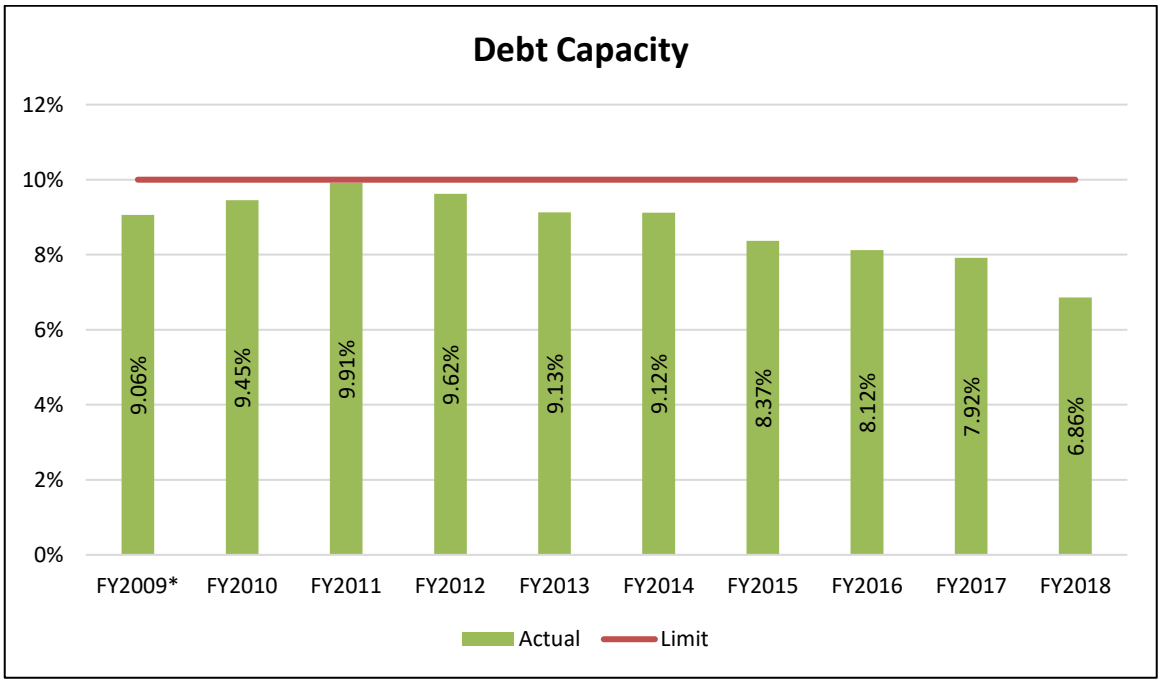
Tax-Supported Debt

The County's debt portfolio shows a continually improving debt picture with ample capacity to move forward with the adopted Capital Improvement Plan. As of the end of fiscal year 2018, principal balances outstanding on tax-supported debt and commitments were $96.3 million compared with $100.7 million at the end of fiscal year 2017 – a 4.4% decrease.

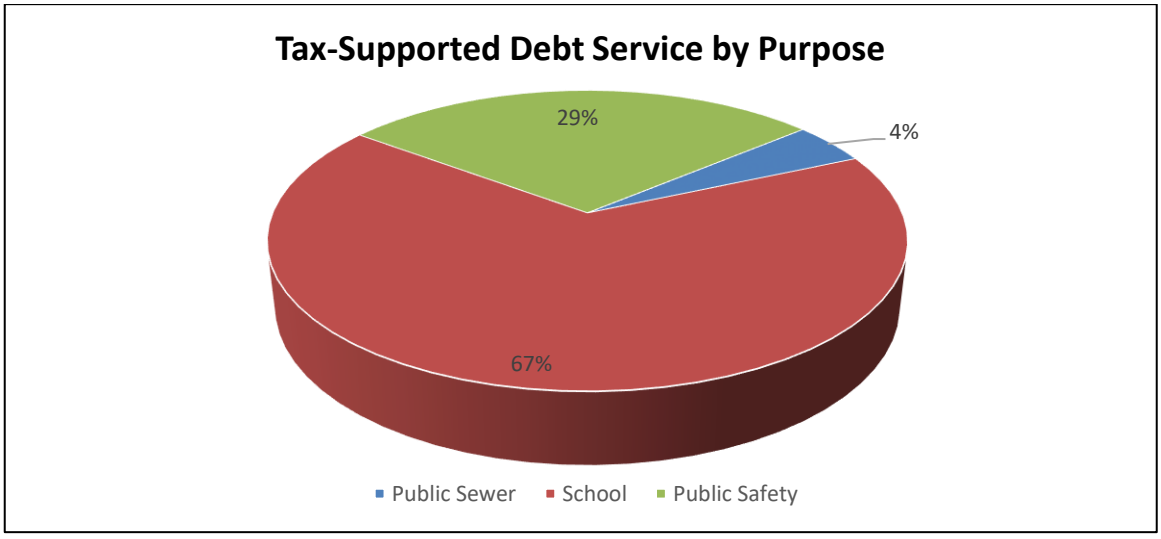


Additionally, the County's debt portfolio exhibits rapid amortization, with required debt service on current tax-supported debt and commitments dropping from $12.5 million for fiscal year 2019 to $5.4 million by fiscal year 2028.

While not statutorily imposed, the County adheres to a self-imposed debt capacity under which annual debt service payments are prohibited from exceeding 10% of the adopted revenue budget for the fiscal year. The County has maintained ample room in its self-imposed debt capacity, which is currently at 6.86%, down from the ten-year high of 9.91% in FY2011 (see Table 11 of the Statistical Section of this report for further details). The peak years of the debt ratio (FY2009 through FY2012) saw increases which, while impacted by debt issuances, were also the heavily influenced by lowered revenue budgets due to the economic climate at the time. As the local economy has recovered, coupled with the rapid amortization of debt discussed earlier, the unutilized portion of the overall capacity has grown.



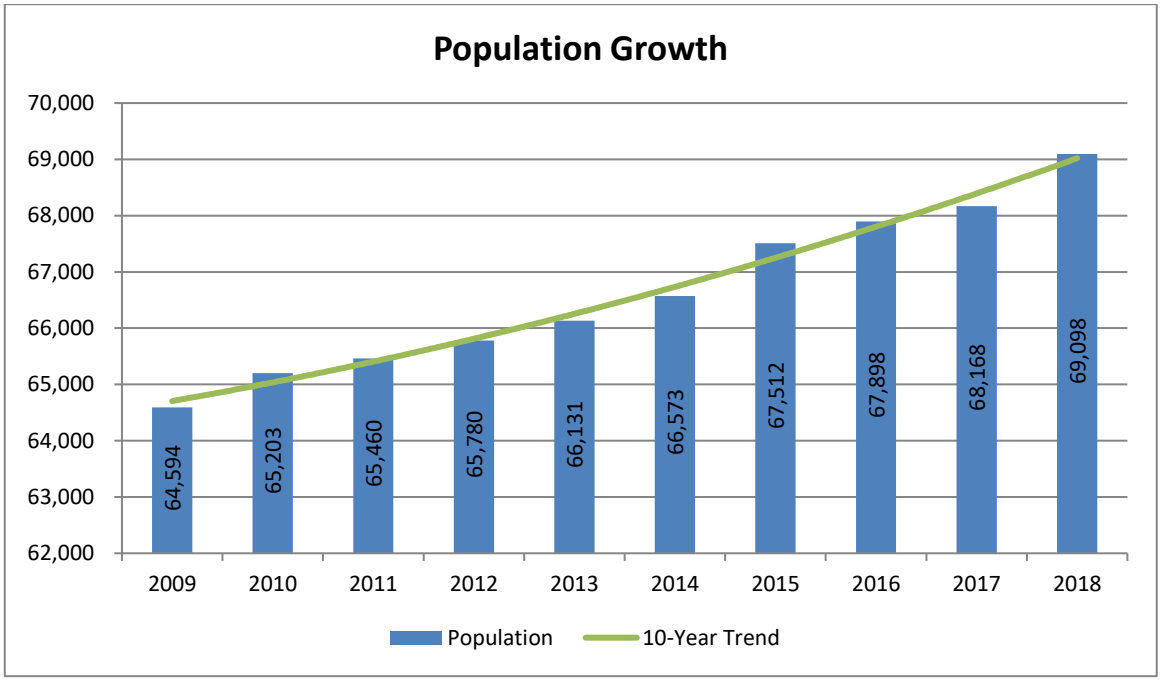
The County has historically been selective on the types of projects it has financed through debt, and the current debt portfolio reflects this, with 67% of remaining tax-supported debt service related to projects in support of Fauquier County Public Schools, 29% related to public safety projects (including commitments to volunteer fire and rescue companies operating in the County), and 4% related to public sewer infrastructure projects, as seen in the graphic below.



Economic Development and Industries

Fauquier County's Board of Supervisors has defined in the County's mission statement that the Board seeks, within the bounds of fiscal integrity, to preserve the physical beauty, historical heritage, and environmental quality of the County.

Preserving the rural nature of the County has resulted in slower population growth. Over the past ten years, Fauquier County's population has increased by approximately 7.0%, with an average annual growth rate of about 0.8%, though there is some fluctuation in the rate from year to year. Despite the annual fluctuations, the rate of growth has remained relatively steady as of late, with the average annual growth rate over the past five years of 0.9% only slightly higher than the ten-year rate.



These population trends are reflective of the County's stabilizing focus on long-term planning through land use policies that have been in place since the 1960's. The County manages growth by directing residential, commercial, and industrial development into nine service districts to preserve the rural agricultural nature of the County.

In addition to its growth management policies, the Board of Supervisors has actively sought to preserve the farms and agriculturally related uses in its rural areas by establishing and funding a conservation easement program. The program purchases conservation easements on farms ensuring in perpetuity their availability for agriculture. The County's agricultural community includes dairy, cattle, crop and horse farms, along with vineyards, wineries, orchards and other horticultural uses.

The primary goal of the County's economic development efforts is to assist existing businesses as they grow and expand within the County. The majority of businesses in Fauquier County are small, with 90% having fewer than 20 employees. The County's economic development program seeks to attract small to mid-sized companies to locate into nine service districts within the County, which include approved Tourism, Technology, and Defense Production Zones. In fiscal year 2018, there were 74 new startup firms in the County.

Below are additional highlights of economic development benefits during 2018:

- Continued implementation of the Economic Development strategy by adding additional jobs and expansion of the tax base. The business portion of the County's tax revenues increased over the last four fiscal years from $21.4 million in FY2015 to over $23.1 million in FY2018, with 14.6% of the overall tax revenue paid by businesses.

- The Mason Enterprise Center, a partnership between George Mason University and Fauquier County, continues to thrive and operate at full capacity in meeting the demand from Fauquier entrepreneurs. Through this partnership, George Mason University brings its experience and an extensive network of business counselors and workshops to the facility in Warrenton. The facility is over 4,800 square feet, including private office space, co-working, and virtual tenants.
- The County currently operates two Business Enterprise Centers. The centers are providing resources to entrepreneurs in Marshall and at Vint Hill. The offices are close to being fully leased.
- The County continues to promote its Technology, Tourism, Defense Industry, and Green Development Zones in all Service Districts to attract new business and to serve existing businesses with a desire to expand.
- The regional marketing initiative – "America's Wine Country" – continues to grow and strengthen with ten other localities in promoting tourism/wineries to attract visitors.
- The County held its fourth Wine Competition in 2018, expanding the Competition events and increasing ticket sales from 350 to more than 400 attendees. The County is planning to hold another event in March 2019.
- The County continued participation with the Shenandoah National Park Tourism Committee, a group of representatives from 21 counties and cities surrounding the Shenandoah National Park (SNP), working to promote the areas that serve as gateways to the SNP.
- The County continues to participate with the Planning District 9 Regional Tourism Committee, with Rappahannock, Culpeper, Orange and Madison counties, working to promote the region to potential visitors.
- The County has completed a study to determine the feasibility of developing an Equestrian Quarantine Facility with the expectation that such a facility would greatly benefit the equestrian industries in Fauquier, Loudoun and the greater region. The results have been reported to the Airport Committee, the Equestrian industry and to private developers. They are working together to complete the steps necessary to build the facility. Dulles Airport is working with an experienced developer to plan the new center.
- The Microenterprise Project continues to provide resources to small businesses and has funded its second loan. Both loans continue to perform well. This program was established with funding support from the Economic Development Authority along with five local banks for the purpose of making $50,000 available for loans to local businesses. The balance of the loan fund is over $36,000.
- At the Warrenton-Fauquier Airport/Midland Service District, well sites are currently being assessed to supply the necessary infrastructure to support the Airport future expansion and a significant amount of potential commercial and industrial development. A Preliminary Engineering Report is underway for the sewer extension from Bealeton to Midland.
- In the Marshall Service District, funding is in place for the Whiting Road Rail Crossing and water/sewer extensions that will improve connectivity and infrastructure for commercial and industrial property through the Route 17/Interstate 66 Business Park. Estimated completion is late 2019 to early 2020.
- The Fauquier County Water and Sewer Authority ("WSA") has extended its agreement with the developer/owner of the Route 17/Interstate 66 Business Park for an additional 10 years to reserve water taps for commercial and/or industrial development.
- The County and Lord Fairfax Community College (LFCC) continued their partnership on a Workforce Development Program. In 2016, a Workforce Development Coordinator was hired to work with business contacts provided by Economic Development to develop classes and training programs through LFCC. The Workforce Development Program has had a 130% increase in employers served thus far. As of June 30, 2018, the program had introduced six new Agribusiness courses, built out the Plumbing, Electrical and HVAC Trades programs with an average of 70 enrollees. The college has now added another full-time position, bringing the number of local staff committed to workforce development to two FTEs. In the Fall of 2017, the County and the

College hosted a program on hiring veterans for regional employers, the largest private V3 ("Virginia Values Veterans") training program to date in Virginia.

- A construction trades program for high school students continues to be in demand in joint cooperation with Fauquier County Public Schools, Virginia Tech, and local contracting business partners. After a brief hiatus, the program is scheduled to resume in the Fall of 2019.
- Technology, and Tourism Matching Grant programs were administered, with matching grants up to $2,000 per recipient and the total of each program being $10,000.
- OVH's new data center, their first US Corporate location build out, will soon be completed at Vint Hill with a five-year projected investment of over $170 million and the creation of over 100 jobs. Dark fiber infrastructure construction to serve OVH will be completed toward the end of calendar year 2018. The County's investment of $1 million will yield ownership of 25% of the strands for future development needs.
- Vadata, Inc. continues to exceed their initial investment levels and is expected to further expand its facility outside of Warrenton.
- The Puller Veterans Care Center, a 128-bed facility designed to serve Virginia's veterans, will be located at Vint Hill and is anticipated to open in 2021. This facility is expected to spur the location of other medical-related services and offices at Vint Hill, and will also present opportunities for local businesses to contract with the State for goods, services, and construction.
- Fauquier Lifepoint Hospital has announced that it will be constructing a 23,000 square foot cancer treatment facility in Warrenton, a projected investment of over $12.4 million. The timeline for construction is estimated to be 12 to 15 months.
- The Remington Technology Park, located on over 230 acres in Remington, was approved as the location for a data center campus estimated to be between 1.4 and 1.6 million square feet. The total investment is estimated to be $1.6 billion.
- A census tract encompassing the entire Remington Service District and a portion of the Bealeton Service District was approved by the federal government in 2018 for an Opportunity Zone designation, making those who invest in that district eligible for incentives under the Capital Gains tax provision. This will serve as a revitalization tool in attracting new investment.
- Services to our local veterans continue to be expanded. A Memorandum of Understanding with Marine Corps Base Quantico was approved by the Department of the Navy enabling Fauquier County to provide services to transitioning Marines. This program commits County resources to assist transitioning Marines in starting their own businesses. A similar agreement with Fort Belvoir is currently in development.
- The PATH Foundation has invested in the community with over $4 million in grants and programmatic support to 46 local non-profits and government agencies. An endowment of $200 million is expected to serve our area for generations to come.
- The County is actively participating in the statewide GO VA program that has funded a regional economic development strategy in all regions of the state. The County's Director of Economic Development sits on the Council for Region 9, is a member of the Executive Committee, and is part of the project development team. GO VA has more than $20 million for economic development projects for which regions around the state will compete, and Fauquier County has been among the leaders in implementing the program in Region 9, with several projects on the drawing board that could contribute to economic development in Fauquier and surrounding counties. The County is participating in an advisory capacity on a project to form a cybersecurity training collaborative in the region.

The County's commitment to maintaining the rural character of Fauquier is captured in the Comprehensive Plan where the "industrial and commercial zoned" acreage amounts to slightly more than 1.0% of total County acreage. Given this land allocation for commercial and industrial uses, the ability of the Fauquier business community to provide over 15% of County revenue speaks well for the economic efficiency of this community. Tourism continues to represent a growing segment of the economic sector in Fauquier County with a total of 26 vineyards and wineries in the County, breweries, along with driving tours, and getaway

packages. Based on Virginia Employment Commission data, Fauquier has the potential to be competitive in the Accommodations and Food Service industry that supports tourism. Also, long-term industry employment projections are strong for health care and social assistance; arts, entertainment, recreation; as well as professional, scientific, and technical services. More recently, the County has also targeted Defense and other government contractors as a vital sector, with over 100 such firms already doing business in the community.

Credit Rating

The County continues to maintain strong bond ratings, with a rating of 'AAA' from Fitch Ratings and a rating of 'AA+' from Standard & Poor's. These ratings were most recently reviewed by both Fitch Ratings and Standard & Poor's in August 2016 and May 2014, respectively. The rating agencies cited the County's strong economy, budgetary flexibility, high level of liquidity, and strong management practices, among other factors, as reasons for their ratings. Both rating agencies deemed the County's rating outlook to be stable.

Long-Term Financial Planning

County policies balance the need for public facilities, as expressed by the countywide land use plan, with the fiscal capabilities of the County to provide for those needs. The five-year Capital Improvement Program (CIP) submitted annually to the Board of Supervisors is the vehicle through which stated need for public facilities is analyzed against the County's ability to pay.

The CIP is a planning document intended to provide an analysis of potential long-range funding needs for the acquisition, construction or total replacement of physical facilities and other types of infrastructure. The fiscal year 2019-2023 capital budget for new County and School projects totals approximately $339.0 million. These projects include:

- $54.7 million for public safety projects including fire and rescue, the Sheriff's Office, and public safety communications system;
- $78.1 million for school system projects;
- $61.5 million for parks, recreation, and cultural projects;
- $52.1 million for utility projects including water system improvements, broadband development, and public sewer projects;
- $46.3 million for development of a General Services Joint Use Facility at the Stafford Property; and
- $46.3 million for other projects including environmental services, airport, and general government administration.

The adopted CIP includes $17.1 million in cash funding (5.0% of total appropriations) reflecting the County's approach to a balanced capital financing plan. The current CIP defers expenditures where possible and recommends funding consistent with the Board of Supervisors' financial policies.

The Board of Supervisors and the Planning Commission of Fauquier County have in place a 20 year Comprehensive Plan to ensure adequate planning as the County continues to grow. The plan acknowledges the importance of balancing agriculture, urban development, and conservation uses.

Relevant Financial Policies

The Board of Supervisors has adopted and maintains a fund balance management policy for the County's General Fund which sets the minimum level of unassigned fund balance required for the General Fund at not less than ten percent (10%) of the following year's budgeted General Fund revenues, providing for enhanced financial planning and stability.

Due to the potential effects on the County's credit rating, debt availability, tax rates, and the annual operating budget, the Board of Supervisors has established and maintains a debt policy which sets self-imposed debt limitations and encourages public participation in the decision-making process relating to major construction projects. The policy stipulates that annual debt service payments may not exceed 10%

of budgeted revenues, and that projects requiring debt issuance in excess of $25.0 million be subject to voter referendum.

Investments of available funds are made according to 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.* Funds held for capital projects are invested in accordance with these objectives in addition to ensuring compliance with U.S. Treasury arbitrage regulations.

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. Revenue reports are provided on a monthly basis to the County Finance Committee to ensure a careful review of all revenue sources and to provide revenue estimates for budget development.

Implementation of New Accounting Requirements

In fiscal year 2018, the County implemented GASB Statements No. 75, No. 81, No. 85, and No. 86 as applicable. In fiscal year 2019, the County will implement GASB Statements No. 83 and No. 84, as applicable. Additional information is provided in Note 1 to the Financial Statements.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Fauquier County for its Comprehensive Annual Financial Report for the fiscal year ending June 30, 2017. This was the twentieth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one (1) year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement program requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

The GFOA has awarded its Distinguished Budget Presentation Award to Fauquier County for fiscal year 2018. Fauquier County has received this award for twenty years.

Acknowledgements

This report was prepared by the professional staff of the Finance Department. Their hard work, dedication, and continuing efforts to improve the quality of this report directly benefit all who read and use it. We also acknowledge the cooperation and assistance of the staff of the School Board, County Treasurer, the Commissioner of the Revenue, and the many other County departments and agencies that contributed to the preparation of this report.

The Comprehensive Annual Financial Report reflects the commitment of the Board of Supervisors and County administration to the citizens of Fauquier County and the financial community to provide information in conformance with the highest standards of financial accountability.

Respectfully submitted,

Paul McCulla
County Administrator

Jonathon C. Munch
Director of Finance

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Fauquier Virginia

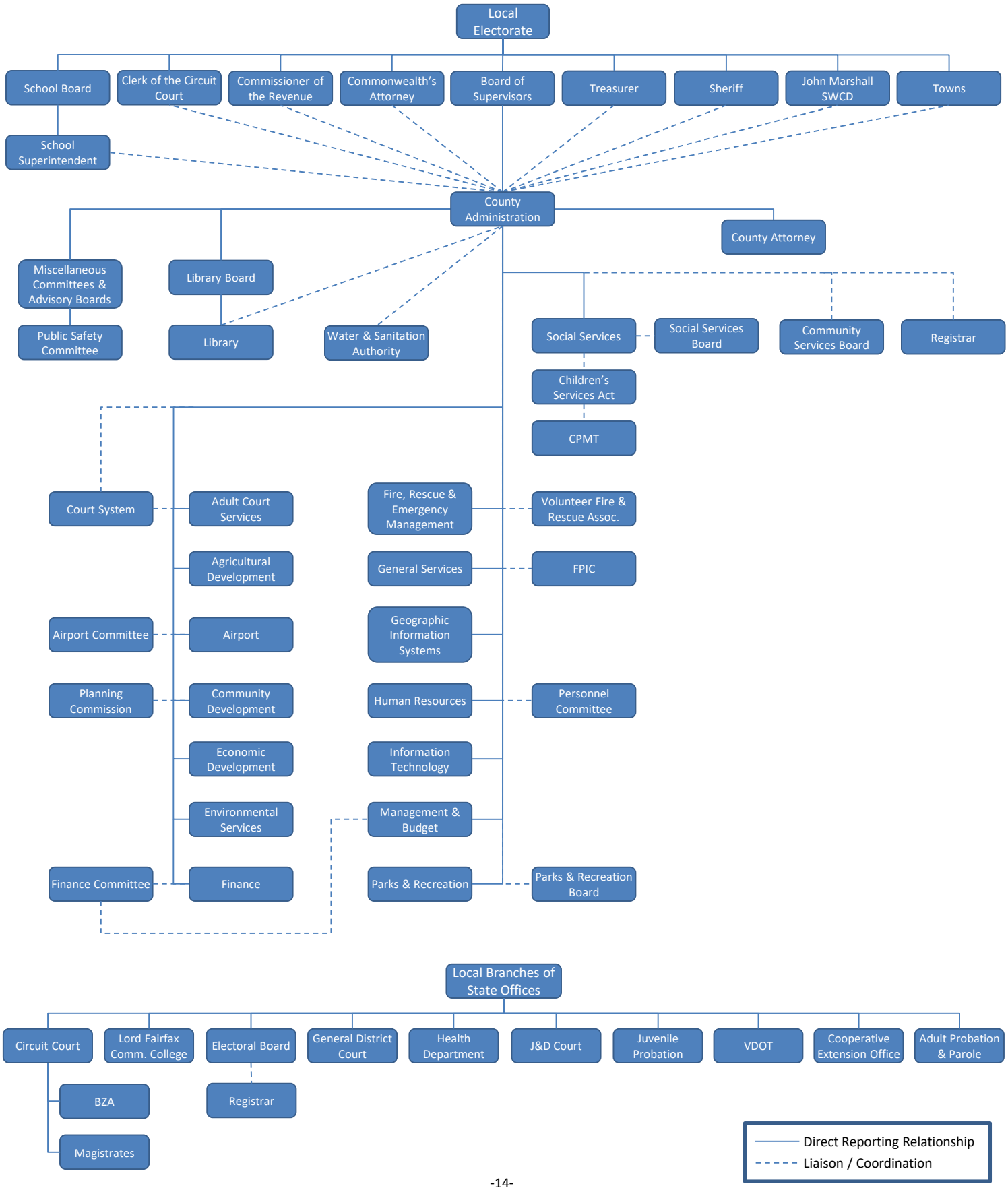
For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO

County of Fauquier, Virginia
Organizational Chart



COUNTY OF FAUQUIER, VIRGINIA
PRINCIPAL OFFICIALS

BOARD OF SUPERVISORS

Christopher T. Butler, Chairman
Mary Leigh McDaniel, Vice-Chairman
Richard R. Gerhardt
Christopher N. Granger
R. Holder Trumbo, Jr.

COUNTY ADMINISTRATION

Paul S. McCulla, County Administrator
Catherine M. Heritage, Deputy County Administrator

COUNTY SCHOOL BOARD

Donna Grove, Chairman
Suzanne Sloane, Vice-Chairman
Raymond E. Bland
Brian Gorg
Don Mason

SCHOOL ADMINISTRATION

David Jeck, Ed.D., Superintendent
Major Warner, Associate Superintendent for Instruction
Prashant P. Shrestha, Assistant Superintendent for Business & Planning
Frank Finn, Assistant Superintendent for Special Education & Student Services
David E. Graham, Executive Director of Administration & Planning

OTHER OFFICIALS

Clerk of the Circuit Court ..... Gail H. Barb
Finance Director ..... Jonathon C. Munch
Commissioner of the Revenue ..... Ross W. D'Urso
Judge of the General District Court ..... J. Gregory Ashwell
Sheriff ..... Robert P. Mosier
Treasurer ..... Tanya Remson Wilcox
Commonwealth's Attorney ..... James P. Fisher
Judge of the Circuit Court ..... Jeffrey W. Parker
Judge of Juvenile and Domestic Relations District Court ..... Melissa N. Cupp

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Independent Auditors' Report

To the Honorable Members of the Board of Supervisors
County of Fauquier, Virginia
Warrenton, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Fauquier, Virginia, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Fauquier, Virginia, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Fire and Rescue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2018, the County adopted new accounting guidance, GASB Statement Nos. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* 81 *Irrevocable Split-Interest Agreements,* 85 *Omnibus 2017, and* 86 *Certain Debt Extinguishment Issues*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 1 to the financial statements, in 2018, the County restated beginning balances to reflect the requirements of GASB Statement No. 75. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules related to pension and OPEB funding on pages 21-36, and 133-142 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2018, on our consideration of the County of Fauquier, 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 solely 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 effectiveness of County of Fauquier, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Fauquier, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
November 16, 2018

FAUQUIER COUNTY
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The management of the County of Fauquier, Virginia presents the following discussion and analysis as an overview of the County of Fauquier's financial activities for the fiscal year ending June 30, 2018. We encourage readers to read this discussion and analysis in conjunction with the Letter of Transmittal in the Introductory Section of this report and the County's financial statements, which follow this discussion and analysis.

All amounts are expressed in millions and percentages are calculated based on the rounded numbers in millions.

FISCAL YEAR 2018 FINANCIAL HIGHLIGHTS

- The reporting entity, which includes the School Board component unit, had positive net position of $85.7 million at June 30, 2018, which represents an increase of $19.9 million, or 30.2% from net position at June 30, 2017, as restated.

- The total cost of the County's programs or governmental activities, was $184.9 million, an increase of $5.4 million, or 3.0% from the prior year's cost of $179.5 million. Total revenues for governmental activities increased $9.3 million or 4.7% to $205.4 million from the prior year.

- Net position of the County's governmental activities increased by $17.6 million from the prior year, as compared to an increase of $15.5 million in fiscal year 2017.

- At June 30, 2018, the County had $93.2 million ($88.9 million in unpaid principal balance and $4.3 million in premium) of long-term debt outstanding. This includes $74.6 million of general obligation bonds, $4.5 million of capital leases related to assets on the books of the total reporting entity, $5.2 million of certificates of participation, and $8.9 million in revenue bonds for business-type activities (including premiums; See Table 6). In addition, the County has $1.6 million in deferred charges on refundings.

- The County's business-type activities (the Airport, Landfill, and Sewer) had a combined positive net position of $3.3 million, which is an increase of $2.8 million from the prior year. This increase is due mainly to an increase in capital grants from federal and state grants related to the terminal building project in the Airport Fund and also capital contributions and transfers from governmental activities to the Sewer Fund.

- The School Board component unit had positive net position of $32.3 million at June 30, 2018, which represents a decrease of $0.5 million, or 1.5% from the prior year, as restated. Revenues, including the County contribution, totaled $143.4 million, an increase of $3.9 million from the prior year, and expenses totaled $143.9 million, a decrease of $3.5 million from prior year's expenses. The increase in revenue was due primarily to an increase in operating grants and contributions from state and federal sources. The decrease in expenses is mainly attributed to decreased pension related expenses as the School Board's proportionate share of the Virginia Retirement System Teacher Retirement Plan net pension liability declined.

- As of June 30, 2018, the County governmental funds reported combined fund balances of $62.4 million, an increase of $7.5 million from the prior year. The County's General Fund had a total fund balance of $30.9 million at June 30, 2018. Of the General Fund balance, $10.4 million, or 33.7% was

assigned fund balance, $19.1 million, or 61.8% was unassigned fund balance, and the remaining was restricted and committed fund balance. The unassigned fund balance, includes the Board of Supervisor's mandated minimum of 10.0% of general operating revenues, which is set aside for emergency needs as approved by the Board of Supervisors. Refer to Note 15 for details regarding the various components of fund balance.

- General Fund revenues were $5.1 million over the amended budget. Expenditure savings of $6.4 million were the result of $2.2 million savings in the contribution to the School Board component unit and $4.2 million in savings from County Departments.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Comprehensive Annual Financial Report (CAFR) consists of four sections: introductory, financial, statistical, and compliance.

- The introductory section includes the letter of transmittal, a copy of the fiscal year 2017 Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association, the County's organizational chart, and a list of principal officials.
- The financial section includes the Independent Auditors' Report, management's discussion and analysis (this section), the basic financial statements, required supplemental information, and combining and individual fund statements and schedules.
- The statistical section includes selected financial and demographic data related to the County, generally presented on a multi-year basis.
- The compliance section is required under the provisions of Single Audit Act of 1984 and the U.S. Office of Management and Budget guidance in Title 2 of the Code of Federal Regulations, Part 200 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Subpart F and includes the auditors' reports on compliance and internal controls.

Financial Section Overview

This management's discussion and analysis, which is preceded by the Independent Auditors' Report, is intended to serve as an introduction to the Financial Section of the CAFR. It is followed by three additional parts – the basic financial statements, required supplementary information, and the combining and individual fund statements and schedule.

The Independent Auditors' Report reflects the results of the external audit. The auditor expresses an opinion on whether the financial statements have been presented in conformity with Generally Accepted Accounting Principles (GAAP).

The basic financial statements are comprised of three components: (1) government-wide financial statements; 2) fund financial statements; and (3) notes to the financial statements. The government-wide financial statements and the fund financial statements present different views of the County. These two types of statements are discussed in more detail in the following sections.

The required supplementary information includes:

- this discussion and analysis

- the Schedule of Funding Progress and Employer Contributions – Fauquier County Other Postemployment Benefits Plans and Virginia Retirement System Pension and Other Postemployment Benefit Programs (Exhibit 14)

- the Schedule of Changes in the Net Pension Liability and Related Ratios (Exhibit 15)

- the Schedule of Changes in the Net OPEB Liability and Related Ratios (Exhibit 16)

- the Schedule of Proportionate Share of the Virginia Retirement System's Net Pension and OPEB Liability (Exhibit 17)

Finally, the combining and individual fund statements and schedules are included, which present individual statements for major funds other than the General Fund and combining statements for nonmajor governmental funds, internal service funds, fiduciary funds, and the component unit as well as other supporting schedules.

Government-wide Financial Statements

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

The Statement of Net Position (Exhibit 1) presents information on all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources for governmental activities, business-type activities, and activities of the County's component unit, the School Board. Net position is the residual amount remaining after liabilities and deferred inflows of resources are deducted from the balance of assets and deferred outflows of resources, and provides a measure of the County's overall financial health, or financial condition. Over time, changes in the net position may serve as an indicator of whether the County's financial condition is improving or deteriorating. Other non-financial factors will also need to be considered, such as changes in the County's property tax base and the condition of the County's facilities.

The Statement of Activities (Exhibit 2) presents information using the accrual basis of accounting, and reflects how the County's net position changed during the fiscal year. All of the current year's revenues and expenses are shown in this statement, regardless of when cash is received or paid. The Statement of Activities presents expenses before revenues to emphasize that the government's revenues are 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 government administration, 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. Governmental funds and internal service funds are included in the governmental activities.
- 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 include the Landfill and Recycling, Airport, and Sewer activities.

- Component unit: The County has one component unit for which it is financially accountable, the Fauquier County Public Schools (School Board). A primary government is accountable for an organization if the organization is fiscally dependent and the organization is capable of imposing financial benefits or burdens on the primary government. The County approves debt issuances to finance School Board assets and provides significant funding for its operation. The School Board is a legally separate entity and is discretely presented in this annual financial report. 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 used to keep track of specific sources of revenues and expenditures for particular purposes. The County has three kinds of funds:

- Governmental Funds – Most of the County's basic services are included in governmental funds, which focus on (1) inflows and outflows of cash and other financial assets that can be readily converted to cash and (2) the balances remaining at year-end that are available for spending. The governmental funds financial statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided with the fund financial statements to explain the relationship (or differences).

  The County has four major funds: the General Fund, the Capital Projects Fund, the Debt Service Fund, and the Fire and Rescue 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 and assets, primarily construction related. It provides control over resources that have been segregated for specific capital projects. The Debt Service Fund accounts for financial resources accumulated for the payment of principal and interest. The Fire and Rescue Fund is used to account for and report the fire and rescue levy assessed on real estate to support the volunteer fire and rescue companies. All other governmental funds, which include special revenue funds, are collectively referred to as nonmajor governmental funds.

- Proprietary Funds – The County's proprietary funds consist of three enterprise funds and two internal service funds, which operate in a manner similar to private business enterprises in which costs are recovered primarily through user charges or fees. Proprietary fund financial statements provide both short-term and long-term financial information.

  The County's enterprise funds include the Landfill and Recycling Fund, the Airport Fund, and the Sewer Fund. The County's internal service funds include the Fleet Maintenance Fund and the Health Insurance Fund.

- Fiduciary Funds – Fiduciary funds are used to account for resources held by the County for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide statements because the funds are not available to support the County's programs.

  The County's fiduciary funds consist of the Other Postemployment Benefits (OPEB) Plans fund and agency funds. The funds are used to account for monies received, held, and disbursed on behalf of certain retirees, external beneficiaries, detention center inmates, and certain other agencies and governments.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

The Reporting Entity: The Commonwealth of Virginia requires that counties, as well as their financially dependent component units, be financed under a single taxing structure. This results in counties issuing debt to finance capital assets, such as public schools, for their component units. GASB Statement No. 14, *The Financial Reporting Entity*, requires that the primary government and its component units, which make up the total reporting entity, be accounted for separately on the face of the basic financial statements.

The total reporting entity, which includes the School Board component unit, had positive net position of $85.7 million at June 30, 2018. Net position increased from the prior year by $19.9 million, which reflects current year revenues exceeding expenses by this amount.

Table 1

County of Fauquier
Summary of Net Position
($ in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government		Total Reporting Entity Including Component Unit	
	2018	2017*	2018	2017*	2018	2017*	2018	2017*
Assets:								
Current and other assets	$ 96.2	$ 78.0	$ (2.8)	$ (2.2)	$ 93.4	$ 75.8	$ 113.6	$ 95.8
Capital assets, net	68.9	68.8	32.5	27.7	101.4	96.5	272.8	274.0
Total assets	165.1	146.8	29.7	25.5	194.8	172.3	386.4	369.8
Deferred outflows of resources:								
Total deferred outflows of resources	5.0	7.5	0.4	0.5	5.4	8.0	19.8	27.0
Liabilities:								
Other liabilities	23.0	23.2	2.3	1.6	25.3	24.8	174.7	195.5
Long-term obligations	91.9	95.7	24.4	23.8	116.3	119.5	121.3	124.4
Total liabilities	114.9	118.9	26.7	25.4	141.6	144.3	296.0	319.9
Deferred inflows of resources:								
Total deferred inflows of resources	5.1	2.9	0.1	0.1	5.2	3.0	24.5	11.1
Net position:								
Net investment in capital assets	58.6	67.9	24.2	21.9	82.8	89.8	184.8	190.3
Restricted	10.0	9.6	1.2	-	11.2	9.6	11.6	9.9
Unrestricted (deficit)	(18.5)	(45.0)	(22.1)	(21.4)	(40.6)	(66.4)	(110.7)	(134.4)
Total net position	$ 50.1	$ 32.5	$ 3.3	$ 0.5	$ 53.4	$ 33.0	$ 85.7	$ 65.8

Table 1 may differ from Exhibit 1 due to rounding.
** Fiscal year 2017 has been restated for the implementation of GASB Statement 75. See Note 1.*

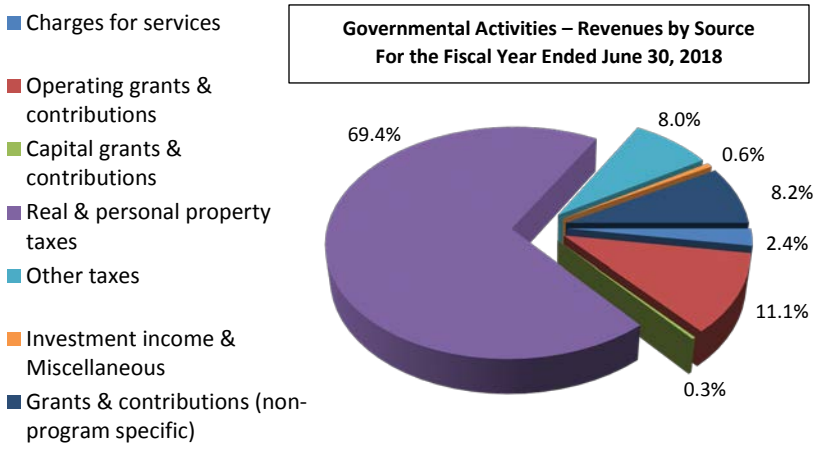
The Primary Government: The primary government had net position of $53.4 million at June 30, 2018 which reflects an increase of $20.4 million from the prior year. The largest portion of net position, $82.8 million, represents the County's investment in capital assets (e.g., land, buildings, and equipment) less the depreciation and outstanding debt associated with asset acquisitions. Total restricted and unrestricted net position of the primary government combine for a deficit of $29.4 million, and is mainly the result of the primary government issuing debt in past years to finance assets capitalized on the books of other entities. The County has long-term commitments related to the issuance of three certificates of participation in support of utility projects undertaken and capitalized by the Fauquier Water and Sanitation Authority and debt the primary government has issued on behalf of the School Board component unit. Because these debts increase the primary government's liabilities with no corresponding asset, the effect is to increase the amount reported as unrestricted (deficit). The County's total of these debts and commitments at June 30, 2018 was $75.7 million (which includes $3.0 million in premium). Refer to Note 8 and Note 9 for further details regarding long-term obligations and commitments.

Business-Type Activities: Business-type activities had a combined net position of $3.3 million at June 30, 2018, which consisted of positive net position of $16.3 for the Airport Fund, negative net position of $14.1 million for the Landfill and Recycling Fund, and positive net position of $1.1 million for the Sewer Fund. The largest portion of net position, $24.2 million, reflects investment in capital assets, net of depreciation and outstanding debt. The unrestricted net position for business-type activities at June 30, 2018 was a deficit of $22.1 million, which reflects an increase of 3.3% from the deficit of $21.4 million from the prior year. The unrestricted deficit for business-type activities does not indicate that there were insufficient resources available to pay for operations; but that long-term commitments were greater than currently available resources.

CHANGE IN NET POSITION

Governmental Activities: Total governmental net position (before transfers) increased by $20.5 million compared to an increase of $16.6 million in fiscal year 2017.

Revenues from governmental activities for fiscal year 2018 totaled $205.4 million, an increase of $9.3 million from fiscal year 2017. Taxes comprised the largest source of revenues, totaling $158.9 million, of which general property taxes account for $142.4 million, or 69.3%, of total revenues. Program revenues (charges for services, operating and capital grants and contributions) generated a total of $28.4 million, or 13.8% of total revenues, while revenues from grants and contributions not restricted to specific programs totaled $16.9 million, or 8.2% of revenues.



Real and personal property tax revenue increased by $5.8 million, or 4.2% primarily attributable to an increase in the assessed values for real and personal property for and continued growth in the tax base.

Local sales tax revenue decreased by $0.1 million or 2.0% from the prior year. Consumers' utility taxes, business and professional tax revenue, taxes on recordation and wills, motor vehicle taxes, and other local taxes, collectively increased by $0.3 million or 3.6% from the prior year. Non-program specific grants and contributions saw a decrease of $0.4 million while charges for services increased by $0.5 million in fiscal year 2018.

Table 2 summarizes the changes in net position from Exhibit 2 in the Financial Section for the primary government and its component unit at June 30, 2018 and 2017.

Table 2

County of Fauquier
Changes in Net Position
($ in millions)

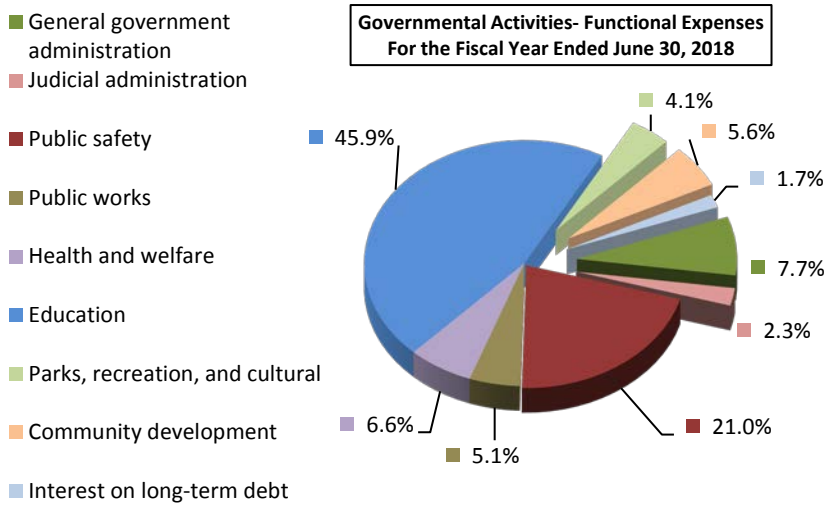
	Governmental Activities		Business-Type Activities		Total Primary Government		Total Reporting Entity Including Component Unit	
	2018	2017*	2018	2017*	2018	2017*	2018	2017*
Revenues								
Program revenues:								
Charges for services	$ 5.0	$ 4.5	$ 4.6	$ 4.4	$ 9.6	$ 8.9	$ 12.9	$ 12.3
Operating grants and contributions	22.7	20.4	0.1	0.3	22.8	20.7	42.8	37.4
Capital grants and contributions	0.7	0.1	4.1	1.7	4.8	1.8	4.8	1.8
General revenues:								
Real and personal property taxes	142.4	136.6	-	-	142.4	136.6	142.4	136.6
Other taxes	16.5	16.4	-	-	16.5	16.4	16.5	16.4
Other	1.2	0.8	-	-	1.2	0.8	2.5	1.9
Grants and contributions	16.9	17.3	-	-	16.9	17.3	50.4	51.2
Contribution to schools	-	-	-	-	-	-	85.3	84.4
Total revenues	205.4	196.1	8.8	6.4	214.2	202.5	357.6	342.0
Expenses								
General government administration	14.3	14.2	-	-	14.3	14.2	14.3	14.2
Judicial administration	4.2	3.7	-	-	4.2	3.7	4.2	3.7
Public safety	38.9	32.8	-	-	38.9	32.8	38.9	32.8
Public works	9.4	9.7	-	-	9.4	9.7	9.4	9.7
Health and welfare	12.2	11.6	-	-	12.2	11.6	12.2	11.6
Education	85.0	83.2	-	-	85.0	83.2	228.9	230.6
Parks, recreation, and cultural	7.5	7.0	-	-	7.5	7.0	7.5	7.0
Community development	10.3	14.2	-	-	10.3	14.2	10.3	14.2
Interest on long-term debt	3.1	3.1	-	-	3.1	3.1	3.1	3.1
Airport	-	-	1.2	1.0	1.2	1.0	1.2	1.0
Landfill and recycling	-	-	7.7	6.9	7.7	6.9	7.7	6.9
Total expenses	184.9	179.5	8.9	7.9	193.8	187.4	337.7	334.8
Increase (decrease) in net position	20.5	16.6	(0.1)	(1.5)	20.4	15.1	19.9	7.2
Transfers	(2.9)	(1.1)	2.9	1.2	-	0.1	-	0.1
Change in net position	17.6	15.5	2.8	(0.3)	20.4	15.2	19.9	7.3
Beginning net position, restated	32.5	17.0	0.5	0.8	33.0	17.8	65.8	58.5
Ending net position, restated	$ 50.1	$ 32.5	$ 3.3	$ 0.5	$ 53.4	$ 33.0	$ 85.7	$ 65.8

Table 2 may differ from Exhibit 2 due to rounding.

** Fiscal year 2017 has been restated for the implementation of GASB Statement 75. See Note 1.*

Total expenses for governmental activities for this fiscal year were $184.9 million, an increase of $5.4 million from $179.5 million in fiscal year 2017. Public safety expenses increased due to increased staffing of department of fire and rescue staff and sheriff office positions. Community development expenses decreased primarily due to completion or near completion of revenue share projects. Education continued to be the County's largest program and highest priority with the County's contribution totaling $85.0 million, or 46.7%, of total expenses. Included in this contribution was approximately $0.1 million in support of School Board grant related programs.

The School Board component unit incurred indirect expenses related to consolidated services provided by County departments to both County and Schools. Typically, school systems bear these costs directly, however with the consolidation of departments in Fauquier County, these costs were reported within the County's governmental activities in the General Fund. These consolidated departments included Human Resources, Finance, the Independent Auditor, and General Services, which provides maintenance of buildings and grounds.



As shown in Exhibit 7 of the Financial Section of this report, these functions totaled approximately $9.1 million in fiscal year 2018. Allocation of the cost of these consolidated functions associated with educational activities is approximately $6.9 million based on the County's latest cost allocation plan. Recognizing these costs as a function of education increases educational functional expenses to approximately 45.9% of total expenses. Public safety expenses, which total $38.9 million or 21.0%, represent the second largest expense category for governmental activities.

Table 3 illustrates the net cost (total expenses less fees generated by the activities and program-specific governmental aid) for the County's governmental activities. Fees, such as charges for services and program specific aid from other governmental or outside entities, helped offset the cost of the government services, thereby lessening the burden on the County's taxpayers. The County generated charges for services primarily from fees for certain court services, public safety fees, community development services, library fees, and parks and recreation activities. The County obtained operating grants and contributions primarily for public safety, health and welfare, judicial administration, and community development. Net costs reflect the cost for which tax revenues support the services provided by the County government.

Table 3

County of Fauquier
Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2018 and 2017
($ in millions)

	Total Cost of Services		Net Cost of Services	
	2018	2017*	2018	2017*
General government administration	$ 14.3	$ 14.2	$ 13.4	$ 13.2
Judicial administration	4.2	3.7	1.7	1.6
Public safety	38.9	32.8	31.9	26.4
Public works	9.4	9.7	7.3	6.7
Health and welfare	12.2	11.6	5.2	4.8
Education	85.0	83.2	85.0	83.2
Parks, recreation, and cultural	7.5	7.0	5.8	6.2
Community development	10.3	14.2	3.1	9.3
Interest on long-term debt and other	3.1	3.1	3.1	3.1
Total	$ 184.9	$ 179.5	$ 156.5	$ 154.5

Table 3 may differ from Exhibit 2 due to rounding.
** Fiscal year 2017 has been restated for the implementation of GASB Statement 75. See Note 1.*

After recognizing the effect of revenue from these fees, grants, and contributions of $28.4 million, the net cost of governmental activities was $156.5 million, compared to a total cost of $184.9 million.

Business-type activities: Business-type activities are generally intended to be at least partially self-supporting, and fees are established to recover the cost of providing the services. Revenues for the County's business activities, which are primarily user fees or charges for services and capital contributions and grants, increased by $2.4 million, or 37.5% from the prior year to $8.8 million. This increase is due primarily to increased funding of $1.6 million from the prior year in the Airport Fund from capital contributions and state and federal grants for expansion projects and also capital contributions to the Sewer Fund of $0.8 million. Total expenses for business-type activities were $8.9 million, an increase of 12.7%, or $1.0 million, from the prior year. This increase is due to increased depreciation and other operating expenses in the Airport Fund of $0.2 million and $0.5 million increase in expenses related closure and postclosure and $0.3 million increase in contractual services in the Landfill Fund.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Governmental Funds: As of June 30, 2018, the County's governmental funds reported a combined ending fund balance of $62.4 million (Exhibit 3), an increase of $7.5 million in comparison with the prior year's fund balance. This increase reflects the following activity in governmental funds:

- The Capital Projects Fund reported a total fund balance of $15.4 million, an increase of $2.1 million from the prior year. Expenditures in the Capital Projects Fund decreased by $2.6 million and net transfers to the fund increased by $2.3 million from the prior fiscal year. The increase in expenditures is due primarily to decreased spending on the Vint Hill Public Street Network project in the current fiscal year and decreased capital outlay and replacement of capital assets. Revenues decreased by $0.3 million primarily due to decreased reimbursements from the Commonwealth of Virginia for revenue sharing and grant funded projects nearing completion.

- The Debt Service Fund reported a total fund balance of $0.1 million, a decrease of $0.1 million from the prior year. During fiscal year 2018, $11.8 million in debt principal and interest payments were made, of which $10.6 million of the debt service costs was related to payments on School related debt and obligations.

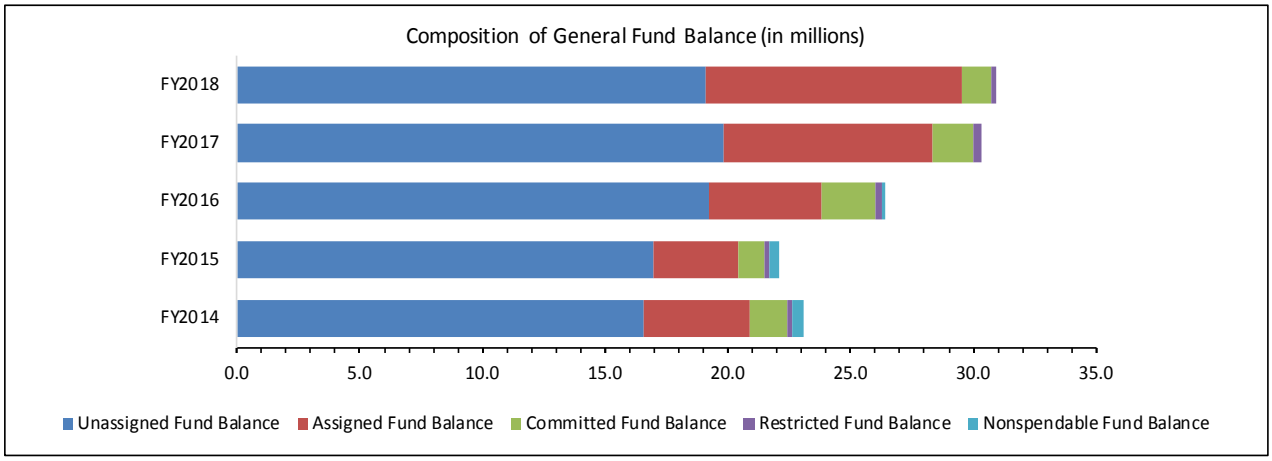
- The Fire and Rescue Fund, reported a total fund balance of $10.1 million, an increase of $4.2 million from the prior fiscal year. Revenues increased by $0.8 million, or 12.0% from the prior year primarily due to increased tax revenue. In addition, proceeds from the issuance of debt totaling $4.9 million and the fact that a portion of the proceeds were unspent at the end of the fiscal year contributed to the increase in fund balance. Expenditures increased by $2.1 million primarily due to increased staffing positions and expenditures related to the Orlean Fire Station project.

- Other Nonmajor Governmental Funds, reported an increase of $0.8 million in fund balance over prior year. Revenues increased by $0.3 million, due to increase in gifts and donations in the Parks and Recreation and Library Funds and an increase in revenue from the Federal government in the Conservation Easement Fund. The increase in expenditures in the nonmajor funds of $0.7 million was due mainly to spending on purchase development rights in the Conservation Easement Fund.

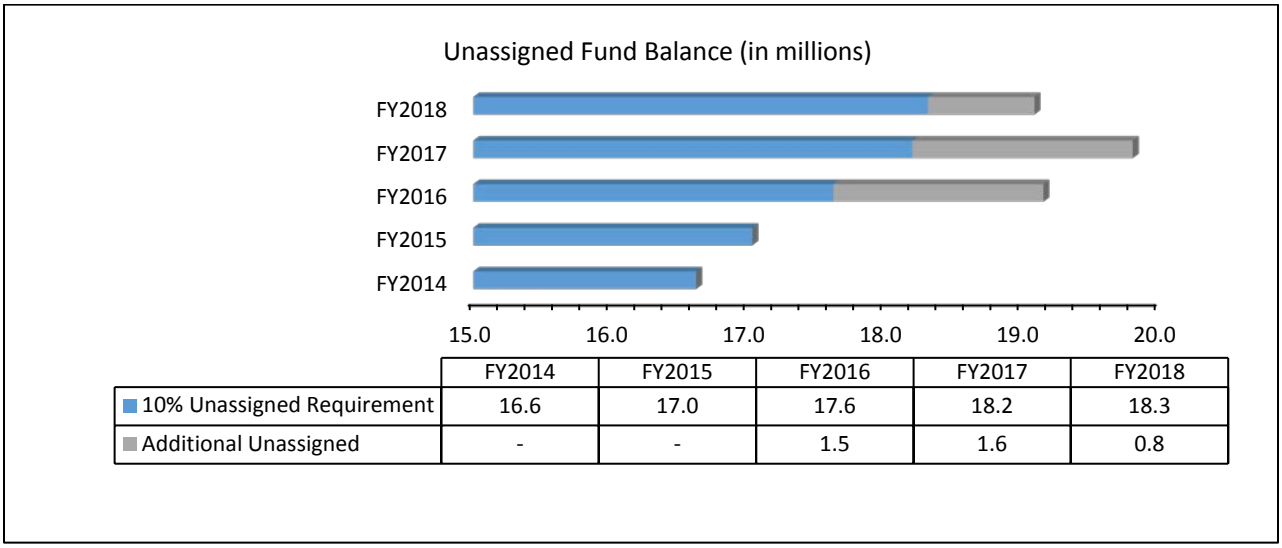
- The General Fund had a fund balance of $30.9 million, an increase of 2.0%, or $0.6 million from the prior year's fund balance, of $30.3 million. Revenues increased mainly due to increased

general property tax revenue of 5.0 million, other local taxes of $0.1 million offset by a decrease in revenue from the Federal government of $2.0 million. Net transfers to other funds to support capital projects and asset replacement, debt service, and declined by $3.6 million from the prior year. In addition, the General Fund contributed $85.3 million in operating funds to finance the School Board component unit's operations.

The General Fund's liquidity can be measured by comparing unassigned fund balance to total fund revenues. At the end of the current fiscal year, the General Fund had an unassigned fund balance of $19.1 million (Exhibit 3). The chart below depicts the composition of the County's General Fund balance for the last five fiscal years.



The Board of Supervisors has adopted a minimum fund balance requirement for the General Fund of 10.0% of the subsequent year's General Fund revenues. This 10.0% is identified as the minimum amount needed to safeguard the County's financial stability and as one component in maintaining its bond ratings. This level, when combined with committed and assigned fund balances, provides the County with sufficient funds to operate approximately two months without interrupting service levels. The minimum fund balance target for fiscal year 2018 was $18.3 million. Amounts in excess of the 10.0% minimum may be available for future uses to be determined by the Board of Supervisors. The chart below depicts the components of unassigned fund balance for the last five years.



	FY2014	FY2015	FY2016	FY2017	FY2018
10% Unassigned Requirement	16.6	17.0	17.6	18.2	18.3
Additional Unassigned	-	-	1.5	1.6	0.8

GENERAL FUND BUDGETARY HIGHLIGHTS

Table 4 provides a comparison of original budget, final amended budget, and actual revenues and expenditures in the General Fund.

Table 4

County of Fauquier
General Fund Budgetary Comparison
For the Fiscal Year Ended June 30, 2018
($ in millions)

	Original Budget	Amended Budget	Actual
Revenues			
Taxes	$ 145.5	$ 145.5	$ 150.9
Other	3.9	4.1	4.8
Intergovernmental	29.6	31.7	30.7
Total revenues	179.0	181.3	186.4
Expenditures	166.0	171.8	165.4
Excess (deficiency) of revenues over (under) expenditures	13.0	9.5	21.0
Other financing sources (uses)			
Transfers in	3.0	3.0	2.6
Transfers out	(17.1)	(23.0)	(23.0)
Total other financing sources (uses)	(14.1)	(20.0)	(20.4)
Change in fund balance	$ (1.1)	$ (10.5)	$ 0.6

Table 4 may differ from Exhibit 7 due to rounding.

During the year, budget amendments approved by the Board of Supervisors could be classified in the following key categories:

- Amendments for operating and capital projects that were incomplete in the prior fiscal year and subsequently re-appropriated in the new fiscal year.

- Amendments for supplemental appropriation for new projects and/or change orders for prior approved projects.

- Amendments for supplemental appropriation for grants and other revenues.
- Amendments for transfers and adjustments to support revised priorities and account code restructuring.

Final amended budget revenues exceeded the original budget by $2.3 million, primarily due to budget increases from state and federal funding sources. Actual revenues were $5.1 million over the amended budget due mainly to increased taxes and offset by decrease in other fees collected. Actual expenditures for the General Fund totaled $165.4 million or $6.4 million less than the amended budget. Of this difference, $2.2 million less than budgeted was transferred to the School Board component unit and $4.2 million in savings is due to county departmental efforts to control spending. A portion of the savings generated by Schools in the form of unexpended appropriations is generally re-appropriated in the new fiscal year.

CAPITAL ASSETS AND LONG-TERM DEBT

The County's capital assets include items such as public safety equipment, buildings, parks and recreation facilities, libraries, public works vehicles, equipment and depreciable and non-depreciable intangible assets.

The Capital Improvements Program Committee (Committee) receives project requests from departments, agencies, and the School Board component unit. Potential projects are evaluated in relation to each other to ensure that the highest priority projects receive public funding, while considering construction costs, impact on debt service, and operating expenses in subsequent years. Upon evaluation, the Committee prepares a recommended six-year program, which is then sent for action to the Planning Commission of the Board of Supervisors. For more details on the debt funding policy, refer to the section titled "Relevant financial policies" in the Letter of Transmittal.

Table 5

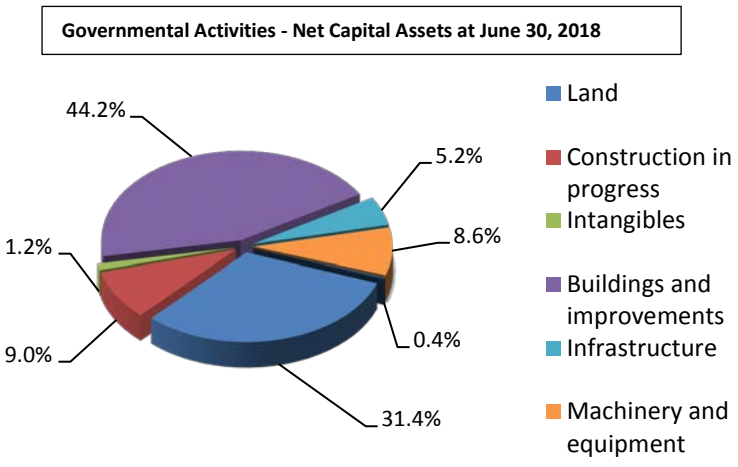
County of Fauquier
Capital Assets
($ in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government		Total Reporting Entity Including Component Unit	
	2018	2017	2018	2017	2018	2017	2018	2017
Land	$ 21.6	$ 21.0	$ 8.0	$ 8.1	$ 29.6	$ 29.1	$ 34.9	$ 34.3
Construction In progress	6.2	4.1	6.0	7.0	12.2	11.1	12.4	11.4
Intangible assets (non-depreciable)	0.9	0.9	0.2	0.2	1.1	1.1	1.1	1.1
Buildings and improvements	54.0	53.8	24.7	20.0	78.7	73.8	334.5	329.2
Infrastructure	14.5	14.5	13.7	11.5	28.2	26.0	33.7	31.3
Machinery and equipment	19.8	18.8	4.0	4.3	23.8	23.1	47.9	46.7
Intangible assets (depreciable)	1.5	1.5	-	-	1.5	1.5	1.7	1.7
Total capital assets	118.5	114.6	56.6	51.1	175.1	165.7	466.2	455.7
Less: Accumulated depreciation/amortization	(49.6)	(45.8)	(24.1)	(23.4)	(73.7)	(69.2)	(193.4)	(181.7)
Net capital assets	$ 68.9	$ 68.8	$ 32.5	$ 27.7	$ 101.4	$ 96.5	$ 272.8	$ 274.0

Table 5 may differ from Note 7 due to rounding.

As of June 30, 2018 the total reporting entity had net capital assets of $272.8 million, a decrease of $1.2 million from the prior year. This decrease is due primarily to additions to capital assets and construction in progress of $12.3 million, offset by depreciation expense of $13.5 million.

For governmental activities, the County's investment in non-depreciable assets totaled $28.7 million, while depreciable assets totaled $40.2 million (net of depreciation). Total net capital assets for governmental activities increased by $0.1 million, or 0.1% from the prior year to $68.9 million. The increase is due to additions and deletions of capital assets for governmental activities exceeding depreciation expense in the current year. During the fiscal year, the following additions were made to capital assets:



- Governmental activity additions included $1.4 million in machinery and equipment, $0.2 million in buildings and improvements and infrastructure, and $3.0 million to existing projects.
- Business activity additions were approximately $5.4 million, primarily related to the completion of the transfer station and leachate project at the Landfill, and the terminal building project at the Airport. The Sewer Fund received a transfer of $0.8 million in construction in progress from governmental activities for the construction of sewer infrastructure for the Catlett-Calverton Wastewater Treatment System.
- The School Board component unit had additions of $1.9 million which included the acquisition of machinery and equipment and improvements to school buildings and facilities.

More information on the capital assets can be found in Note 7 in the Notes to Financial Statements Section of this report.

Long-term Obligations

Table 6 provides an overview of the long-term obligations for the primary government.

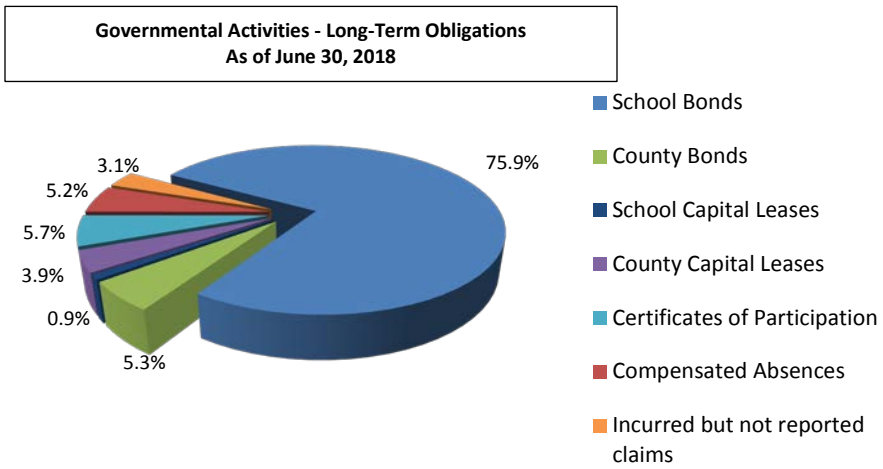
Table 6

County of Fauquier
Summary of Changes in Long Term Obligations
($ in millions)

	July 1, 2017	Net Increase (Decrease)	June 30, 2018
Governmental Activities:			
Capital leases	$ 5.1	$ (0.6)	$ 4.5
Certificates of participation	5.7	(0.5)	5.2
General obligation Bonds	77.6	(3.0)	74.6
Compensated absences	4.5	0.3	4.8
Incurred but not reported claims (IBNR)	2.8	-	2.8
Total long-term obligations	95.7	(3.8)	91.9
Business-Type Activities:			
Revenue bonds	9.1	(0.2)	8.9
Compensated absences	0.2	(0.1)	0.1
Landfill closure and post closure	14.5	0.9	15.4
Total long-term obligations	23.8	0.6	24.4
Total long-term obligations	$ 119.5	$ (3.2)	$ 116.3

Table 6 may differ from Note 8 due to rounding.

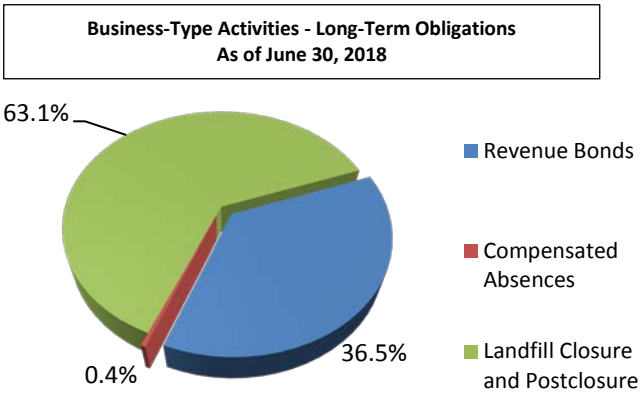
As of June 30, 2018, the County's governmental activities had long-term obligations totaling $91.9 million, of which $84.3 represents indebtedness related to capital leases, certificates of participation and issuances of bonds. This represents a decrease of $3.8 million, or 4.0% in long-term obligations from the prior year.



Capital leases and General Obligation Bonds (including premium) issued to support School Board related assets and projects represent the largest category of debt totaling 76.8% of the County's total governmental obligations.

The net decrease is due primarily to the following activities during the fiscal year:

- On May 23, 2018, the County issued $4.9 million in general obligation bonds (including premium) through the Virginia Resource Authority to be used for the Orlean Station project.
- The County retired $9.0 million ($8.4 million in principal and $0.6 million in premium) related to capital leases, revenue bonds, and general obligation bonds.
- Compensated absences increased by $0.3 million from the prior year, as employee balances increased.



As of June 30, 2018, the County's business activities had long-term obligations of $24.4 million, an increase of $0.6 million, or 2.5% increase from the prior year.

- The Landfill and Recycling Fund retired $0.3 million of debt related to revenue bonds with the Virginia Resources Authority.
- The Landfill closure and postclosure liability increased by $0.9 million from the prior year.

More information on the County's long-term obligations is presented in Note 8, Notes to Financial Statements Section of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Economic Factors

- The average unemployment rate for the County of Fauquier in June 2018 was 2.8%, which is 0.6% lower than in June 2017. This compares favorably to the State's average rate of 3.3% and the National average rate of 4.2%.

- According to the Weldon Cooper Center for Public Service, Fauquier County's population was estimated to be 69,098, an increase of 1.4% over the prior year. Population estimates for the last ten years are provided in Table 12 of the Statistical Section of this report.

- The enrollment in public schools increased in fiscal year 2018 by 0.9% from 11,007 to 11,104. School enrollment for the last ten years is provided in Table 12, Statistical Section of this report.

- The latest available per capita personal income for Fauquier County was $63,854 as of 2016, compared to $53,323 for the Commonwealth of Virginia, as reported by the U.S. Department of Commerce Bureau of Economic Analysis. Per capita personal income for the last ten years is provided in Table 12 of the Statistical Section of this report.

- The County Civilian Labor Force increased by 1.7% from 36,989 to 37,613 as of fiscal year 2018. County Civilian Labor Workforce numbers for the last ten years are provided in Table 12 of the Statistical Section of this report.

Fiscal Year 2018 Budget and Rates

- For fiscal year 2019, the adopted budget for the General Fund is $184.1 million, an increase of 0.6% from fiscal year 2018. Revenues are comprised primarily of general property taxes at 71.8%, other local taxes at 9.0%, permits, privilege fees and regulatory licenses at 1.0%, charges for services at 0.5%, State assistance at 14.8%, Federal assistance at 1.4%, use of money at 0.3%, and other revenues at 1.3%.

- For fiscal year 2019, the County's contribution to the School Board component unit is $99.0 million which includes the County's contribution to the School Board's operating fund of $89.3 million and $9.7 million contributed to the Debt Service Fund for school related debt. Support to the Schools represents 50.4% of the General Fund appropriations not including the allocation of shared services, which represents an additional 3.7% of local support. The percentage of General Fund appropriations supporting Schools is 1.2% more than fiscal year 2018.

- Public safety accounts for 10.8% of appropriations in fiscal year 2019, the second largest component of budgeted expenditures. Public safety volunteers are partially funded by a dedicated real property tax of $0.12100 per $100 of assessed value for tax year 2018. This tax partially supports County and volunteer fire and rescue operations.

- The tax rate for real property decreased to $0.982 per $100 of assessed value for tax year 2018 which is to support fiscal year 2019. Detail on the tax rates is provided in Table 6, Statistical Section of this report.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of Fauquier County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning this report or requests for additional information should be directed to Director of Finance, County of Fauquier, 320 Hospital Drive, Suite 32, Warrenton, Virginia 20186, telephone (540) 422-8336, or visit the County's web site at www.fauquiercounty.gov.

BASIC FINANCIAL STATEMENTS

The Basic Financial Statements include all funds, the discretely presented component unit, and notes to provide an overview of the financial position and results of operations for the County as a whole. They also serve as an introduction to the more detailed statements and schedules that follow.

FAUQUIER COUNTY
1759
VIRGINIA

GOVERNMENT-WIDE FINANCIAL STATEMENTS

COUNTY OF FAUQUIER, VIRGINIA

Statement of Net Position
June 30, 2018

	Primary Government			Component Unit
	Governmental Activities	**Business-Type Activities**	**Total**	**School Board**
Assets				
Cash and cash equivalents	$ 50,386,516	$ 1,388,624	$ 51,775,140	$ 14,971,393
Cash and cash equivalents - restricted	12,267,705	1,528,397	13,796,102	421,340
Receivables, net of allowance for uncollectibles:				
Taxes, including penalties	3,191,136	-	3,191,136	-
Accounts	2,352,724	593,673	2,946,397	80,411
Internal balances	8,718,212	(8,718,212)	-	-
Inventories	218,649	43,929	262,578	110,907
Prepaid items	858,458	-	858,458	62,787
Investments	6,919,540	-	6,919,540	-
Investment in direct financing lease	6,793,310	-	6,793,310	-
Due from other governmental units	4,433,312	2,292,361	6,725,673	2,848,142
Net pension asset	-	-	-	1,824,435
Capital assets (non-depreciable/non-amortizable):				
Land	21,634,665	8,059,127	29,693,792	5,261,258
Construction in progress	6,220,715	5,962,092	12,182,807	248,108
Intangible assets	853,884	228,836	1,082,720	-
Capital assets (depreciable/amortizable):				
Cell improvements	-	-	-	-
Buildings and improvements	53,990,891	24,718,630	78,709,521	255,777,713
Infrastructure	14,559,971	13,699,958	28,259,929	5,409,044
Machinery and equipment	19,812,603	3,965,697	23,778,300	24,114,426
Intangible assets	1,460,946	-	1,460,946	225,458
Accumulated depreciation/amortization	(49,587,058)	(24,088,042)	(73,675,100)	(119,748,200)
Total capital assets, net	68,946,617	32,546,298	101,492,915	171,287,807
Total assets	165,086,179	29,675,070	194,761,249	191,607,222
Deferred outflows of resources				
Deferred charge on refundings	1,564,362	269,833	1,834,195	-
Items related to measurement of net pension liability	345,560	11,977	357,537	1,668,540
Pension contributions subsequent to measurement date	2,922,017	101,039	3,023,056	11,369,807
Items related to measurement of net OPEB liability	24,698	855	25,553	15,000
OPEB contributions subsequent to measurement date	183,682	6,345	190,027	1,316,404
Total deferred outflows of resources	5,040,319	390,049	5,430,368	14,369,751
Liabilities				
Accounts payable	3,697,402	1,486,096	5,183,498	1,033,468
Accrued and other liabilities	2,259,936	23,192	2,283,128	11,779,710
Retainage	285,946	144,955	430,901	9,865
Accrued interest payable	1,277,057	89,240	1,366,297	-
Unearned revenue	2,354,399	12,529	2,366,928	519,238
Customer deposits	764,327	-	764,327	-
Noncurrent liabilities:				
Due within one year	10,036,961	333,722	10,370,683	497,788
Due in more than one year	81,861,939	24,073,457	105,935,396	4,480,092
Net pension liability	6,167,996	213,786	6,381,782	113,561,000
Net OPEB liability	6,174,125	214,454	6,388,579	22,593,132
Total liabilities	114,880,088	26,591,431	141,471,519	154,474,293
Deferred inflows of resources				
Revenue advances	1,261,214	-	1,261,214	-
Items related to measurement of net pension liability	2,827,756	98,014	2,925,770	16,459,728
Items related to measurement of net OPEB liability	1,080,493	37,587	1,118,080	2,772,177
Total deferred inflows of resources	5,169,463	135,601	5,305,064	19,231,905
Net position				
Net investment in capital assets	58,593,548	24,253,121	82,846,669	171,287,807
Restricted for:				
Parks, recreation, and cultural	604,805	-	604,805	-
Public safety	3,504,569	-	3,504,569	-
Public works	19,055	-	19,055	-
Proffers	4,110,929	-	4,110,929	-
Capital projects	1,341,619	1,158,020	2,499,639	-
Education	-	-	-	421,340
Other purposes	435,708	-	435,708	-
Unrestricted (deficit)	(18,533,286)	(22,073,054)	(40,606,340)	(139,438,372)
Total net position	$ 50,076,947	$ 3,338,087	$ 53,415,034	$ 32,270,775

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

Reclassifications (See Note 1 - E.15)	Reporting Entity Total	
		Assets
$ -	$ 66,746,533	Cash and cash equivalents
-	14,217,442	Cash and cash equivalents - restricted
		Receivables, net of allowance for uncollectibles:
-	3,191,136	Taxes, including penalties
-	3,026,808	Accounts
-	-	Internal balances
-	373,485	Inventories
-	921,245	Prepaid items
-	6,919,540	Investments
-	6,793,310	Investment in direct financing lease
-	9,573,815	Due from other governmental units
-	1,824,435	Net pension asset
		Capital assets (non-depreciable/non-amortizable):
-	34,955,050	Land
-	12,430,915	Construction in progress
-	1,082,720	Intangible assets
		Capital assets (depreciable/amortizable):
-	-	Cell improvements
-	334,487,234	Buildings and improvements
-	33,668,973	Infrastructure
-	47,892,726	Machinery and equipment
-	1,686,404	Intangible assets
-	(193,423,300)	Accumulated depreciation/amortization
-	272,780,722	Total capital assets, net
-	386,368,471	Total assets
		Deferred outflows of resources
-	1,834,195	Deferred charge on refundings
-	2,026,077	Items related to measurement of net pension liability
-	14,392,863	Pension contributions subsequent to measurement date
-	40,553	Items related to measurement of net OPEB liability
-	1,506,431	OPEB contributions subsequent to measurement date
-	19,800,119	Total deferred outflows of resources
		Liabilities
-	6,216,966	Accounts payable
-	14,062,838	Accrued and other liabilities
-	440,766	Retainage
-	1,366,297	Accrued interest payable
-	2,886,166	Unearned revenue
-	764,327	Customer deposits
		Noncurrent liabilities:
-	10,868,471	Due within one year
-	110,415,488	Due in more than one year
-	119,942,782	Net pension liability
-	28,981,711	Net OPEB liability
-	295,945,812	Total liabilities
		Deferred inflows of resources
-	1,261,214	Revenue advances
-	19,385,498	Items related to measurement of net pension liability
-	3,890,257	Items related to measurement of net OPEB liability
-	24,536,969	Total deferred inflows of resources
		Net position
(69,361,691)	184,772,785	Net investment in capital assets
		Restricted for:
-	604,805	Parks, recreation, and cultural
-	3,504,569	Public safety
-	19,055	Public works
-	4,110,929	Proffers
-	2,499,639	Capital projects
-	421,340	Education
-	435,708	Other purposes
69,361,691	(110,683,021)	Unrestricted (deficit)
$ -	$ 85,685,809	Total net position

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 2
Page 1 of 2

Statement of Activities
Fiscal Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government				
Governmental activities:				
General government administration	$ 14,266,200	$ 119,312	$ 774,583	$ -
Judicial administration	4,213,354	812,773	1,639,169	-
Public safety	38,993,075	2,083,619	4,949,917	-
Public works	9,379,721	-	2,083,073	1,470
Health and welfare	12,206,022	395	7,041,861	-
Education	85,029,264	-	-	-
Parks, recreation, and cultural	7,490,761	623,295	479,265	562,475
Community development	10,307,487	1,377,032	5,732,261	90,000
Interest on long-term debt	3,083,112	-	-	-
Total governmental activities	184,968,996	5,016,426	22,700,129	653,945
Business-type activities:				
Airport	1,186,888	681,749	17,975	3,300,207
Landfill and recycling	7,692,836	3,933,980	61,800	-
Sewer	-	-	-	756,626
Total business-type activities	8,879,724	4,615,729	79,775	4,056,833
Total primary government	193,848,720	9,632,155	22,779,904	4,710,778
Component unit				
School Board	143,826,993	3,312,563	20,010,793	-
Total component unit	$ 143,826,993	$ 3,312,563	$ 20,010,793	$ -

General revenues:
- General property taxes
- Local sales and use taxes
- Consumers' utility taxes
- Business and professional taxes
- Motor vehicle taxes
- Taxes on recordation and wills
- Other local taxes
- Contribution from primary government
- Investment income
- Miscellaneous
- Grants and contributions not restricted to specific programs

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning, restated

Net position - ending

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

Net (Expenses) Revenue and Changes in Net Position					
Primary Government			Component Unit	Reporting Entity	
Governmental Activities	Business-Type Activities	Total	School Board	Total	Functions/Programs
					Primary government
					Governmental activities:
$ (13,372,305)	$ -	$ (13,372,305)	$ -	$ (13,372,305)	General government administration
(1,761,412)	-	(1,761,412)	-	(1,761,412)	Judicial administration
(31,959,539)	-	(31,959,539)	-	(31,959,539)	Public safety
(7,295,178)	-	(7,295,178)	-	(7,295,178)	Public works
(5,163,766)	-	(5,163,766)	-	(5,163,766)	Health and welfare
(85,029,264)	-	(85,029,264)	-	(85,029,264)	Education
(5,825,726)	-	(5,825,726)	-	(5,825,726)	Parks, recreation, and cultural
(3,108,194)	-	(3,108,194)	-	(3,108,194)	Community development
(3,083,112)	-	(3,083,112)	-	(3,083,112)	Interest on long-term debt
(156,598,496)	-	(156,598,496)	-	(156,598,496)	Total governmental activities
					Business-type activities:
-	2,813,043	2,813,043	-	2,813,043	Airport
-	(3,697,056)	(3,697,056)	-	(3,697,056)	Landfill and recycling
-	756,626	756,626	-	756,626	Sewer
-	(127,387)	(127,387)	-	(127,387)	Total business-type activities
(156,598,496)	(127,387)	(156,725,883)	-	(156,725,883)	Total primary government
					Component unit
			(120,503,637)	(120,503,637)	School Board
			(120,503,637)	(120,503,637)	Total component unit
					General revenues:
142,406,712	-	142,406,712	-	142,406,712	General property taxes
9,057,564	-	9,057,564	-	9,057,564	Local sales and use taxes
1,813,473	-	1,813,473	-	1,813,473	Consumers' utility taxes
1,564,338	-	1,564,338	-	1,564,338	Business and professional taxes
1,984,960	-	1,984,960	-	1,984,960	Motor vehicle taxes
1,789,913	-	1,789,913	-	1,789,913	Taxes on recordation and wills
296,329	-	296,329	-	296,329	Other local taxes
-	-	-	85,244,161	85,244,161	Contribution from primary government
1,096,000	22,460	1,118,460	3,896	1,122,356	Investment income
138,972	12,026	150,998	1,336,262	1,487,260	Miscellaneous
16,923,612	-	16,923,612	33,443,964	50,367,576	Grants and contributions not restricted to specific programs
(2,921,267)	2,921,267	-	-	-	Transfers
174,150,606	2,955,753	177,106,359	120,028,283	297,134,642	Total general revenues and transfers
17,552,110	2,828,366	20,380,476	(475,354)	19,905,122	Change in net position
32,524,837	509,721	33,034,558	32,746,129	65,780,687	Net position - beginning, restated
$ 50,076,947	$ 3,338,087	$ 53,415,034	$ 32,270,775	$ 85,685,809	Net position - ending

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

FAUQUIER COUNTY
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VIRGINIA

FUND FINANCIAL STATEMENTS

FAUQUIER COUNTY
1759
VIRGINIA

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 3

Balance Sheet
Governmental Funds
June 30, 2018

	Primary Government					
	General Fund	Capital Projects Fund	Debt Service Fund	Fire and Rescue Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	$ 12,109,768	$ 13,946,536	$ 82,831	$ 7,336,808	$ 887,730	$ 34,363,673
Cash and cash equivalents - restricted	219,021	2,736,178	-	3,485,345	5,827,161	12,267,705
Receivables, net of allowance for uncollectibles:						
Taxes, including penalties	2,778,156	-	-	393,173	19,807	3,191,136
Accounts	1,283,076	128,048	-	48,209	522,135	1,981,468
Due from other funds	8,718,212	-	-	-	-	8,718,212
Investments	6,919,540	-	-	-	-	6,919,540
Investment in direct financing lease	-	-	6,793,310	-	-	6,793,310
Due from other governmental units	3,939,268	411,136	-	81,058	1,850	4,433,312
Total assets	35,967,041	17,221,898	6,876,141	11,344,593	7,258,683	78,668,356
Total assets and deferred outflows of resources	35,967,041	17,221,898	6,876,141	11,344,593	7,258,683	78,668,356
Liabilities						
Accounts payable	1,314,705	514,438	-	746,550	222,584	2,798,277
Accrued liabilities	625,458	-	-	2,124	2,656	630,238
Retainage	-	197,559	-	88,387	-	285,946
Other liabilities	557,167	1,063,384	-	-	-	1,620,551
Due to other funds	-	-	-	9,867	-	9,867
Unearned revenue	51,089	-	2,303,310	-	-	2,354,399
Escrows	-	-	-	-	764,327	764,327
Total liabilities	2,548,419	1,775,381	2,303,310	846,928	989,567	8,463,605
Deferred inflows of resources						
Revenue advances	1,115,964	-	-	134,314	10,936	1,261,214
Unavailable revenue	1,407,740	-	4,490,000	258,660	432,973	6,589,373
Total deferred inflows of resources	2,523,704	-	4,490,000	392,974	443,909	7,850,587
Total liabilities and deferred inflows of resources	5,072,123	1,775,381	6,793,310	1,239,902	1,433,476	16,314,192
Fund balances						
Restricted	219,021	2,538,619	-	3,396,958	5,059,087	11,213,685
Committed	1,203,816	12,907,898	-	6,707,733	766,120	21,585,567
Assigned	10,386,767	-	82,831	-	-	10,469,598
Unassigned	19,085,314	-	-	-	-	19,085,314
Total fund balances	30,894,918	15,446,517	82,831	10,104,691	5,825,207	62,354,164
Total liabilities, deferred inflows of resources, and fund balances	$ 35,967,041	$ 17,221,898	$ 6,876,141	$ 11,344,593	$ 7,258,683	$ 78,668,356

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 4

Reconciliation of the Balance Sheet of the Governmental Funds
to the Statement of Net Position
June 30, 2018

Total fund balance - governmental funds		$ **62,354,164**
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:		
Prepaid items are recorded as expenditures when purchased in governmental funds, but are recorded as assets and the expense is amortized over the period for which it relates in the government-wide statements.		691,695
Noncurrent assets and deferred outflows of resources are not current financial resources and therefore not reported in the governmental funds.		
Capital assets used in governmental activities (excludes $262,240 for internal service funds)	68,684,377	
Losses on refunding of debt issuances	1,564,362	
Deferred outflows of resources related to pensions (excludes $7,079 for internal service funds)	338,481	
Contributions to pension plans (excludes $59,992 for internal service funds)	2,862,025	
Deferred outflows of resources related to OPEB (excludes $502 for internal service funds)	24,196	
Contributions to OPEB plans (excludes $3,768 for internal service funds)	179,914	73,653,355
Internal service funds are used by management to charge the costs of fleet maintenance and health insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		12,921,136
Unavailable taxes, grant, proffer and EMS ambulance billing revenue represent amounts that were not available to fund current expenditures and therefore are not reported as revenue in the governmental funds.		6,589,373
Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.		(1,277,057)
Long-term liabilities and deferred inflows of resources are not due and payable in the current year and therefore are not reported as such in the governmental funds.		
Compensated absences (excludes $124,693 for internal service funds)	(4,662,532)	
Capital leases	(4,490,699)	
Certificates of participation	(4,515,000)	
General obligation bonds	(71,830,000)	
Premium on bonds payable	(3,435,205)	
Net pension liability (excludes $126,360 for internal service funds)	(6,041,636)	
Net OPEB liability (excludes $122,547 for internal service funds)	(6,051,578)	
Deferred inflows of resources related to pensions (excludes $57,930 for internal service funds)	(2,769,826)	
Deferred inflows of resources related to OPEB (excludes $21,250 for internal service funds)	(1,059,243)	(104,855,719)
Net position of governmental activities		$ **50,076,947**

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 5

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Fiscal Year Ended June 30, 2018

	General Fund	Capital Projects Fund	Debt Service Fund	Fire and Rescue Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
General property taxes	$ 134,355,015	$ -	$ -	$ 7,035,310	$ 1,066,656	$ 142,456,981
Other local taxes	16,506,577	-	-	-	-	16,506,577
Permits, privilege fees, and regulatory licenses	1,475,745	-	-	-	-	1,475,745
Fines and forfeitures	656,961	-	-	-	71,761	728,722
Revenue from use of money and property	736,582	663	-	93,358	52,096	882,699
Charges for services	989,607	33,161	-	-	1,445,912	2,468,680
Gifts and donations	135,521	-	-	-	1,033,675	1,169,196
Recovered costs	515,280	24,637	-	27,765	57,552	625,234
Miscellaneous revenue	377,996	416,389	125,113	24,173	-	943,671
Intergovernmental:						
Commonwealth of Virginia	27,028,716	2,082,543	-	264,185	275,676	29,651,120
Federal Government	3,680,529	251,945	396,950	-	278,680	4,608,104
Total revenues	186,458,529	2,809,338	522,063	7,444,791	4,282,008	201,516,729
Expenditures						
Current operating:						
General government administration	14,004,974	-	-	-	-	14,004,974
Judicial administration	3,940,365	-	-	-	-	3,940,365
Public safety	29,582,877	-	-	6,793,067	493,536	36,869,480
Public works	7,898,938	611,380	-	-	10,927	8,521,245
Health and welfare	12,168,492	-	-	-	-	12,168,492
Education	85,309,188	-	-	-	-	85,309,188
Parks, recreation, and cultural	6,336,170	805,575	-	-	78,606	7,220,351
Community development	5,294,297	3,459,951	-	-	1,670,169	10,424,417
Nondepartmental	904,726	-	-	-	-	904,726
Capital outlay	-	4,037,770	-	-	-	4,037,770
Debt service:						
Principal retirement	-	-	8,396,812	-	-	8,396,812
Interest charges	-	-	3,444,576	-	-	3,444,576
Fiscal charges	-	-	5,850	-	-	5,850
Total expenditures	165,440,027	8,914,676	11,847,238	6,793,067	2,253,238	195,248,246
Excess (deficiency) of revenues over (under) expenditures	21,018,502	(6,105,338)	(11,325,175)	651,724	2,028,770	6,268,483
Other financing sources (uses)						
Transfers in	2,575,040	10,479,922	12,744,330	-	-	25,799,292
Transfers (out)	(22,998,658)	(2,413,640)	(1,545,226)	(1,378,377)	(1,241,663)	(29,577,564)
Issuance of debt	-	118,587	-	4,490,000	-	4,608,587
Premium on debt	-	-	-	421,259	-	421,259
Total other financing sources (uses)	(20,423,618)	8,184,869	11,199,104	3,532,882	(1,241,663)	1,251,574
Net change in fund balances/(deficits)	594,884	2,079,531	(126,071)	4,184,606	787,107	7,520,057
Fund balances - beginning, restated	30,300,034	13,366,986	208,902	5,920,085	5,038,100	54,834,107
Fund balances - ending	$ 30,894,918	$ 15,446,517	$ 82,831	$ 10,104,691	$ 5,825,207	$ 62,354,164

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 6

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities
Fiscal Year Ended June 30, 2018

Net change in fund balance - total governmental funds		**$ 7,520,057**
Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense, which is not a use of current financial resources.		
Capital outlays	5,115,341	
Depreciation expense (less $33,084 for internal service funds)	(4,170,104)	945,237
Governmental funds reported a capital contribution to the enterprise funds related to the construction of sewer infrastructure. In the government-wide statement of activities, this capital contribution is reported as a current year inflow/outflow from business-type activities and governmental activities, respectively.		(875,213)
In the Statement of Activities, only the gain (loss) on capital assets is reported, while in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.		(12,171)
Prepaid items are recorded as expenditures when purchased in governmental funds, but are recorded as assets and the expense is amortized over the period for which it relates in the government-wide statements.		
Add current year prepaid items	691,695	
Less prior year prepaid items	(784,043)	(92,348)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Add current year's unavailable revenue	6,589,373	
Less prior year's unavailable revenue	(2,251,796)	4,337,577
Internal service funds are used by management to charge the costs of fleet maintenance and health insurance to individual funds. The net revenue of certain activities of internal services is reported with governmental activities.		2,132,314
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.		
Less debt proceeds	(5,029,846)	
Add debt principal repayment	8,515,399	
Add amortization of bond payable premiums	644,852	
Less amortization of deferred loss on refunding	(411,695)	3,718,710
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.		
Less current year's compensated absences (excludes $124,693 for internal service funds)	(4,662,532)	
Add prior year's compensated absences (excludes $123,648 for internal service funds)	4,384,066	
Less current year's accrued interest payable	(1,277,057)	
Add prior year's accrued interest payable	1,411,214	
Add current year's deferred outflow related to pensions (excludes $7,079 for internal service funds)	338,481	
Less prior year's deferred outflow related to pensions (excludes $60,051 for internal service funds)	(2,465,181)	
Add current year's deferred outflow related to OPEB (excludes $502 for internal service funds)	24,196	
Less prior year's deferred outflow related to OPEB	-	
Less current year's net pension liability (excludes $126,360 for internal service funds)	(6,041,636)	
Add prior year's net pension liability (excludes $237,762 for internal service funds)	10,849,715	
Less current year's net OPEB liability (excludes $122,547 for internal service funds)	(6,051,578)	
Add prior year's net OPEB liability	4,897,296	
Less current year's deferred inflow related to pensions (excludes $57,930 for internal service funds)	(2,769,826)	
Add prior year's deferred inflow related to pensions (excludes $28,060 for internal service funds)	1,329,183	
Less current year's deferred inflow related to OPEB (excludes $21,250 for internal service funds)	(1,059,243)	
Add prior year's deferred inflow related to OPEB	774,855	(318,047)
Governmental funds report current year contributions to pension and OPEB plans as expenditures. In the Statement of Activities, current year contributions are reported as deferred outflow of resources.		
Add current year pension contributions (excludes $59,992 for internal service funds)	2,862,025	
Less prior year pension contributions (excludes $58,575 for internal service funds)	(2,677,214)	
Add current year OPEB contributions (excludes $3,768 for internal service funds)	179,914	
Less prior year OPEB contributions (excludes $3,686 for internal service funds)	(168,731)	195,994
Change in net position of governmental activities		**$ 17,552,110**

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 7
Page 1 of 4

Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
General Fund
Fiscal Year Ended June 30, 2018

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
General property taxes	$ 130,233,060	$ 130,233,060	$ 134,355,015	$ 4,121,955
Other local taxes	15,280,000	15,280,000	16,506,577	1,226,577
Permits, privilege fees, and regulatory licenses	1,556,235	1,564,235	1,475,745	(88,490)
Fines and forfeitures	432,500	432,500	656,961	224,461
Revenue from use of money and property	361,272	361,272	736,582	375,310
Charges for services	953,133	953,133	989,607	36,474
Gifts and donations	1,000	127,186	135,521	8,335
Recovered costs	214,142	324,480	515,280	190,800
Miscellaneous revenue	366,641	366,641	377,996	11,355
Intergovernmental:				
Commonwealth of Virginia	27,325,608	27,803,940	27,028,716	(775,224)
Federal Government	2,259,756	3,880,591	3,680,529	(200,062)
Total revenues	178,983,347	181,327,038	186,458,529	5,131,491
Expenditures				
Current operating:				
General government administration:				
Legislative:				
Board of supervisors	276,928	280,174	276,174	4,000
General and financial administration:				
County administrator	917,327	910,220	740,587	169,633
General reassessment	118,556	780,559	476,256	304,303
County attorney	731,629	745,056	745,056	-
Independent auditor	181,610	283,100	267,462	15,638
Commissioner of the revenue	1,577,042	1,591,251	1,549,727	41,524
Treasurer	1,299,161	1,324,446	1,317,244	7,202
Information technology	3,900,554	3,884,846	3,742,825	142,021
Human resources	2,758,484	2,873,089	2,251,298	621,791
Finance	1,473,471	1,463,662	1,408,436	55,226
Office of management and budget	454,031	454,031	433,375	20,656
Geographic information systems	340,007	372,900	361,704	11,196
Total general and financial administration	13,751,872	14,683,160	13,293,970	1,389,190
Board of elections:				
Registrar	434,945	445,533	434,830	10,703
Total general government administration	$ 14,463,745	$ 15,408,867	$ 14,004,974	$ 1,403,893

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

Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
General Fund
Fiscal Year Ended June 30, 2018

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Expenditures (continued)				
Current operating: (continued)				
Judicial administration:				
Courts:				
Circuit court	$ 146,447	$ 146,447	$ 141,939	$ 4,508
General district court	32,700	32,700	20,620	12,080
Magistrates	87,773	92,158	75,966	16,192
Juvenile and domestic relations district court	17,726	17,726	11,884	5,842
Clerk of the circuit court	1,241,676	1,252,362	1,224,508	27,854
Adult court services	975,803	968,133	968,133	-
Commissioner of accounts	15,600	15,600	15,600	-
Total courts	2,517,725	2,525,126	2,458,650	66,476
Commonwealth's attorney:				
Commonwealth's attorney	1,481,184	1,481,715	1,481,715	-
Total judicial administration	3,998,909	4,006,841	3,940,365	66,476
Public safety:				
Law enforcement and traffic control:				
Sheriff	11,544,333	11,868,626	11,868,626	-
Joint communications	2,758,628	2,743,321	2,693,141	50,180
Total law enforcement and traffic control	14,302,961	14,611,947	14,561,767	50,180
Emergency services administration:				
Emergency services	8,239,482	9,564,463	9,440,749	123,714
Correction and detention:				
Sheriff	3,034,406	3,175,796	3,175,796	-
Northwest regional jail	2,280,798	2,280,798	2,269,348	11,450
Probation office	4,284	4,284	3,495	789
Juvenile detention and crime control	305,173	305,173	131,722	173,451
Total correction and detention	5,624,661	5,766,051	5,580,361	185,690
Total public safety	28,167,104	29,942,461	29,582,877	359,584
Public works:				
Sanitation and waste removal:				
Solid waste operations	2,641,182	2,776,388	2,776,388	-
General buildings and grounds maintenance:				
General services	5,238,460	5,293,676	5,122,550	171,126
Total public works	$ 7,879,642	$ 8,070,064	$ 7,898,938	$ 171,126

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

Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
General Fund
Fiscal Year Ended June 30, 2018

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Expenditures (continued)				
Current operating: (continued)				
Health and welfare:				
Health:				
Supplement of local health department	$ 590,172	$ 590,172	$ 590,172	$ -
Welfare:				
Institutional care	475,225	541,154	541,144	10
Social services	5,904,561	6,919,833	6,769,497	150,336
Comprehensive services act	4,706,610	4,705,490	4,267,679	437,811
Total welfare	11,086,396	12,166,477	11,578,320	588,157
Total health and welfare	11,676,568	12,756,649	12,168,492	588,157
Education:				
Contribution to component unit – School Board	86,140,173	87,399,578	85,244,161	2,155,417
Community colleges	65,027	65,027	65,027	-
Total education	86,205,200	87,464,605	85,309,188	2,155,417
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation	3,936,076	3,989,263	3,892,195	97,068
Library:				
Public library	2,353,360	2,449,383	2,443,975	5,408
Total parks, recreation, and cultural	6,289,436	6,438,646	6,336,170	102,476
Community development:				
Planning and community development:				
Community development	4,277,471	4,273,442	4,008,237	265,205
Planning	150,786	150,786	131,822	18,964
Economic development	768,126	805,397	749,909	55,488
Agriculture development	63,781	209,144	82,945	126,199
Total planning and community development	5,260,164	5,438,769	4,972,913	465,856
Environmental management:				
Soil and water conservation district	182,807	183,327	183,177	150
Cooperative extension program:				
VPI extension	152,702	152,702	138,207	14,495
Total community development	$ 5,595,673	$ 5,774,798	$ 5,294,297	$ 480,501

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

Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
General Fund
Fiscal Year Ended June 30, 2018

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Expenditures (continued)				
Current operating: (continued)				
Nondepartmental:				
Nondepartmental operations	$ 1,727,662	$ 1,946,374	$ 904,726	$ 1,041,648
Total expenditures	166,003,939	171,809,305	165,440,027	6,369,278
Excess (deficiency) of revenues over (under) expenditures	12,979,408	9,517,733	21,018,502	11,500,769
Other financing sources (uses)				
Transfers in	2,977,524	2,992,178	2,575,040	(417,138)
Transfers (out)	(17,050,159)	(23,001,799)	(22,998,658)	3,141
Total other financing sources (uses)	(14,072,635)	(20,009,621)	(20,423,618)	(413,997)
Net change in fund balances/(deficits)	(1,093,227)	(10,491,888)	594,884	11,086,772
Fund balances - beginning	30,300,034	30,300,034	30,300,034	-
Fund balances - ending	$ 29,206,807	$ 19,808,146	$ 30,894,918	$ 11,086,772

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 8

Statement of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Fire and Rescue Fund
Fiscal Year Ended June 30, 2018

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
General property taxes	$ 6,334,621	$ 6,334,621	$ 7,035,310	$ 700,689
Revenue from use of money and property	10,000	24,654	93,358	68,704
Recovered costs	-	22,536	27,765	5,229
Miscellaneous Revenue	-	7,811	24,173	16,362
Intergovernmental:				
Commonwealth of Virginia	273,802	273,802	264,185	(9,617)
Total revenues	6,618,423	6,663,424	7,444,791	781,367
Expenditures				
Current operating:				
Public safety	5,389,699	11,690,931	6,793,067	4,897,864
Total expenditures	5,389,699	11,690,931	6,793,067	4,897,864
Excess (deficiency) of revenues over (under) expenditures	1,228,724	(5,027,507)	651,724	5,679,231
Other financing sources (uses)				
Transfers (out)	(1,318,724)	(1,378,377)	(1,378,377)	-
Issuance of debt	-	4,490,000	4,490,000	-
Premium on debt	-	421,259	421,259	-
Total other financing sources (uses)	(1,318,724)	3,532,882	3,532,882	-
Net change in fund balances/(deficits)	(90,000)	(1,494,625)	4,184,606	5,679,231
Fund balances - beginning	5,920,085	5,920,085	5,920,085	-
Fund balances - ending	$ 5,830,085	$ 4,425,460	$ 10,104,691	$ 5,679,231

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 9
Page 1 of 2

Statement of Net Position
Proprietary Funds
June 30, 2018

	Business-Type Activities – Enterprise Funds				Governmental Activities
	Airport Fund	Landfill and Recycling Fund	Sewer Fund	Total	Internal Service Funds
Assets					
Current assets:					
Cash and cash equivalents	$ 250	$ 1,388,227	$ 147	$ 1,388,624	$ 16,022,843
Cash and cash equivalents - restricted	802,880	370,377	355,140	1,528,397	-
Receivables, net of allowance for uncollectibles	81,024	512,649	-	593,673	371,256
Inventories	43,929	-	-	43,929	218,649
Prepaid items	-	-	-	-	166,763
Due from other governmental units	2,292,361	-	-	2,292,361	-
			-	-	
Total current assets	3,220,444	2,271,253	355,287	5,846,984	16,779,511
Capital assets (non-depreciable/non-amortizable):					
Land	6,612,678	1,446,449	-	8,059,127	-
Construction in progress	3,872,013	1,214,866	875,213	5,962,092	-
Intangible assets	228,836	-	-	228,836	-
Capital assets (depreciable/amortizable):					
Buildings and improvements	2,977,276	21,741,354	-	24,718,630	349,000
Infrastructure	12,845,652	854,306	-	13,699,958	-
Machinery and equipment	487,313	3,478,384	-	3,965,697	733,400
Accumulated depreciation/amortization	(12,398,559)	(11,689,483)	-	(24,088,042)	(820,160)
Total capital assets, net	14,625,209	17,045,876	875,213	32,546,298	262,240
Total noncurrent assets	14,625,209	17,045,876	875,213	32,546,298	262,240
Total assets	17,845,653	19,317,129	1,230,500	38,393,282	17,041,751
Deferred outflows of resources					
Deferred charge on refunding	-	269,833	-	269,833	-
Items related to measurement of net pension liability	1,716	10,261	-	11,977	7,079
Pension contributions subsequent to measurement date	14,393	86,646	-	101,039	59,992
Items related to measurement of net OPEB liability	122	733	-	855	502
OPEB contributions subsequent to measurement date	903	5,442	-	6,345	3,768
Total deferred outflows of resources	17,134	372,915	-	390,049	71,341
Total assets and deferred outflows of resources	$ 17,862,787	$ 19,690,044	$ 1,230,500	$ 38,783,331	$ 17,113,092

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

COUNTY OF FAUQUIER, VIRGINIA

Statement of Net Position
Proprietary Funds
June 30, 2018

	Business-Type Activities – Enterprise Funds				Governmental Activities
	Airport Fund	Landfill and Recycling Fund	Sewer Fund	Total	Internal Service Funds
Liabilities					
Current liabilities:					
Accounts payable	$ 985,250	$ 500,846	$ -	$ 1,486,096	$ 889,258
Accrued and other liabilities	2,494	20,698	-	23,192	9,147
Retainage	124,954	20,001	-	144,955	-
Accrued interest payable	-	89,240	-	89,240	-
Due to other funds	278,991	8,439,221	-	8,718,212	-
Unearned revenue	12,529	-	-	12,529	-
Current portion of compensated absences	1,837	10,603	-	12,440	12,469
Current portion of incurred but not reported claims	-	-	-	-	710,193
Current portion of long-term bonds payable	-	321,282	-	321,282	-
Total current liabilities	1,406,055	9,401,891	-	10,807,946	1,621,067
Noncurrent liabilities:					
Accrued closure and postclosure liability	-	15,349,388	-	15,349,388	-
Noncurrent portion of compensated absences	16,528	95,436	-	111,964	112,224
Noncurrent portion of incurred but not reported claims	-	-	-	-	2,130,578
Noncurrent portion of long-term bonds payable	-	8,493,518	118,587	8,612,105	-
Net pension liability	30,630	183,156	-	213,786	126,360
Net OPEB liability	29,946	184,508	-	214,454	122,547
Total noncurrent liabilities	77,104	24,306,006	118,587	24,501,697	2,491,709
Total liabilities	1,483,159	33,707,897	118,587	35,309,643	4,112,776
Deferred inflows of resources					
Items related to measurement of pension liability	14,044	83,970	-	98,014	57,930
Items related to measurement of OPEB liability	5,206	32,381	-	37,587	21,250
Total deferred inflows of resources	19,250	116,351	-	135,601	79,180
Total liabilities and deferred inflows of resources	1,502,409	33,824,248	118,587	35,445,244	4,191,956
Net position					
Net investment in capital assets	14,625,209	8,871,286	756,626	24,253,121	262,240
Restricted for:					
Capital projects	802,880	-	355,140	1,158,020	-
Unrestricted (deficit)	932,289	(23,005,490)	147	(22,073,054)	12,658,896
Total net position	16,360,378	(14,134,204)	1,111,913	3,338,087	12,921,136
Total liabilities, deferred inflows of resources, and net position	$ 17,862,787	$ 19,690,044	$ 1,230,500	$ 38,783,331	$ 17,113,092

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 10

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Fiscal Year Ended June 30, 2018

	Business-Type Activities – Enterprise Funds				Governmental Activities
	Airport Fund	Landfill and Recycling Fund	Sewer Fund	Total	Internal Service Funds
Operating revenues					
Charges for services	$ 298,924	$ 3,377,366	$ -	$ 3,676,290	$ 33,695,378
Recycling revenues	-	556,614	-	556,614	-
Miscellaneous revenue	149	97	-	246	665,819
Fuel	382,825	-	-	382,825	-
Forfeitures	-	-	-	-	3,313
Total operating revenues	681,898	3,934,077	-	4,615,975	34,364,510
Operating expenses					
Cost of goods sold	304,012	-	-	304,012	-
Personal services	194,883	1,265,083	-	1,459,966	758,981
Fringe benefits	55,777	454,119	-	509,896	254,412
Claims and benefits paid	-	-	-	-	25,873,573
Premiums	-	-	-	-	2,829,650
Contractual services	95,869	3,597,119	-	3,692,988	1,840,249
Other operating expenses	277,657	320,839	-	598,496	1,653,935
Landfill closure and postclosure liability	-	859,489	-	859,489	-
Depreciation	233,616	1,080,120	-	1,313,736	33,084
Pension and OPEB expense	25,074	116,067	-	141,141	58,618
Total operating expenses	1,186,888	7,692,836	-	8,879,724	33,302,502
Operating income (loss)	(504,990)	(3,758,759)	-	(4,263,749)	1,062,008
Nonoperating revenues					
Interest income	2,466	19,847	147	22,460	213,301
Gain on disposal of capital asset	-	4,588	-	4,588	-
Insurance recoveries	7,192	-	-	7,192	-
Operating grants - Commonwealth of Virginia	17,975	61,800	-	79,775	-
Total nonoperating revenues	27,633	86,235	147	114,015	213,301
Income (loss) before capital contributions, grants, and transfers	(477,357)	(3,672,524)	147	(4,149,734)	1,275,309
Capital contributions and grants					
Capital contributions	759,380	-	756,626	1,516,006	-
Capital grants - Commonwealth of Virginia	602,084	-	-	602,084	-
Capital grants - Federal Government	1,938,743	-	-	1,938,743	-
Total capital contributions and capital grants	3,300,207	-	756,626	4,056,833	-
Transfers					
Transfers in	1,510,461	1,055,666	355,140	2,921,267	857,005
Total transfers in (out)	1,510,461	1,055,666	355,140	2,921,267	857,005
Change in net position	4,333,311	(2,616,858)	1,111,913	2,828,366	2,132,314
Net position - beginning, restated	12,027,067	(11,517,346)	-	509,721	10,788,822
Net position - ending	$ 16,360,378	$ (14,134,204)	$ 1,111,913	$ 3,338,087	$ 12,921,136

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 11

Statement of Cash Flows
Proprietary Funds
Fiscal Year Ended June 30, 2018

	Business-Type Activities – Enterprise Funds				Governmental Activities
	Airport Fund	Landfill and Recycling Fund	Sewer Fund	Total	Internal Service Funds
Cash Flow from Operating Activities					
Receipts from customers and users	$ 652,094	$ 3,725,824	$ -	$ 4,377,918	$ 653,805
Receipts from interfund services provided	-	-	-	-	33,030,997
Payments to suppliers and other operating activities	269,685	(4,153,486)	-	(3,883,801)	(31,044,732)
Payments to employees (including fringes)	(266,062)	(1,876,510)	-	(2,142,572)	(1,075,487)
Payments for interfund services used	(2,651)	(62,556)	-	(65,207)	-
Net cash provided by (used for) operating activities	653,066	(2,366,728)	-	(1,713,662)	1,564,583
Cash Flow from Noncapital Financing Activities					
Transfers in	1,510,461	1,055,666	355,140	2,921,267	857,005
Proceeds from interfund obligation	119,671	1,373,073	-	1,492,744	-
Operating grants received	20,534	61,800	-	82,334	-
Net cash provided by noncapital financing activities	1,650,666	2,490,539	355,140	4,496,345	857,005
Cash Flow from Capital and Related Financing Activities					
Acquisition and construction of capital assets	(2,794,639)	(2,180,587)	-	(4,975,226)	(108,438)
Capital grants received	524,999	-	-	524,999	-
Capital contribution	759,380	-	-	759,380	-
Principal paid on debt	-	(230,000)	-	(230,000)	-
Proceeds from disposal of capital assets	7,192	14,001	-	21,193	-
Interest and other fiscal cost on debt	-	(351,617)	-	(351,617)	-
Net cash provided by (used for) capital and related financing activities	(1,503,068)	(2,748,203)	-	(4,251,271)	(108,438)
Cash Flow from Investing Activities					
Interest income	2,466	19,847	147	22,460	213,301
Net cash provided by investing activities	2,466	19,847	147	22,460	213,301
Net increase (decrease) in cash and cash equivalents	803,130	(2,604,545)	355,287	(1,446,128)	2,526,451
Cash and cash equivalents - beginning of the year	-	4,363,149	-	4,363,149	13,496,392
Cash and cash equivalents - end of the year	803,130	1,758,604	355,287	2,917,021	16,022,843
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities					
Cash flows from operations:					
Operating income (loss)	(504,990)	(3,758,759)	-	(4,263,749)	1,062,008
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	233,616	1,080,120	-	1,313,736	33,084
Amortization	-	(62,529)	-	(62,529)	-
Changes in operating assets and liabilities:					
(Increase) decrease in receivables	(33,207)	(208,253)	-	(241,460)	(15,913)
(Increase) decrease in inventory	(18,054)	-	-	(18,054)	(24,495)
(Increase) decrease in prepaid items	-	-	-	-	(10,384)
(Increase) decrease in deferred outflows of resources	22,699	94,896	-	117,595	50,971
Increase (decrease) in accounts payable	837,672	(193,121)	-	644,551	485,097
Increase (decrease) in accrued liabilities	(106)	(65,220)	-	(65,326)	1,666
Increase (decrease) in retainage	124,954	(42,434)	-	82,520	-
Increase (decrease) in unearned revenue	3,403	-	-	3,403	-
Increase (decrease) in incurred but not reported claims	-	-	-	-	38,662
Increase (decrease) in landfill closure and postclosure liability	-	859,489	-	859,489	-
Increase (decrease) in net pension liability	(29,097)	(155,683)	-	(184,780)	(111,402)
Increase (decrease) in net OPEB liability	7,736	32,200	-	39,936	19,460
Increase (decrease) in deferred inflows of resources	8,440	52,566	-	61,006	35,829
Net cash provided by (used for) operating activities	$ 653,066	$ (2,366,728)	$ -	$ (1,713,662)	$ 1,564,583

Noncash, investing, capital, and financing activities:
The primary government, contributed assets and corresponding debt obligation related to the construction of sewer infrastructure to the Sewer fund during the fiscal year. The debt proceeds and costs were recorded in the Capital Projects Fund, but the asset and related debt are required to be reported in the Sewer Enterprise fund. This resulted in a non-cash capital and financing activity in the amount of $875,213 for the assets related to the project, off set by $118,587 in related debt was transferred by the primary government. The net amount is reflected as a capital contribution on Exhibit 10.

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 12

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Other Postemployment Benefit Plans Fund	Agency Funds
Assets		
Cash and cash equivalents	$ -	$ 3,536,589
Cash in custody of others	-	136,825
Receivables, net of allowance for uncollectibles:		
Accounts	-	35
Due from other funds	-	9,867
Investments at fair value:		
Investment in pooled funds	767,357	-
Total assets	767,357	3,683,316
Liabilities		
Accounts Payable	2,545	-
Accrued liabilities	-	7,454
Amounts held for clients/others	-	3,675,862
Total liabilities	2,545	$ 3,683,316
Net position restricted for postemployment benefits other than pensions	$ 764,812	

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 13

Statement of Changes in Fiduciary Net Position
Other Postemployment Benefit Plans Fund
Fiscal Year Ended June 30, 2018

		Other Postemployment Benefit Plans Fund
Additions		
Contribution for beneficiary	$	132,797
Investment income		
Net increase in the fair value of investments		55,118
Interest and dividends		461
Net investment income		188,376
Total additions		188,376
Deductions		
Distributions		2,545
Administrative fees		1,151
Total deductions		3,696
Net increase in net position		184,680
Net position restricted for postemployment benefits other than pensions		
Beginning of year		580,132
End of year	$	764,812

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

FAUQUIER COUNTY
1759
VIRGINIA

NOTES TO FINANCIAL STATEMENTS

FAUQUIER COUNTY
1759
VIRGINIA

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the County of Fauquier have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to governmental units promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the County's significant accounting principles and policies:

A. The financial reporting entity

The County of Fauquier, Virginia (the County) is organized under the traditional (modified) form of government. The governing body of the County is the Board of Supervisors (the Board), which establishes policies for the administration of the County. The Board appoints a County Administrator to serve as the administrative manager of the County.

The County has one component unit, the Fauquier County School Board (the School Board), which is a legally separate entity for which the County has financial accountability. The School Board is responsible for the elementary and secondary education in the County. School Board members are elected by the voters by magisterial districts. The School Board does not have separate taxing authority and is therefore fiscally dependent upon the County. The County provides significant funding for school operating and capital needs, approves the School Board's budget, levies taxes as necessary, and approves all debt issuances.

The School Board consists of the following governmental funds:

The *School General Fund* accounts for and reports financial resources to operate, maintain, and support the School Board programs. Its primary source of revenues is state and federal aid and contributions from the County's General Fund.

The *School Asset Replacement Fund* accounts for and reports financial resources for major maintenance and systems replacement, renovations, and major asset replacements for the schools.

The *School Textbook Fund* accounts for and reports financial resources for the purchase of student textbooks supported by state revenue and transfers from the School General Fund.

The *School Nutrition Fund* accounts for and reports financial resources for the provision of student and adult breakfasts, snacks, and lunches. Its primary sources of revenue are state and federal aid and receipts from food sales.

The *Crockett Scholarship Private-Purpose Trust Fund* is a private-purpose trust fund established by a private donation. This fund accounts for and reports the principal and income available to provide benefits for scholarships.

The *Mountain Vista Regional Governor's School Fund* is an agency fund used to account for and report funds collected from six school divisions for the purpose of operating the Mountain Vista Governor's School. Fauquier County School Board serves as the fiscal agent for these funds.

The *School Activity Fund* is an agency fund used to account for and report funds collected at the schools in connection with student athletics, clubs, various fundraising activities, and private donations.

The School Board component unit is discretely presented in a separate column in the government-wide statements to emphasize that it is legally and operationally separate from the government and is also reported in the other supplementary information section of this document. The School Board does not issue separate financial statements.

B. Government-wide and fund financial statements

Government-wide financial statements – The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component unit. Eliminations have been made to avoid the double-counting of interfund activities. Interfund services provided and used are not eliminated during consolidation. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely significantly 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.

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

Because the primary focus of government is to provide services to its citizens, 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 segment 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; 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment; and 3) capital grants and contributions, including special assessments restricted to meeting operational or capital requirements of a particular function. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Taxes and other revenue not specific to programs are reported as general revenues.

Fund financial statements – The accounts of the reporting entity are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for in a set of self-balancing accounts comprised of assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenue, and expenditures or expenses, as appropriate. The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate financial statements are provided for each fund category (governmental funds, proprietary funds, and fiduciary funds). The emphasis of fund financial statements is on major governmental and enterprise fund categories with each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial, proprietary, and fiduciary fund statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting* except for agency funds which are custodial in nature (assets equal liabilities) and do not have a measurement focus or measurement of the results of operations. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the 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.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. 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 the availability period to be within sixty days of the end of the current fiscal period.

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 are considered to be available if they are collected within sixty days of the end of the current fiscal period; any property taxes not collected within this period end are reflected as unavailable revenues.

Sales and utility taxes, which are collected by the State or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the State or utility, which is generally in the month preceding receipt by the County.

Licenses, permits, fines, and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state, and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure.

Revenues from general purpose grants are recognized in the period to which the grant applies. Revenues related to reimbursement type grants for which the government has a claim to during the availability period are considered to be available for revenue recognition purposes. All other revenue items are considered to be measurable and available only when cash is received by the government.

The County reports the following major fund types:

The *General Fund* is the government's primary operating fund. It accounts for and reports all financial resources not accounted for and reported in another fund.

The *Capital Projects Fund* accounts for and reports financial resources for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments.

The *Debt Service Fund* accounts for and reports financial resources for principal and interest. Debt service funds should also be used to report financial resources being accumulated for future debt service.

The *Fire and Rescue Fund* accounts for and reports the fire and rescue levy assessed on real estate to support the volunteer fire and rescue companies.

The *Enterprise Funds* are proprietary funds, which are used to account for and report the financing, construction, and operations of the Airport Fund, the Landfill and Recycling Fund, and the Sewer Fund.

The County reports the following nonmajor fund types:

The *Special Revenue Funds* account for and report the proceeds of specific revenue sources for specified purposes other than debt service or capital projects. Special Revenue Funds consist of the Parks and Recreation Fund, Library Fund, Conservation Easement Service District Fund, Marshall Electric Light and Business Improvement District Fund, Stormwater Management Fund, Ambulance Revenue Fund, Proffer Fund, Vint Hill Transportation Fund, Contributory Agency Fund, Educational Farm Fund, Treasurer's E-Summons Fund, and Project Lifesaver Fund.

The County reports the following additional fund types:

The *Proprietary Funds* include enterprise funds and internal service funds, and generally account for those operations that are financed and operated in a manner similar to private business enterprises. For proprietary funds, operating revenues generally include charges to customers for sales or services and expenses include cost of sales and service, administrative expenses, and depreciation, while revenues and expenses not meeting these definitions are classified as non-operating. The Internal Service Funds are used to account for goods and services provided to County departments on a cost reimbursement basis. Because the government itself is the primary customer, these funds are included in the governmental activities for government-wide reporting purposes. Any excess revenue over expenses for these funds is allocated to the appropriate functional activity. The operations of these funds are generally intended to be self-supporting.

The County's enterprise funds consist of the Airport Fund, the Landfill and Recycling Fund, and the Sewer Fund. The County's internal service funds consist of the Fleet Maintenance Fund, for the provision of vehicle services to County Departments, and the Health Insurance Fund for the provision of health benefits to County employees and retirees.

The *Fiduciary Funds* account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. The Other Employee Benefit Trust Fund accounts for assets held in trust by the County for the costs of health care and other non-pension benefits offered to retirees. Agency funds include the Working Together Fund, Fire and Rescue Volunteer USDA Debt Service Fund, Volunteer Fire and Rescue Association Fund, Volunteer Fire and Rescue Operations Fund, Special Welfare Fund, Detention Center Fund, Service to Outside Agencies Fund and Commonwealth Opportunity Fund.

D. Stewardship, compliance, and accountability

1. Budgetary information

Annual budgets are legally adopted for all governmental funds on a basis consistent with generally accepted accounting principles (GAAP) except for the Parks and Recreation Special Revenue Fund, the Library Special Revenue Fund, the Marshall Electric Light and Business Improvement District Special Revenue Fund, the Proffer Fund, the Stormwater Management Fund, the Vint Hill Transportation Special Revenue Fund, the Educational Farm Fund, the Treasurer's E-Summons Fund, the Project Lifesaver Fund, and all agency funds.

Prior to February 28th, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1st. The operating and capital budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain citizen comments. Prior to April 15th, the budget is adopted by passage of an Adoption Resolution and funding legally enacted through passage of an Appropriations Resolution, at a time prior to July 1 of each year as deemed appropriated by the Board of Supervisors based on the date of the budget enactment for the Commonwealth of Virginia. If the Commonwealth of Virginia were not to take appropriate action on the State's budget by the Board of Supervisors June meeting of that year, the Board of Supervisors may determine it to be fiscally responsible to enact the upcoming fiscal year's budget on a time-based approach, i.e. monthly, quarterly, or semi-annually. The Appropriations Resolution places a legal level of budgetary control, the level at which expenditures may not legally exceed appropriations, at the department level for the General Fund or at the fund level for all other appropriated funds.

To address changes to the fiscal plan, the Board of Supervisors has adopted a policy for processing adjustments to the adopted budget. An intra-departmental transfer moves budget authority from one line item to another line item in the same department. The Office of Management and Budget approves all intra-departmental transfers. Departments must reconcile personnel, operations, and capital budgets with expenditures on a category basis.

An inter-departmental transfer moves budget authority between two departments or agencies in the same fund. The Office of Management and Budget has approval authority for inter-departmental transfers totaling less than $50,000. The County Administrator has inter-departmental approval authority for transfers equal to or above $50,000. Transfers between personnel and non-personnel categories are by exception, subject to Office of Management and Budget approval. The Board of Supervisors has approval authority for all transfer requests involving new positions, multi-year commitments, and contingency reserves, based on the recommendations of the Finance Committee, and/or the Personnel, Public Safety, and Facilities Planning Committee(s) specified in Section 15.2-2507 of the *Code of Virginia*.

Supplemental appropriations involve actions that increase or decrease the overall budget appropriation for the County Budget or a fund contained therein. The County Administrator is provided the administrative authority to accept and appropriate adjustments for grants, insurance recoveries, and other non-reoccurring miscellaneous revenue that do not exceed $50,000, with the following requirements for grants: 1) local match funding is available within a department's existing budget; 2) the approved scope of the grant remain unchanged; and 3) no ongoing funding requirements are included in a grant acceptance. All requests for supplemental appropriations that do not meet the requirements require Board of Supervisors' approval upon recommendation of the Finance Committee.

The School Board is authorized to transfer budgeted amounts within the School Division's categories. Supplemental appropriations to the School Division and transfers between capital projects require the Board of Supervisors' approval upon recommendation of the School Finance Committee and the County Finance Committee.

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds subject to the Board of Supervisors' expenditure authority, as well as the Capital Projects Fund. The School Funds are integrated only at the level of legal adoption for the School General Fund, School Asset Replacement Fund, School Textbook Fund, and School Nutrition Fund. All budgetary data presented in the accompanying financial statements reflects the originally adopted budget and the amended budget compared to actual results as of June 30th.

2. Excess of expenditures over appropriations

For the year ended June 30, 2018, there were no departments in which expenditures exceeded appropriations.

3. Deficit fund balance/net position

As of June 30, 2018, there were no funds with deficit fund balance. As of June 30, 2018, the Landfill and Recycling Fund had a deficit net position.

E. Assets, liabilities, deferred outflows and inflows of resources, and fund balance or net position

1. Deposits and investments

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. The County maintains a single cash and investment pool for use by all funds and its component unit, except for the Other Postemployment Benefit Plans Fund, the Working Together Fund, the Special Welfare Fund, the Fire and Rescue Volunteer USDA Debt Service Fund, the Volunteer Fire and Rescue Association Fund, the School Board Crockett Scholarship Private-Purpose Trust Fund, and the School Board School Activity Fund. Investments for the government, as well as for its component unit, are reported at fair value based on quoted market prices. Each Fund participates on a dollar equivalent and daily transaction basis. Interest is distributed quarterly based on average daily balances of specific funds receiving interest income. A "zero balance account" mechanism provides for daily sweeps of deposits made to the County's checking accounts, resulting in an instantaneous

transfer to the investment account. Hence, the majority of the County's funds are invested at all times. The State Treasurer's Local Government Investment Pool (LGIP) operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. 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 Virginia State Non-Arbitrage Program (SNAP). Values of shares in the SNAP and LGIP are reported at amortized cost in accordance with GASB 79.

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs)), and external investment pools in accordance with GASB 79 are measured at amortized cost. All other investments are reported at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The County maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1. Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at a measurement date
- Level 2. Directly or indirectly observable inputs for the asset or liability other than quoted prices
- Level 3. Unobservable inputs that are supported by little or no market activity for the asset or liability

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk.

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the Act) Section 2.2-4400 of the *Code of Virginia*. See Note 2 for further details on public deposits.

The County has three primary investment objectives: 1) Safety – investing funds to preserve principal and to minimize the potential risk of loss; 2) Liquidity – investing funds to ensure that monies are always available to meet the obligations of the County; and 3) Return – investing funds in an effort to provide a reasonable return within the constraints of the foregoing objectives.

2. Interfund receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is 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 noncurrent portion of the interfund loans). Noncurrent portions of long-term interfund loans receivable and amounts due from other governments are included in nonspendable fund balance which indicates they do not constitute available expendable resources and therefore are not available for appropriation. All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

3. Inventory and prepaid items

In governmental funds, the purchases method is used to account for inventory and payments to vendors reflecting costs applicable to future accounting periods. Costs are recorded as expenditures when purchased, rather than consumed.

In the proprietary funds, inventories are valued at cost using the first-in, first-out method. These inventories consist of expendable supplies held for consumption. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The consumption method is used to allocate asset costs to current and future periods.

4. Property taxes

Property is assessed at its value on January 1. Unpaid taxes automatically constitute liens on real property which must be satisfied prior to sale or transfer. Real estate taxes are payable in two installments on June 5th and December 5th. Personal property is assessed at its value on January 1 or when it is acquired or brought into the County. Personal property taxes are due and collected annually on October 5th. The County bills and collects its own property taxes.

5. Allowance for uncollectible accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis.

6. 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.

7. Restricted assets

Unspent proceeds of bond issuances are considered restricted for use in construction. 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.

8. Capital assets

Capital assets, which include property, plant, equipment, intangible assets (e.g., easements and software licenses), and infrastructure assets (e.g., sidewalks, runways, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

The government defines capital assets, other than infrastructure assets, as assets with an initial, individual cost of at least $10,000 per unit (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Capital projects are defined as acquisition and improvements of assets with an initial cost of at least $50,000. Major outlays for capital assets and improvements are capitalized when completed. 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 in the amount of $349,000 was capitalized during the current year in the Landfill and Recycling Fund. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Infrastructure within the County (such as roads, streets, bridges, etc.) is owned and maintained by the Commonwealth of Virginia (Department of Transportation) and is not recorded in the County's financial statements. However, infrastructure that is within the County and is not owned by the Department of Transportation has been included, and is capitalized and reported in the government-wide financial statements at historical cost. This consists of items such as parks and recreational pathways, airport runways, and ballpark lighting.

Impaired capital assets are reported at the lower of carrying value or fair value. Currently, the County does not have any impaired capital assets. An asset is considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstances is outside the normal life of the capital asset.

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

Assets	Years
Buildings and improvements	40-45
Infrastructure	15-50
Machinery and equipment	5-15
Vehicles	3-12
Intangible assets	3-5

Certain intangible assets with an indefinite useful life are not amortized.

9. Component unit capital assets

By law, the School Board does not have taxing authority. As such, it cannot incur debt through general obligation bonds to fund the acquisition of, construction of, or improvements to its capital assets. That responsibility lies with the local governing body, the County, who issues the debt on behalf of the School Board. The School Board holds title to the capital assets (buildings and equipment) and is responsible for maintenance and insurance. The book value of all school capital assets is reflected as an asset in the School Board Statement of Net Position, while the debt is reflected as a liability on the County's Statement of Net Position.

10. Compensated absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. In governmental fund types, the cost of vacation and sick pay benefits (compensated absences) is recognized when payments are made to employees. A liability for these amounts is reported in governmental funds only if they have matured (become payable in the near term), for example, as a result of employee resignations and retirements.

A liability for governmental fund type vacation and sick pay benefits is recorded as a noncurrent liability in the governmental activities column of the government-wide Statement of Net Position. All vacation and sick pay are accrued when incurred in the government-wide and proprietary fund financial statements.

11. Long-term obligations

In the government-wide financial statements debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities column. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method and bonds payable is reported net of the applicable bond premium or discount.

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

12. Encumbrances

The County uses encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to set aside that portion of the applicable appropriation. Encumbrances represent the estimated amount of expenditures ultimately to result if unperformed contracts and open purchase orders are completed. Encumbered amounts lapse at year end, however after review they generally are re-appropriated as part of the following year's budget.

With the implementation of GASB Statement No. 54, encumbrances are no longer separately reported as a component of the fund balance of the fund statements. Significant encumbrances as of June 30, 2018 are:

Primary government		
General Fund	$	536,485
Capital Projects Fund		6,606,315
Airport Fund		95,729
Landfill and Recycling Fund		1,562,472
Total primary government encumbrances	$	8,801,001

Component unit - School Board		
School General Fund	$	166,768
School Asset Replacement Fund		377,464
Total component unit - School Board encumbrances	$	544,232

13. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The County has three items that qualify for reporting in this category:

- Deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

- Certain items related to measurement of the net pension and OPEB assets or liabilities. These can include differences between expected and actual experience and net difference between projected and actual earning pension plan and OPEB plan investments.

- Contributions to the pension and OPEB plans made during the current year and subsequent to the net pension and OPEB asset or liability measurement date, which will be recognized as a reduction of the net pension and OPEB asset or liability next fiscal year.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The County has two items that qualify for reporting in this category:

- Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30 and amounts prepaid on the 2nd half installments. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

- Under the accrual basis, amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension and OPEB assets or liabilities are reported as deferred inflows of resources. These include differences between expected and actual experience, change in assumptions, and the net difference between projected and actual earnings on pension plan and OPEB plan investments.

14. Fund balance

The County reports fund balance in the following classifications which describe the relative strength of the spending constraints placed on the purposes for which the resources can be used:

- *Nonspendable fund balance* - Amounts that cannot be spent because they are not in spendable form (e.g., inventory and prepaids) or are required to remain intact legally or contractually (i.e., corpus of a permanent fund).

- *Restricted fund balance* - Amounts constrained to a specific purpose by their providers (e.g., grantors, bond holders, and higher levels of government), through constitutional provisions, or by enabling legislation.

- *Committed fund balance* - Amounts constrained to specific purposes by a government, using its highest level of decision-making authority (e.g., Board of Supervisors). To be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

- *Assigned fund balance* - Amounts a government intends to use for a specific purpose. Intent can be expressed by the governing body itself or by an official, or body, to which the governing body delegates the authority.

- *Unassigned fund balance* - Amounts that are available for any purpose. Positive amounts are only reported in the General fund.

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

The Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the Board of Supervisors through adoption or amendment of the budget as intended for specific purpose (such as purchase of capital assets, construction, debt service, or for other purposes).

In the General Fund, the County sets a portion of unassigned fund balance equivalent to ten percent or 10% of general operating revenues. It is identified as the minimum amount needed to safeguard the County's financial stability, and when combined with committed and assigned balances, provides the County with sufficient funds

to operate in excess of two months without interrupting service levels. The remaining unassigned fund balance is for future uses to be determined by the Board of County Supervisors.

15. Net Position

Net position is the difference between (a) assets and deferred outflows of resources, and (b) liabilities and deferred inflows of resources. Net position is comprised of three categories: net investment in capital assets; restricted; and unrestricted. The first category reflects the portion of net position which is associated with non-liquid, capital assets, less the outstanding debt related to these capital assets. The related debt is the debt less the unspent bond proceeds and any associated unamortized costs. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. Restricted net position relates to assets whose use is subject to constraints that are either externally imposed by creditors or imposed by law. Examples include proffers, grant funds, and contributions for a specific purpose. Net position which is neither restricted nor related to capital assets is reported as unrestricted net position.

The County issues debt to finance the construction of school facilities for the School Board because the School Board does not have borrowing or taxing authority. The County reports this debt, whereas the School Board reports the related capital assets. As a result, in the Statement of Net Position (Exhibit 1), the debt reduces *unrestricted net position* for the primary government, while the capital assets are reported in *net investment in capital assets* for the School Board. Because this debt is related to capital assets of the reporting entity as a whole, the debt amount of $69,361,691 is reclassified to present the total reporting entity column of Exhibit 1.

16. Flow Assumption

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

17. Reclassifications

Comparative data from the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the government's financial position and operations. Certain amounts in the prior year data have been reclassified in order to be consistent with the current year's presentation. In fiscal year 2018, the Capital Asset Replacement Fund was consolidated with the Capital Projects Fund. Fund balance at the beginning of the year was restated to incorporate this reclassification.

18. Pensions and Other Postemployment benefits

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

F. Implementation of Governmental Accounting Standards Board (GASB) Statements

In fiscal year 2018, the County Implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The chart below summarizes adjustments for the implementation of GASB Statement No. 75 and application of the prior period adjustment to obtain restated balances and net position at June 30, 2017.

	Governmental Activities		
	As Reported at 6/30/2017	GASB 75 Adjustment	Restated at 6/30/2017
Revenues and Transfers In	196,118,735	-	196,118,735
Expenses and Transfers Out	180,645,504	3,364	180,648,868
Change in Net Position	15,473,231	(3,364)	15,469,867
Beginning Net Position	22,383,824	(5,328,854)	17,054,970
Ending Net Position	37,857,055	(5,332,218)	32,524,837

	Business Type Activities		
	As Reported at 6/30/2017	GASB 75 Adjustment	Restated at 6/30/2017
Revenues and Transfers In	7,579,382	-	7,579,382
Expenses and Transfers Out	7,851,562	5,137	7,856,699
Change in Net Position	(272,180)	(5,137)	(277,317)
Beginning Net Position	977,955	(190,917)	787,038
Ending Net Position	705,775	(196,054)	509,721

	Component Unit - School Board		
	As Reported at 6/30/2017	GASB 75 Adjustment	Restated at 6/30/2017
Revenues and Transfers In	139,408,949	-	139,408,949
Expenses and Transfers Out	147,436,229	(116,870)	147,319,359
Change in Net Position	(8,027,280)	116,870	(7,910,410)
Beginning Net Position	64,036,894	(23,380,355)	40,656,539
Ending Net Position	56,009,614	(23,263,485)	32,746,129

	Total Reporting Entity		
	As Reported at 6/30/2017	GASB 75 Adjustment	Restated at 6/30/2017
Revenues and Transfers In	343,107,066	-	343,107,066
Expenses and Transfers Out	335,933,295	(108,369)	335,824,926
Change in Net Position	7,173,771	108,369	7,282,140
Beginning Net Position	87,398,673	(28,900,126)	58,498,547
Ending Net Position	94,572,444	(28,791,757)	65,780,687

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Governmental Accounting Standards Board (GASB) statements

The County has implemented the following GASB Statements in fiscal year 2018:

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* effective for reporting periods starting with the fiscal year ending June 30, 2018. This Statement improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans,* for OPEB.

Statement No 81, *Irrevocable Split Agreements*, effective for reporting periods beginning after December 15, 2016. This Statement improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which the government is a beneficiary of the agreement.

Statement No 85, *Omnibus 2017,* effective for reporting periods beginning after June 15, 2017. The requirements of this Statement will enhance consistency in the application of accounting and financial reporting requirements.

Statement No 86, *Certain Debt Extinguishment Issues*, effective for reporting periods beginning after June 15, 2017. This Statement will increase consistency in accounting and financial reporting for debt extinguishments by establishing uniform guidance for derecognizing debt that is defeased in substance, regardless of how cash and other monetary assets placed in an irrevocable trust for the purpose of extinguishing that debt were acquired. The requirements of this Statement also will enhance consistency in financial reporting of prepaid insurance related to debt that has been extinguished. In addition, this Statement will enhance the decision-usefulness of information in notes to financial statements regarding debt that has been defeased in substance.

The County will implement the following GASB Statements in fiscal year 2019:

Statement No 83, *Certain Asset Retirement Obligations,* effective for reporting periods beginning after June 15, 2018. This Statement will enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain asset retirement obligations, including obligations that may not have been previously reported. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring disclosures related to those asset retirement obligations.

Statement No 84, *Fiduciary Activities,* effective for reporting periods beginning after December 15, 2018. This statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities.

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NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

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 to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of other states not in default, 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, bankers' acceptances, repurchase agreements, the State Treasurer's Local Government Investment Pool (LGIP), and the Virginia State Non-Arbitrage Program (SNAP). Bond proceeds subject to arbitrage rebate are invested in the SNAP (See Note 1). Capital lease proceeds are held in escrow and invested in money market funds.

External Investment Pools – The County invests in an externally managed investment pool, the LGIP, which is not SEC-registered. Pursuant to Section 2.2-4605 of the *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and regulatory oversight of the pools rests with the Virginia State Treasury. The LGIP reports to the Treasury Board at their regularly scheduled meetings, and the fair value of the position in the LGIP is the same as the value of the pool shares. Investments authorized by the LGIP are the same as those authorized for local governments in Section 2.2-4500 et seq. of the *Code of Virginia*.

Other Postemployment Benefits (OPEB) – The primary government's OPEB trust fund participates in the Virginia Pooled OPEB Trust. Funds of participating jurisdictions are pooled and invested in the name of the Virginia Pooled OPEB Trust. The primary government's shares in this pool are reported on the face of the OPEB trust fund statements as found in Exhibit 12 of the CAFR. The Board of Trustees of the Virginia Pooled OPEB Trust has adopted an investment policy to achieve a compounded annualized total rate of return over a market cycle, including current income and capital appreciation, in excess of 7.5% after inflation, consistent with prudent risk-taking. Investment decisions for the funds' assets are made by the Board of Trustees.

The Board of Trustees establishes investment objectives, risk tolerance, and asset allocation policies in light of market and economic conditions, and generally prevailing prudent investment practices. The Board of Trustees also monitors the investments through the appointment and oversight of investment managers and ensures adherence to the adopted policies and guidelines. Specific investment information for the Virginia Pooled OPEB Trust can be obtained by writing to VML/VACo Finance Program, 1108 East Main Street, Richmond, Virginia 23219.

The County and its discretely presented component unit's investments are subject to interest rate, credit, concentration of credit, and custodial credit risk as described below.

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from decreasing interest rates, the County's investment policy for non-restricted pooled cash and investments states that no security shall have a maturity exceeding seven years. The weighted average maturity for the portfolio shall be less than 180 days. The County's investment policy for restricted accounts states that the securities will have a maximum maturity consistent with the nature of the restricted accounts.

The following reflects the fair value and the weighted average maturity (WAM) of the County's investments as of June 30, 2018. WAM expresses investment time horizons, the time when investments become due and payable, weighted to reflect the dollar size of the individual investments within an investment type. The portfolio's WAM is derived by dollar-weighting the WAM for each investment type. For purposes of the WAM calculation, the County assumes that all of its investments will be held to maturity.

Fair Value and Weighted Average Maturity of Investments at June 30, 2018:

	Measurement Method	Fair Value	Weighted Average Maturity (in years)
Money Market/Money Market Mutual Funds:			
Pooled Investments:			
State Treasurer's Local Government Investment Pool (LGIP)	Amortized Cost	$ 50,984,697	0.0027
U.S. Government Agency Securities	Fair Value (Level 1)	6,919,540	2.5004
Demand deposit account	Amortized Cost	25,016,829	0.0027
Restricted Investments:			
Virginia State Non-Arbitrage Program (SNAP)	Amortized Cost	3,747,334	0.0027
Master Lease - Restricted Account	Amortized Cost	1,197,000	0.0027
Total Investment		$ 87,865,400	0.1994

Credit Risk – State statutes authorize the County to invest in various instruments as described above. The County's investment policy, however, does not provide for investments in obligations of other states and political subdivisions outside of the Commonwealth of Virginia. To minimize credit risk, the County's investment policy seeks to diversify its portfolio by limiting the percentage of the portfolio that may be invested in any one type of instrument. It is the County's policy to invest in time deposits and savings accounts in banks and savings and loan associations organized under the laws of Virginia approved for the deposit of other funds of the Commonwealth and of other political subdivisions doing business in and situated in the state. The Commonwealth's approved list is partially based on a rating of A-1 by Standard and Poor's and Aa by Moody's Investor Services. The County will only invest in money market or mutual funds with a rating of AAA or equivalent by at least two nationally recognized statistical rating organizations pursuant to County practice. In addition, the County's investment policy authorizes the purchase of "prime quality" commercial paper or "high quality" corporate notes of U.S. corporations having at least two of the following three ratings: A-1, P-1, and F-1, as rated by Standard & Poor's, Moody's and Fitch Investor's Service rating services; banker's acceptances that are eligible for purchase by the Federal Reserve Banks and have a letter of credit rating of AA or better; and tax exempt obligations of the state and its various local governments with a rating of A or less with insurance through MBIA or an equivalent company or issues rated A+ with or without insurance backing. The County's policy exempts investments in the SNAP in which the County invests pursuant to bond documents from this rating requirement.

Concentration of Credit Risk – The County places a limit on the amount it may invest with any one issuer as follows: 25% certificates of deposit and municipal securities; 35% commercial paper; 40% bankers acceptances; 50% repurchase agreements; and up to 100% for state investment pools, US treasury bills and notes, and other U.S. Government agencies.

The County's ratings and policy limits as of June 30, 2018, are as follows:

Investment Type	Investment Policy Limit	Credit Quality (Rating)	Credit Exposure as a % of Total Investment
Money Market/Money Market Mutual Funds:			
State Treasurer's Local Government Investment Pool (LGIP)	100%	AAAm	58%
Virginia State Non-Arbitrage Program (SNAP)	100%	AAAm	4%
Demand deposit account	50%	AAA	30%
U.S. Government Agency Securities	100%	AAA	8%
			100%

Custodial Credit Risk – Custodial credit risk is the risk that in the event of the failure of the counter party, the County will not be able to recover the value or collateral securities that are in the possession of an outside party. However, the County's investment policy requires that all securities purchased by the County be properly and clearly labeled as an asset of Fauquier County and held in safekeeping by a third party custodial bank or institution in compliance with Section 2.2-4514 of the *Code of Virginia*. Therefore the County has no outside credit risk.

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Restricted cash and investments, consisting of amounts for restricted donations, bond covenants, arbitrage rebate, grant funding, and unspent debt proceeds, required to be used for capital projects are as follows:

Restricted Cash and Investments at June 30, 2018:

Primary Government	
Governmental Activities:	
General Fund:	
Grant and contractual obligations	$ 219,021
Total General Fund	219,021
Capital Projects Fund:	
Debt proceeds	1,197,000
Restricted donations	382,482
Performance bonds	726,007
Revenue Share Projects	233,130
Retainage	197,559
Total Capital Projects Fund	2,736,178
Fire and Rescue Funds:	
Debt proceeds	3,396,958
Retainage	88,387
Total Fire and Rescue Fund	3,485,345
Other Governmental Funds:	
Parks, recreation, and cultural donations	318,012
Proffers	4,612,511
Stormwater management	215,721
Library	291,834
Marshall Electric Light and Business Improvement District	18,727
Vint Hill Transportation	262,745
Treasurer's E-Summons	106,907
Project Lifesaver	704
Total Other Governmental Funds	5,827,161
Total Governmental Activities Restricted Cash and Investments	12,267,705
Business-Type Activities:	
Landfill and Recycling Fund:	
Debt proceeds	350,376
Retainage	20,001
Total Landfill and Recycling Fund	370,377
Airport Fund:	
Restricted donations	802,880
Total Airport Fund	802,880
Sewer Fund:	
Debt service reserve	355,140
Total Airport Fund	355,140
Total Business-Type Activities Restricted Cash and Investments	1,528,397
Total Primary Government Restricted Cash and Investments	13,796,102
Component unit - School Board	
School General Fund:	
Grant funds	421,340
Total Restricted Cash and Investments	$ 14,217,442

NOTE 3 – RECEIVABLES

Receivables at June 30, 2018 consist of the following:

Primary Government

	General Fund	Capital Projects Fund	Debt Service Fund	Fire and Rescue Fund	Nonmajor Governmental Funds	Business-Type Activities - Enterprise	Internal Service Funds	Total
Property taxes	$ 4,911,860	$ -	$ -	$ 695,142	$ 34,780	$ -	$ -	$ 5,641,782
Accounts	1,283,076	128,048	-	48,209	771,723	1,591,611	371,256	4,193,923
Investment in Direct Financing Lease	-	-	6,793,310	-	-	-	-	6,793,310
Due from other governmental units	3,939,268	411,136	-	81,058	1,850	2,292,361	-	6,725,673
Gross receivables	10,134,204	539,184	6,793,310	824,409	808,353	3,883,972	371,256	23,354,688
Less allowance for uncollectibles:								
Property taxes	(2,133,704)	-	-	(301,969)	(14,973)	-	-	(2,450,646)
Accounts	-	-	-	-	(249,588)	(997,938)	-	(1,247,526)
Total allowance for uncollectibles	(2,133,704)	-	-	(301,969)	(264,561)	(997,938)	-	(3,698,172)
Net receivables	$ 8,000,500	$ 539,184	$ 6,793,310	$ 522,440	$ 543,792	$ 2,886,034	$ 371,256	$ 19,656,516

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. All funds also report unearned revenue in connection with resources that have been received, but not yet earned. Tax revenues received in advance of the due date are recorded as revenue advances. At the end of the current fiscal year, the various components of unavailable revenue, unearned revenue, and revenue advances of the primary government were as follows:

	Unavailable Revenue	Unearned Revenue	Revenue Advances	Total
Governmental				
Tax revenue	$ 1,677,977	$ -	$ 1,261,214	$ 2,939,191
Intergovernmental revenue	350	15,836	-	16,186
EMS ambulance billing revenue	421,046	-	-	421,046
Parks and recreation facility rentals	-	35,253	-	35,253
Investment in Direct Financing Lease	4,490,000	2,303,310	-	6,793,310
Business Type				
Airport hangar deposits	-	12,529	-	12,529
Total	$ 6,589,373	$ 2,366,928	$ 1,261,214	$ 10,217,515

The County has an investment in a direct financing lease, consisting of a financing arrangement with a volunteer fire and rescue company operating within the County. Under the terms of this financing arrangement, the County obtained a leasehold interest in specific property of the volunteer fire and rescue company, and used that leasehold interest as collateral to obtain debt-financing from the Virginia Resources Authority (VRA). The County used the proceeds from the VRA financing to reimburse the volunteer fire and rescue company for capital expenses related to the construction of a new fire station. In a separate-but-related agreement, the County subleased the original leasehold interests and any existing and future improvements back to the volunteer fire and rescue company; the sublease contains a clause

which transfers title of the property, as well as any existing and future improvements to the property, back to the volunteer fire and rescue company at the time the debt is fully extinguished.

The following shows the net investment in direct financing lease:

Investment in Direct Financing Lease at June 30, 2018		
Total minimum lease payments to be received	$	6,793,310
Less: Unearned revenue		2,303,310
Net investment in direct financing lease	$	4,490,000

The following shows the scheduled minimum lease payments due related to the direct financing lease:

Scheduled Minimum Lease Payments at June 30, 2018						
		Principal		Interest		Total
FY2019	$	-	$	184,022	$	184,022
FY2020		140,000		192,863		332,863
FY2021		145,000		186,009		331,009
FY2022		150,000		178,450		328,450
FY2023		160,000		170,506		330,506
Thereafter		3,895,000		1,391,460		5,286,460
Total	$	4,490,000	$	2,303,310	$	6,793,310

Component unit – School Board

		School General Fund		School Asset Replacement Fund		Total
Accounts	$	66,373	$	14,038	$	80,411
Due from other governmental units		2,848,142		-		2,848,142
Net receivables	$	2,914,515	$	14,038	$	2,928,553

The School Board's receivables are all short-term. They are considered fully collectible and therefore an allowance for uncollectible accounts is not applicable to those receivables.

At the end of the current fiscal year, the various components of unearned revenue reported in the component unit were as follows:

		Unearned Revenue
School General Fund	$	421,340
School Nutrition Fund		97,898
Total	$	519,238

NOTE 4 – INTERFUND RECEIVABLES AND PAYABLES

The following is a summary of interfund obligations as of June 30, 2018:

Current:

Due to / from other funds

Receivable Fund	Payable Fund	Amount
General Fund	Airport Fund	$ 278,991
General Fund	Landfill & Recycling Fund	8,439,221
Total		$ 8,718,212

Interfund receivables and payables are recorded when funds overdraw their share of pooled cash. All amounts are considered short term receivables of the General Fund. Interfund receivables and payables are reported as internal balances on Exhibit 1.

NOTE 5 – INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2018, consisted of the following:

	Transfers in:					
Transfers out:	General Fund	Capital Projects Fund	Debt Service Fund	Enterprise Funds	Internal Service Funds	Total
General Fund	$ -	$ 8,889,696	$ 12,572,750	$ 679,207	$ 857,005	$ 22,998,658
Capital Projects Fund	-	-	171,580	2,242,060	-	2,413,640
Debt Service Fund	-	1,545,226	-	-	-	1,545,226
Fire and Rescue Fund	1,333,377	45,000	-	-	-	1,378,377
Other Governmental Funds	1,241,663	-	-	-	-	1,241,663
Total	$ 2,575,040	$ 10,479,922	$ 12,744,330	$ 2,921,267	$ 857,005	$ 29,577,564

Transfers are to (1) move revenue from the fund that statute or budget requires to collect it to the fund that statute or budget requires to expend it 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 6 – DUE FROM OTHER GOVERNMENTAL UNITS

The following is a summary of amounts due from other governmental units at June 30, 2018:

	Primary Government	Component Unit School Board
Commonwealth of Virginia:		
Local sales tax	$ 1,584,376	$ -
State sales tax	-	1,536,950
Shared expenses	476,974	-
Comprehensive services	478,366	-
Miscellaneous grants	871,907	59,782
Airport grants	560,051	-
Federal Government:		
School fund grants	-	1,251,410
Airport grants	1,732,310	-
Other federal grants	1,021,689	-
Total	$ 6,725,673	$ 2,848,142

NOTE 7 – CAPITAL ASSETS

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2018:

	Balance July 1, 2017	Additions	Deletions	Transfers	Balance June 30, 2018
Primary government – governmental activities					
Capital assets (non-depreciable/non-amortizable):					
Land	$ 20,983,201	$ 651,464	$ -	$ -	$ 21,634,665
Construction in progress	4,117,911	3,047,817	(66,236)	(878,777)	6,220,715
Intangible assets	853,884	-	-	-	853,884
Total capital assets (non-depreciable/non-amortizable)	25,954,996	3,699,281	(66,236)	(878,777)	28,709,264
Capital assets (depreciable/amortizable):					
Buildings and improvements	53,798,755	192,136	-	-	53,990,891
Infrastructure	14,559,971	-	-	-	14,559,971
Machinery and equipment	18,824,940	1,398,598	(398,623)	(12,312)	19,812,603
Intangible assets	1,460,946	-	-	-	1,460,946
Total capital assets (depreciable/amortizable)	88,644,612	1,590,734	(398,623)	(12,312)	89,824,411
Less accumulated depreciation/amortization for:					
Buildings and improvements	(21,954,722)	(1,543,753)	-	-	(23,498,475)
Infrastructure	(10,047,484)	(944,779)	-	-	(10,992,263)
Machinery and equipment	(12,653,714)	(1,662,517)	386,452	15,876	(13,913,903)
Intangible assets	(1,130,278)	(52,139)	-	-	(1,182,417)
Total accumulated depreciation/amortization	(45,786,198)	(4,203,188)	386,452	15,876	(49,587,058)
Total capital assets (depreciable/amortizable), net	42,858,414	(2,612,454)	(12,171)	3,564	40,237,353
Governmental activities capital assets, net	$ 68,813,410	$ 1,086,827	$ (78,407)	$ (875,213)	$ 68,946,617

NOTE 7 – CAPITAL ASSETS (CONTINUED)

	Balance July 1, 2017	Additions	Deletions	Transfers	Balance June 30, 2018
Primary government – business-type activities					
Landfill and Recycling Fund:					
Capital assets (non-depreciable/non-amortizable):					
Landfill site	$ 1,446,449	$ -	$ -	$ -	$ 1,446,449
Construction in progress	3,794,913	2,152,820	-	(4,732,867)	1,214,866
Total capital assets (non-depreciable/non-amortizable)	5,241,362	2,152,820	-	(4,732,867)	2,661,315
Capital assets (depreciable/amortizable):					
Buildings and improvements	16,992,239	69,617	-	4,679,498	21,741,354
Infrastructure	854,306	-	-	-	854,306
Machinery and equipment	3,806,436	307,150	(704,447)	69,245	3,478,384
Total capital assets (depreciable/amortizable)	21,652,981	376,767	(704,447)	4,748,743	26,074,044
Less accumulated depreciation/amortization for:					
Buildings and improvements	(8,353,266)	(868,440)	-	-	(9,221,706)
Infrastructure	(704,306)	(37,500)	-	-	(741,806)
Machinery and equipment	(2,230,950)	(174,180)	695,035	(15,876)	(1,725,971)
Total accumulated depreciation/amortization	(11,288,522)	(1,080,120)	695,035	(15,876)	(11,689,483)
Total capital assets (depreciable/amortizable), net	10,364,459	(703,353)	(9,412)	4,732,867	14,384,561
Landfill and Recycling Fund capital assets, net	15,605,821	1,449,467	(9,412)	-	17,045,876
Airport Fund:					
Capital assets (non-depreciable/non-amortizable):					
Land	6,612,678	-	-	-	6,612,678
Construction in progress	3,227,587	2,794,639	-	(2,150,213)	3,872,013
Intangible assets	228,836	-	-	-	228,836
Total capital assets (non-depreciable/non-amortizable)	10,069,101	2,794,639	-	(2,150,213)	10,713,527
Capital assets (depreciable/amortizable):					
Buildings and improvements	2,977,276	-	-	-	2,977,276
Infrastructure	10,695,439	-	-	2,150,213	12,845,652
Machinery and equipment	487,313	-	-	-	487,313
Total capital assets (depreciable/amortizable)	14,160,028	-	-	2,150,213	16,310,241
Less accumulated depreciation/amortization for:					
Buildings and improvements	(1,614,297)	(96,361)	-	-	(1,710,658)
Infrastructure	(10,281,265)	(99,587)	-	-	(10,380,852)
Machinery and equipment	(269,381)	(37,668)	-	-	(307,049)
Total accumulated depreciation/amortization	(12,164,943)	(233,616)	-	-	(12,398,559)
Total capital assets, (depreciable/amortizable), net	1,995,085	(233,616)	-	2,150,213	3,911,682
Airport Fund capital assets, net	12,064,186	2,561,023	-	-	14,625,209
Sewer Fund:					
Construction in progress	-	-	-	875,213	875,213
Total capital assets (non-depreciable/non-amortizable)	-	-	-	875,213	875,213
Sewer Fund capital assets, net	-	-	-	875,213	875,213
Total business-type activities capital assets, net	$ 27,670,007	$ 4,010,490	$ (9,412)	$ 875,213	$ 32,546,298

NOTE 7 – CAPITAL ASSETS (CONTINUED)

	Balance July 1, 2017	Additions	Deletions	Transfers	Balance June 30, 2018
Component unit – School Board					
Capital assets (non-depreciable/non-amortizable):					
Land	$ 5,220,408	$ 40,850	$ -	$ -	$ 5,261,258
Construction in progress	246,756	661,807	-	(660,455)	248,108
Total capital assets (non-depreciable/non-amortizable)	5,467,164	702,657	-	(660,455)	5,509,366
Capital assets (depreciable/amortizable):					
Buildings and improvements	255,399,459	128,590	-	249,664	255,777,713
Infrastructure	5,214,964	-	-	194,080	5,409,044
Machinery and equipment	23,630,378	1,034,922	(767,585)	216,711	24,114,426
Intangible assets	225,458	-	-	-	225,458
Total capital assets (depreciable/amortizable)	284,470,259	1,163,512	(767,585)	660,455	285,526,641
Less accumulated depreciation/amortization for:					
Buildings and improvements	(92,709,438)	(6,680,542)	-	-	(99,389,980)
Infrastructure	(2,593,630)	(238,415)	-	-	(2,832,045)
Machinery and equipment	(16,941,905)	(1,126,927)	768,115	-	(17,300,717)
Intangible assets	(225,458)	-	-	-	(225,458)
Total accumulated depreciation/amortization	(112,470,431)	(8,045,884)	768,115	-	(119,748,200)
Total capital assets, (depreciable/amortizable), net	171,999,828	(6,882,372)	530	660,455	165,778,441
School Board capital assets, net	$ 177,466,992	$ (6,179,715)	$ 530	$ -	$ 171,287,807

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

Primary government – governmental activities	
General government administration	$ 443,964
Judicial administration	247,178
Public safety	2,197,036
Public works	236,994
Health and welfare	8,528
Parks, recreation, and cultural	1,023,516
Community development	45,972
Total governmental activities	$ 4,203,188
Primary government – business-type activities	
Landfill and Recycling Fund	$ 1,080,120
Airport Fund	233,616
Total business-type activities	$ 1,313,736
Component unit – School Board	$ 8,045,884

NOTE 7 – CAPITAL ASSETS (CONTINUED)

	Primary Government			
	Governmental Activities	Business-Type Activities	Component Unit - School Board	Reporting Entity Total
Total capital assets	$ 68,946,617	$ 32,546,298	$ 171,287,807	$ 272,780,722
Long-term obligations applicable to capital assets:				
Capital leases	3,692,554	-	798,145	4,490,699
Certificates of participation	2,775,000	-	-	2,775,000
Revenue bonds	-	8,053,587	-	8,053,587
General obligation bonds	4,490,000	-	67,340,000	71,830,000
Premium on bonds payable	1,020,453	879,800	2,350,766	4,251,019
Deferred charge on refunding	(427,938)	(269,833)	(1,127,220)	(1,824,991)
Less unspent proceeds as of June 30, 2018	(1,197,000)	(350,376)	-	(1,547,376)
Subtotal long-term obligations applicable to capital assets	10,353,069	8,313,178	69,361,691	88,027,938
Net investment in capital assets	$ 58,593,548	$ 24,233,120	$ 101,926,116	$ 184,752,784

Certificates of participation reported in Note 8 for the primary government-governmental activities are not included in the above reconciliation because the certificates were issued in support of capital projects capitalized by other entities. Only a portion of the deferred amount on refunding from Note 8 is included in this reconciliation; the balance is related to the afore-mentioned certificates of participation.

NOTE 8 – LONG-TERM OBLIGATIONS

PRIMARY GOVERNMENT

Governmental activities:

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

	Capital Leases		Certificates of Participation		General Obligation Bonds	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest
2019	$ 633,066	$ 69,539	$ 460,000	$ 217,006	$ 7,141,000	$ 3,026,977
2020	643,490	59,116	485,000	193,466	7,382,000	2,739,705
2021	654,086	48,520	510,000	168,669	7,319,000	2,434,200
2022	649,055	37,749	285,000	149,097	7,116,000	2,137,686
2023	597,004	27,511	285,000	134,916	6,578,000	1,856,550
2024-2028	1,313,998	37,007	1,685,000	431,654	26,969,000	5,873,119
2029-2033	-	-	805,000	41,639	7,315,000	2,046,323
2034-2038	-	-	-	-	1,685,000	212,194
2039-2043	-	-	-	-	325,000	6,391
Total	$ 4,490,699	$ 279,442	$ 4,515,000	$ 1,336,447	$ 71,830,000	$ 20,333,145

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

The following is a summary of long-term obligations of the governmental activities for the year ended June 30, 2018:

	Balance July 1, 2017	Additions	Retirements	Balance June 30, 2018	Amount Due Within One Year
General long-term obligations:					
Capital leases	$ 5,113,511	$ -	$ 622,812	$ 4,490,699	$ 633,066
Certificates of participation	4,955,000	-	440,000	4,515,000	460,000
General obligation bonds	74,674,000	4,490,000	7,334,000	71,830,000	7,141,000
Premium on bonds payable	3,658,798	421,259	644,852	3,435,205	613,979
Compensated absences	4,507,713	3,572,009	3,292,497	4,787,225	478,723
Incurred but not reported claims	2,802,109	289,051	250,389	2,840,771	710,193
Total general long-term obligations	$ 95,711,131	$ 8,772,319	$ 12,584,550	$ 91,898,900	$ 10,036,961

The General Fund revenues are used to liquidate compensated absences and other long-term obligations.

Certain amounts that were paid during refunding are capitalized and amortized over the life of the debt. Deferred charges for the governmental activities as of June 30, 2018 were as follows:

	Balance July 1, 2017	Additions	Retirements	Balance June 30, 2018	Amount Due Within One Year
Deferred amount on refunding	$ (1,976,057)	$ -	$ (411,695)	$ (1,564,362)	$ (370,298)

Details of long-term obligations are as follows:

	Amount Outstanding	Amount Due Within One Year
Capital Leases:		
$415,000 School Bus Lease Series 2015, issued February 27, 2015, to fund school buses due in quarterly installments beginning May 27, 2015 through February 27, 2022, with interest payable quarterly at 1.789%.	$ 228,757	$ 59,513
$391,658 School Bus Lease Series 2016, issued February 3, 2016, to fund school buses due in quarterly installments beginning May 3, 2016 through February 3, 2023, with interest payable quarterly at 1.734%.	270,902	55,197
$785,606 Ambulance Lease Series 2016, issued July 15, 2016, due in annual installments beginning October 15, 2016 through July 15, 2023, with interest payable annually at 1.532%.	597,016	110,053
$392,774 School Bus Lease Series 2016, issued July 15, 2016, to fund school buses due in quarterly installments beginning October 15, 2016 through July 15, 2023 with interest payable quarterly at 1.532%.	298,486	55,022
$3,700,000 Public Safety Radio System Lease Series 2016, issued on September 30, 2016 to fund upgrades to the public safety radio system in quarterly installments beginning December 30, 2016 through September 30, 2026 with interest payable quarterly at 1.644%	3,095,538	353,281
Total Capital Leases	$ 4,490,699	$ 633,066

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

	Amount Outstanding	Amount Due Within One Year
Certificates of Participation:		
$2,115,000 Refunding Bond of Series 2001A, issued June 17, 2009, maturing annually beginning October 1, 2009 through October 1, 2020, with interest payable semiannually at rates from 1.13% to 5.13%.	$ 675,000	$ 215,000
$5,430,000 Vint Hill 2011A Refunding VRA Bond, issued May 18, 2011, maturing annually beginning October 1, 2011 through October 1, 2029, with interest payable semiannually at rates from 2.125 % to 5.125%.	1,065,000	245,000
$2,775,000 Vint Hill 2016C Refunding VRA Bond, issued November 16, 2016, maturing annually beginning October 1, 2022 through October 1, 2029, with interest payable semiannually at a rate of 5.125%.	2,775,000	-
Total Certificates of Participation	$ 4,515,000	$ 460,000
General Obligation Bonds:		
$3,500,000 Virginia Public School Authority Bonds, Series 1999A, issued November 29, 1999, maturing annually beginning July 15, 2000 through July 15, 2019, with interest payable semiannually at rates from 5.10% to 6.10%.	$ 350,000	$ 175,000
$4,575,000 Virginia Public School Authority Bonds, Series 2000A, issued November 16, 2000, maturing annually beginning July 15, 2001 through July 15, 2020, with interest payable semiannually at rates from 4.975% to 5.85%.	675,000	225,000
$6,410,000 Virginia Public School Authority Bonds, Series 2001C, issued November 15, 2001, maturing annually from July 15, 2002 through July 15, 2021, with interest payable semiannually at rates from 3.10% to 5.35%.	1,280,000	320,000
$11,630,000 Virginia Public School Authority Bonds, Series 2003A, issued November 6, 2003, maturing annually from July 15, 2004 through July 15, 2023, with interest payable semiannually at rates from 3.10% to 5.35%.	3,480,000	580,000
$3,720,000 Virginia Public School Authority Bonds, Series 2004A, issued November 10, 2004, maturing annually from July 15, 2005 through July 15, 2024, with interest payable semiannually at rates from 4.10% to 5.60%.	1,295,000	185,000
$11,540,000 Virginia Public School Authority Bonds, Series 2005D, issued November 10, 2005, maturing annually from July 15, 2006 through July 15, 2025, with interest payable semiannually at rates from 4.60% to 5.10%.	4,600,000	575,000
$34,075,000 Virginia Public School Authority Bonds, Series 2007A, issued November 8, 2007, maturing annually from July 15, 2008 through July 15, 2027, with interest payable semiannually at rates from 4.35% to 5.10%.	$ 17,025,000	$ 1,705,000

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

	Amount Outstanding	Amount Due Within One Year
General Obligation Bonds (continued):		
$10,000,000 Virginia Public School Authority Qualified School Construction Bonds, Series 2011-2, issued December 15, 2011, maturing annually from June 1, 2012 through December 1, 2030, with interest payable semiannually and refunded through a Federal Tax Credit resulting in a 0% interest rate.	$ 7,900,000	$ 600,000
$13,260,000 General Obligation School Refunding Bonds, Series 2012, issued February 22, 2012, maturing annually from July 15, 2015 through July 15, 2022, with interest payable semiannually at rates from 2.00% to 4.00%.	10,745,000	2,195,000
$9,880,000 Virginia Public School Authority Bonds, Series 2012B, issued May 10, 2012, maturing annually from July 15, 2013 through July 15, 2032, with interest payable semiannually at rates from 2.55% to 5.05%.	8,245,000	385,000
$3,305,000 Virginia Public School Authority Bonds, Series 2013A, issued April 29, 2013, maturing annually from January 15, 2014 through January 15, 2034, with interest payable semiannually at rates from 3.05% to 5.05%.	2,860,000	120,000
$9,101,000 Carter Bank & Trust Direct Bank Loan, Series 2014, issued August 28, 2014, maturing semi-annually from January 1, 2015 through January 1, 2027, with interest payable semiannually at 2.5%.	8,885,000	76,000
$4,490,000 Virginia Resource Authority Bonds, Series 2018A issued on May 23, 2018 maturing semi-annually from October 1, 2018 to October 1, 2038 with interest payable semiannually at rates from 3.125% to 5.125%.	4,490,000	-
Total General Obligation Bonds	$ 71,830,000	$ 7,141,000
Premium on bonds payable	3,435,205	613,979
Compensated absences	4,787,225	478,723
Incurred but not reported claims	2,840,771	710,193
Total governmental activities long-term obligations	$ 91,898,900	$ 10,036,961

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

BUSINESS-TYPE ACTIVITIES

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

Fiscal Year	Revenue Bonds Principal	Revenue Bonds Interest
2019	$ 240,000	$ 355,044
2020	368,587	344,063
2021	260,000	332,344
2022	275,000	318,859
2023	290,000	304,731
2024-2028	1,680,000	1,284,074
2029-2033	2,075,000	877,461
2034-2038	1,945,000	442,764
2039-2043	920,000	39,913
Total	$ 8,053,587	$ 4,299,253

The following is a summary of long-term obligations of the business-type activities for the year ended June 30, 2018:

	Balance July 1, 2017	Additions	Retirements	Balance June 30, 2018	Amount Due Within One Year
Business-type activities long-term obligations:					
Revenue bonds	$ 8,165,000	$ 118,587	$ 230,000	$ 8,053,587	$ 240,000
Premium on bonds payable	964,028	-	84,228	879,800	81,282
Compensated absences	159,036	48,176	82,808	124,404	12,440
Landfill closure and postclosure liability	14,489,899	859,489	-	15,349,388	-
Total business-type activities long-term obligations	$ 23,777,963	$ 1,026,252	$ 397,036	$ 24,407,179	$ 333,722

	Balance July 1, 2017	Additions	Retirements	Balance June 30, 2018	Amount Due Within One Year
Deferred amount on refunding	$ (291,532)	$ -	$ (21,699)	$ (269,833)	$ (21,085)

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

Details of long-term obligations are as follows:

	Amount Outstanding	Amount Due Within One Year
Revenue Bonds:		
$5,170,000 Virginia Resources Authority Revenue bonds, Series 2012A, issued April 30, 2012, maturing annually from October 1, 2013 through October 1, 2032, with interest payable semiannually at rates from 3.424% to 5.125%.	$ 1,225,000	$ 55,000
$7,130,000 Virginia Resources Authority Revenue bonds, Series 2015A, issued May 28, 2015, maturing annually from October 1, 2015 through October 1, 2039, with interest payable semiannually at rates from 3.062% to 5.125%.	6,710,000	185,000
$7,202,800 Virginia Water Facilities Revolving Fund bond issued on May 15, 2018 with an interest rate of 0%. As of June 30, 2018, $118,587 in principal advances were outstanding.	118,587	-
Total Revenue Bonds	8,053,587	240,000
Premium on bonds payable	879,800	81,282
Compensated absences	124,404	12,440
Landfill closure and postclosure liability	15,349,388	-
Total business-type activities long-term obligations	$ 24,407,179	$ 333,722

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD

The following is a summary of long-term obligations of the School Board for the year ended June 30, 2018:

	Balance July 1, 2017	Additions	Retirements	Balance June 30, 2018	Amount Due Within One Year
General long-term obligations:					
Compensated absences	$ 4,943,320	$ 4,607,833	$ 4,573,273	$ 4,977,880	$ 497,788
Total general long-term obligations	$ 4,943,320	$ 4,607,833	$ 4,573,273	$ 4,977,880	$ 497,788

Details of long-term obligations are as follows:

	Amount Outstanding	Amount Due Within One Year
Compensated absences	$ 4,977,880	$ 497,788
Total component unit long-term obligations	$ 4,977,880	$ 497,788

In prior years, the County has refunded certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the refunded bonds. Accordingly, the trust account assets and the liability for the refunded bonds are not included in the County's financial statements. At June 30, 2018, $28,687,000 of outstanding debt is considered defeased.

NOTE 9 – COMMITMENTS

A. Long-term USDA

Fauquier County provides annual operating and capital contributions for 9 separately incorporated Volunteer Fire and Rescue Companies through a special Fire and Rescue levy. Four volunteer fire and rescue facilities have finalized loans through the United States Department of Agriculture Rural Development program (USDA) to fund construction and renovations. The County has provided USDA moral obligation letters guaranteeing funding support for each of the four volunteer fire and rescue companies. All assets are owned by the respective volunteer fire and rescue companies. Payment for annual debt service will be made from the Fire and Rescue Fund as a contribution to the individual stations. The required debt service reserve of 10% annually for 10 years will accumulate in cash accounts in a fiduciary fund. The reserve may be used for capital improvements in the future if approved by USDA in accordance with the loan agreements.

Annual requirements to amortize long-term commitments and related interest have been estimated according to information provided by USDA and are as follows:

Fiscal Year	Principal	Interest
2019	$ 304,900	$ 632,558
2020	317,275	620,183
2021	330,154	607,304
2022	343,557	593,901
2023	357,506	579,952
2024-2028	2,017,496	2,669,794
2029-2033	2,462,097	2,225,193
2034-2038	3,005,057	1,682,233
2039-2043	3,668,216	1,019,074
2044-2048	2,676,820	281,975
Total	$ 15,483,078	$ 10,912,167

The following is a summary of long-term commitments of the County for the year ended June 30, 2018:

	Balance July 1, 2017*	Additions	Retirements	Balance June 30, 2018	Amount Due Within One Year
General long-term commitments:					
USDA Notes	$ 15,776,087	$ -	$ 293,009	$ 15,483,078	$ 304,900

*As restated.

Details of long-term commitments are as follows:

	Amount Outstanding	Amount Due Within One Year
USDA Loans:		
$2,900,000 issued to Warrenton Volunteer Fire Company, Inc., on March 12, 2007, due in annual installments for principal and interest beginning March 12, 2010 through March 12, 2047, with interest payable annually at 4.125%.	$ 2,550,701	$ 47,237
$985,000 issued to Warrenton Volunteer Fire Company, Inc., on February 20, 2008, due in annual installments for principal and interest beginning February 20, 2011 through February 20, 2048, with interest payable annually at 4.375%.	886,494	14,850
$2,900,000 issued to Catlett Volunteer Fire and Rescue Company, Inc., on September 25, 2007, due in annual installments for principal and interest beginning September 25, 2010 through September 25, 2047, with interest payable annually at 4.250%.	2,599,747	44,690
$1,715,000 issued to Catlett Volunteer Fire and Rescue Company, Inc., on September 25, 2007, due in annual installments for principal and interest beginning September 25, 2010 through September 25, 2047, with interest payable annually at 4.250%.	1,532,977	26,618
$3,784,916 issued to Remington Volunteer Fire and Rescue Company, Inc., on February 20, 2008, due in annual installments for principal and interest beginning February 20, 2010 through February 20, 2048, with interest payable annually at 4.250%.	3,234,701	62,937
$5,703,000 issued to New Baltimore Volunteer Fire and Rescue Company, Inc., on December 21, 2010, due in annual installments for principal and interest beginning December 21, 2013 through December 21, 2050, at 3.750%.	4,678,458	108,568
Total long-term commitments	$ 15,483,078	$ 304,900

B. Construction commitments

At June 30, 2018, the County has several major projects under construction which are summarized below:

Project Name	Contractor	Contract Amount	Expended to Date	Balance
Vint Hill Public Street Network	W.C. Spratt, Inc.	$ 8,748,391	$ 8,699,364	$ 49,027
Airport T-Hangar Taxilanes	Sargent Corporation	4,183,114	2,299,077	1,884,037
Catlett-Calverton Wastewater Treatment System	English Construction	7,490,500	345,868	7,144,632
Safe Route to School	Synchronized Construction	433,559	237,293	196,266
Airport Terminal	Taft Construction	4,241,350	200,000	4,041,350
Total		$ 25,096,914	$ 11,781,602	$ 13,315,312

C. Commitments and contingent liabilities

Federal programs in which the County and School Board participate were audited in accordance with the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Title 2, Code of Federal Regulations, Part 200 (2 CFR 200)). Pursuant to the provisions of this circular, all major programs and certain other

NOTE 9 – COMMITMENTS (CONTINUED)

programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by the audit, the Federal Government may subject grant programs to additional compliance tests that may result in disallowed expenses. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

NOTE 10 – COMMITMENTS UNDER NON-CAPITALIZED LEASES

The County leases the following properties:

Properties	Annual Payments
Lee and John Marshall Street, Corner Parking Lot	$ 3,500
Registrar's Office, 528 Waterloo Street	55,014
Economic Development Office, 35 Culpeper Street	29,750
Reassessment Office, 98 Alexandria Pike	39,646
Mason Enterprise Center, 70 Main Street	89,908
Fauquier Enterprise Center, 8452 Renalds Avenue	24,000

All leases are subject to annual appropriation of rental payments.

NOTE 11 – TAX ABATEMENT DISCLOSURES

Fauquier County has entered into a tax abatement agreement under the authority and through resolution of the Board of Supervisors with a not for profit organization for the construction of an affordable housing project within the County. The purpose of the abatement was to encourage successful and timely completion of the project, improve the financial operation of the housing project and to reduce resident rents. Under the agreement, which began in fiscal year 2012, the organization will provide affordable housing for an estimated sixteen households in return for a tax abatement of 100% of the real estate taxes attributable to the real estate improvements related to the housing project on an annual basis for a period of seven years. The County committed to provide a letter in support of the organization's application for state grant funds to assist in the construction of the project and for low-income housing tax credits. Real estate taxes are paid for each tax year and rebates are made on an annual basis once requested by the not for profit organization.

Fauquier County also enters into tax abatement agreements in accordance with section of the *Code of Virginia* §58.1-3850 through §58.1-3853 which allows any city, county, or town to establish by ordinance, local technology, tourism, defense production zones, and incentives for green roofing and to grant tax incentives and regulatory flexibility in a zone. These zones are established within §8-113 through §8-128 of the Fauquier County Code. The purpose of these abatement agreements is to encourage economic development and growth by attracting and retaining businesses within the County.

Qualified local technology businesses in a local technology zone are businesses whose primary purpose is the design research, development, utilization or production of technology services, software, or products.

Qualified tourism businesses in a tourism zone are businesses whose primary purpose is to establish a desirable destination to attract tourists from outside the community and create an environment for those visitors that will deliver a memorable experience or promote educational opportunities while increasing travel related revenue.

Qualified defense production businesses are businesses engaged in the design, development or production of materials, components, or equipment required to meet the needs of national defense, including any business that performs functions ancillary to, or in support of, the design, development, or production of such materials, components, or equipment. Defense contractors are businesses other than a defense production business that are primarily engaged in providing services of national defense including, but not limited to, logistics and technical support.

NOTE 11 – TAX ABATEMENT DISCLOSURES (CONTINUED)

Abatements are granted to new or existing businesses within a zone who commit to the following arrangements:

- Capital investment of a minimum of $500,000 for new businesses and $250,000 for existing businesses in land, building and/or machinery unless otherwise authorized by the Board of Supervisors.

- The creation of ten (10) new full time jobs for new businesses and three (3) new jobs for existing businesses. These jobs must have salaries at least 10% above the average county wage level as listed by the Virginia Employment Commission for the previous fiscal year and be created within the first calendar year of operation.

Qualified businesses receive tax incentives of a one hundred percent (100%) rebate on business, professional, and occupational license tax, tangible personal property, and machinery and tools taxes imposed by the County and rebates of permit fees paid to the County for site plan, building, and zoning permits. Rebates are made at the end of each tax year on an annual basis and are rebated for only those taxes and fees that have actually been paid to the County. No interest is paid on any funds rebated.

Abatements within these zones apply for three (3) years from the later of:

a) the date the business is determined to be a qualified business,

b) the date the business commences operations, or

c) the date an existing business completes a qualifying expansion.

In the event that a qualified business ceases to be qualified, ceases to meet the minimum employment and capital investment criteria, or removes itself from operation in the County during any year in the three year incentive period or such longer period, it is required to repay the total amount of incentives received and must sign an agreement to this effect before receiving any incentives.

For certain agreements, the County has committed to facilitate the entry of new businesses into the County by agreeing to finance and construct infrastructure such as public and private utility extensions for water, sewer, fiber optic and other technology infrastructure and to obtain state incentives to further support the economic development goals of the tax abatement agreement. The most significant agreement to date is the County's commitment to build fiber optic infrastructure at an estimated cost of $1,000,000.

For fiscal year ended June 30, 2018, the County had abated taxes as follows:

Tax Abatement Area		Taxes Abated During the Fiscal Year
Affordable Housing		
Real Estate Taxes	$	22,409
Local Technology		
Tangible Property Taxes/Machinery and Tools Tax	$	954,460
Tourism		
Tangible Property Taxes/Machinery and Tools Tax	$	17,453
Defense Production		
Tangible Property Taxes/Machinery and Tools Tax	$	1,676

NOTE 12 – LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

The County of Fauquier, Virginia owns and operates a landfill site. State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, 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 $15,349,388 reported as landfill closure/postclosure care liability at June 30, 2018, represents the cumulative amount reported based on the use of 100% of the estimated capacity of the old landfill, the use of 72.46% of the estimated capacity of the new landfill, and the closure costs for the Construction and Demolition Recycling facility of $29,226 and the Transfer Station of $55,186. The County will recognize the remaining estimated cost of closure and postclosure care of $3,296,188 on the new landfill as the remaining estimated capacity is used. These amounts are based on what it would cost to perform all closure and postclosure care in 2018.

The County completed construction of an additional cell to the new landfill, which will add disposal capacity and defer closure for a minimum of 10 years but potentially 30+ years. In addition, the County has transitioned operations to a transfer station whereby residential and commercial wastes are transported to another landfill entity outside of the County, which further defers closure of the new landfill.

While the old landfill has reached 100% capacity, the County's intention has been to partially reclaim capacity through mining a significant portion of the landfill recyclable construction and demolition materials. However, the County has initiated a project aimed at closure of the old landfill which is currently included in the five-year Capital Improvement Plan. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County demonstrated financial assurance requirements for closure and postclosure care costs through the submission of a local government Financial Test to the Virginia Department of Environment Quality, in accordance with Section 9VAC20-70 of the *Virginia Administrative Code*.

NOTE 13 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN

A. Plan descriptions

Agent Multiple Employer Retirement Plan: The Virginia Retirement System (VRS) Political Subdivision Retirement Plan is a multi-employer, agent plan. All full-time, salaried, permanent employees of Fauquier County and non-professional salaried, permanent employees of the Fauquier County School Board are automatically covered by the VRS Retirement Plan upon employment.

Cost Sharing Retirement Plan: The VRS Teacher Retirement Plan is a multiple employer, cost sharing plan. All full time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment.

These plans are administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at http://www.varetire.org/Pdf/Publications/2015-annual-report.pdf or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior public service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active duty military service, certain periods of leave, and previously refunded service.

NOTE 13 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN

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

About Plan 1	Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010 and they were vested as of January 1, 2013.
Eligible Members	Employees are in Plan 1 if their membership date is before July 1, 2010 and they were vested as of January 1, 2013.
Hybrid Opt-In Election	VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.
Retirement Contribution	Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees are paying the full 5% as of July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.
Creditable Service	Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.
Vesting	Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.
Calculating the Benefit	The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.
Average Final Compensation	A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.
Service Retirement Multiplier	**VRS:** The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%. **Sheriffs and regional jail superintendents:** The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. **Political subdivision hazardous duty employees:** The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.
Normal Retirement Age	**VRS:** Age 65. **Political subdivisions hazardous duty employees:** Age 60.
Earliest Unreduced Retirement Eligibility	**VRS:** Age 65 with at least five years (60 months) of creditable service or age 50 with at least 30 years of creditable service. **Political subdivisions hazardous duty employees:** Age 60 with at least five years (60 months) of creditable service or age 50 with at least 25 years of creditable service.

Earliest Reduced Retirement Eligibility	**VRS:** Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service. **Political subdivisions hazardous duty employees:** Age 50 with at least five years (60 months) of creditable service.
Cost-of-Living Adjustment (COLA) in Retirement	The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%. **Eligibility:** For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.
Exceptions to COLA Effective Dates	The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). ***This does not apply to the VRS Teacher Retirement Plan.*** • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.
Disability Coverage	Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted. VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits. ***Disability coverage is not applicable to the VRS Teacher Retirement Plan for Plan 1.***
Purchase of Prior Service	Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.
About Plan 2	Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.
Eligible Members	Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.
Hybrid Opt-In Election	Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.
Retirement Contributions	Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees are paying the full 5% as of July 1, 2016.
Creditable Service	Same as Plan 1.
Vesting	Same as Plan 1.
Calculating the Benefit	See definition under Plan 1.

Average Final Compensation	A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.
Service Retirement Multiplier	**VRS:** Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013. **Sheriffs and regional jail superintendents:** Same as Plan 1. **Political subdivision hazardous duty employees:** Same as Plan 1.
Normal Retirement Age	**VRS:** Normal Social Security retirement age. **Political subdivisions hazardous duty employees:** Same as Plan 1.
Earliest Unreduced Retirement Eligibility	**VRS:** Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90. **Political subdivisions hazardous duty employees:** Same as Plan 1.
Earliest Reduced Retirement Eligibility	**VRS:** Age 60 with at least five years (60 months) of creditable service. **Political subdivisions hazardous duty employees:** Same as Plan 1.
Cost of Living Adjustment (COLA) in Retirement	The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%. **Eligibility:** Same as Plan 1.
Exceptions to COLA Effective Dates	Same as Plan 1.
Disability Coverage	Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits. ***Disability coverage is not applicable to the VRS Teacher Retirement Plan for Plan 2.***
Purchase of Prior Service	Same as Plan 1.
About Hybrid Retirement Plan	The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members") • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
Eligible Members	Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • Political subdivision employees.* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. *Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees. Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.
Retirement Contributions	A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

Creditable Service	**Defined Benefit Component:** Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit. **Defined Contributions Component:** Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.
Vesting	**Defined Benefit Component:** Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component. **Defined Contributions Component:** Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70½.
Calculating the Benefit	**Defined Benefit Component:** See definition under Plan 1. **Defined Contribution Component:** The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation	Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier	**Defined Benefit Component: VRS:** The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. **Sheriffs and regional jail superintendents:** Not applicable. **Political subdivision hazardous duty employees:** Not applicable.
Normal Retirement Age	**Defined Benefit Component: VRS:** Same as Plan 2. **Political subdivision hazardous duty employees:** Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility	**Defined Benefit Component: VRS:** Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. **Political subdivisions hazardous duty employees:** Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility	**Defined Benefit Component: VRS:** Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service. **Political subdivisions hazardous duty employees:** Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Cost of Living Adjustment (COLA) in Retirement	**Defined Benefit Component:** Same as Plan 2. **Defined Contribution Component:** Not Applicable. **Eligibility:** Same as Plan 1 and Plan 2.
Exceptions to COLA Effective Dates	Same as Plan 1 and Plan 2.

Disability Coverage	Employees of political subdivisions and school divisions (including Plan 1 and Plan2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
Purchase of Prior Service	**Defined Benefit Component:** Same as Plan 1, with the following exceptions: • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the highest of 4% of creditable compensation or average final compensation. • The cost for purchasing refunded service is the highest of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost. **Defined Contribution Component:** Not applicable.

B. Summary of Significant Accounting Policies

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

C. Actuarial Assumptions

The net pension liabilities for Fauquier County and the Fauquier County School Board Retirement Plans were measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

The total pension liability for the general employees, public safety employees, and non-professional employees of the School Board in the County Retirement Plan and professional employees of the School Board in the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

	County		School Board	
	General employees	Public safety employees	Non-professional employees	Professional employees
Inflation	2.5%			
Salary increases, including inflation	3.5% - 5.35%	3.5% - 4.75%	3.5% - 5.35%	3.5% - 5.95%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*			

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

	General employees and School Board Non-professional employees	Public safety employees	School Board professional employees
Largest 10-Non-Hazardous Duty			
Mortality rates:	20% of deaths are assumed to be service related	70% of deaths are assumed to be service related	
Pre-Retirement:			
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older with scale BB to 2020	Males 95 %of rates; females 105% of rates	Males 90% of rates; females set forward 1 year	
Post-Retirement:			
RP-2014 Employee Rates to age 49, Healthy Annuitant rates at age 50 and older projected with scale BB to 2020	Males set forward 3 years, females 1.0% increase compounded from ages 70-90	Males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years	Males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase from ages 75 to 90
Post-Disablement:			
RP-2014 Disability Mortality Rates projected with scale BB to 2020	Males set forward 2 years, 110% of rates; females 125% of rates	Males set forward 2 years; unisex using 100% male	115% of rates for males and females
All Others (Non 10 Largest) – Non-Hazardous Duty			
Mortality rates:	15% of deaths are assumed to be service related	45% of deaths are assumed to be service related	
Pre-Retirement:			
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older with scale BB to 2020	Males 95 %of rates; females 105% of rates	Males 90% of rates; females set forward 1 year	
Post-Retirement:			
RP-2014 Employee Rates to age 49, Healthy Annuitant rates at age 50 and older projected with scale BB to 2020	Males set forward 3 years, females 1.0% increase compounded from ages 70-90	Males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years	
Post-Disablement:			
RP-2014 Disability Mortality Rates projected with scale BB to 2020	Males set forward 2 years, 110% of rates; females 125% of rates	Males set forward 2 years, unisex using 100% male	

General employees and School Board Non-professional employees: The actuarial assumptions for general employees and School Board Non-professional employees used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Non-LEOS:
- Updated mortality table to a more current mortality table- RP-2014 projected to 2020
- Lowered rates at older ages and changed final retirement from 70 to 75
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Lowered disability rates
- No changes to salary scale
- Increased line of duty disability rate from 14% to 20%

All Others (Non 10 Largest) – Non-LEOS:
- Updated mortality table to a more current mortality table- RP-2014 projected to 2020
- Lowered rates at older ages and changed final retirement from 70 to 75
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Lowered disability rates
- No changes to salary scale
- Increased line of duty disability rate from 14% to 15%

Public safety employees: The actuarial assumptions for public safety employees used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Hazardous Duty:
- Updated mortality table to a more current mortality table- RP-2014 projected to 2020
- Lowered retirement rates at older ages
- Adjusted withdrawal rates to better fit experience
- Increased disability rates
- No changes to salary scale
- Increased line of duty disability rate from 60% to 70%

All Others (Non 10 Largest) – Hazardous Duty:
- Updated mortality table to a more current mortality table- RP-2014 projected to 2020
- Increased age 50 rates and lowered rates at older ages
- Adjusted rates to better fit experience at each year age and service through 9 years of service.
- Adjusted rates to better fit experience
- No changes to salary scale
- Decrease line of duty disability rate from 60% to 45%

School Board professional employees: The actuarial assumptions for School Board professional employees used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update to a more current mortality table- RP-2014 projected to 2020
- Lowered rates at older ages and changed final retirement from 70 to 75
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Adjusted to better match experience
- No changes to salary scale

D. Long-Term Expected Rate of Return

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

by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic normal return	7.30%

* The above allocate provides a one-year return of 7.30%. However, one year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%

E. Discount Rate

The discount rate used to measure the total pension liabilities was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between the actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rates contributed by the County and School Board for the County, the School Board Non- professional, and the VRS Teacher Retirement Plans will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, participating employers and School Boards are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plans' fiduciary net positions were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine total pension liabilities.

F. Employees Covered by the Benefit Terms

As of the June 30, 2016 actuarial valuation, the following employees were covered by the benefit terms of the Fauquier County Plan and the School Board Non-professional Plan.

	Fauquier County Plan	School Board Non-professional Plan
Inactive members or their beneficiaries currently receiving benefits	279	158
Inactive members entitled to but not yet receiving benefits		
Vested	119	40
Non-vested	248	166
Active elsewhere in the VRS	216	98
Total inactive members	583	304
Active members	629	350
Total	1,491	812

G. Contributions

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

Fauquier County: The County's contractually required contribution rate for the year ended June 30, 2018 was 8.28% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015 and when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The table below shows contribution rates as a percentage of the annual covered payroll to the agent multiple employer plan for employees of the governmental activities and business-type activities of Fauquier County.

School Board: The contractually required contribution rate for the year ended June 30, 2018 was 4.98% of covered employee compensation for Non-professional School Employee Retirement Plan.

For the VRS Teacher Retirement Plan, the contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school division by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school divisions' contractually required contribution rate for the year ended June 30, 2018 was 16.32% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015 and reflects the transfer in June 2015 of $192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarial rate for the Teacher Retirement Plan was 16.32%. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

The chart below summarizes the contribution requirements for each plan:

	Primary Government	School Board	
	Retirement Plan	Non-professional Retirement Plan	Teacher Retirement Plan
Annual Covered Payroll	$ 36,454,515	$ 5,839,573	$ 68,674,355
Employer contribution rates	8.28%	4.98%	16.32%
Employee contribution rates	5.00%	5.00%	5.00%
Total contribution rates	13.28%	9.98%	21.32%
Contributions recognized, June 30, 2018	3,023,056	290,810	11,078,997
Contributions recognized, June 30, 2017	$ 2,834,313	$ 299,897	$ 9,338,916

H. Changes in the Net Pension Liability and Sensitivity of the Net Pension Liability to Changes in the Discount Rate

Fauquier County:

The following table presents the changes in the net pension liability and the sensitivity of the net pension liability to changes in the discount rate. The net pension liability uses a discount rate of 7.00% and the sensitivity calculates the net pension liability using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

Schedule of Changes in the Net Pension Liability
Primary Government

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2016	$ 110,751,344	$ 99,265,301	$ 11,486,043
Changes for the Year			
Service Cost	3,978,825	-	3,978,825
Interest	7,609,870	-	7,609,870
Changes of assumptions	(662,813)	-	(662,813)
Difference between expected and actual experience	498,300	-	498,300
Change in proportion impact	-	-	-
Contributions- employer	-	2,752,121	(2,752,121)
Contributions- employee	-	1,675,382	(1,675,382)
Net investment income	-	12,180,445	(12,180,445)
Benefit payments, including refunds of employee contributions	(4,077,843)	(4,077,843)	-
Administrative expense	-	(68,588)	68,588
Other changes	-	(10,917)	10,917
Net Changes	7,346,339	12,450,600	(5,104,261)
Balances at June 30, 2017	$ 118,097,683	$ 111,715,901	$ 6,381,782

	1% Decrease 6%	Discount Rate 7%	1% increase 8%
Sensitivity of the Net Pension Liability to Changes in Discount Rate	$ 23,116,110	$ 6,381,782	$ (7,369,238)

School Board:

The following table presents the changes in the net pension liability and the sensitivity of the net pension liability to changes in the discount rate for Non-professional Retirement Plan and also the School Board's proportionate share of the total pension liability, plan fiduciary net position and the net pension liability of the Teacher Employee Retirement Plan. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School Board's proportion of the net pension liability for the Teacher Retirement Plan was based on the School Board's actuarially determined contributions to the pension plan for the year ended June 30, 2017 relative to the total of the actuarially determined contributions for all participating employers. At June 30, 2017, the School Board's proportion was .92342% as compared to .94296% at June 30, 2016.

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

	Teacher Employee Retirement Plan
Total Pension Liability	$ 45,417,520
Plan Fiduciary Net Pension	33,119,545
Employer's Net Pension Liability (Asset)	$ 12,297,975
Plan Fiduciary Net Position as Percentage of the Total Pension Liability	72.92%

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

Schedule of Changes in the Net Pension Liability (Asset)
School Board (non-professional)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2016	$ 22,948,434	$ 23,232,221	$ (283,787)
Changes for the Year			
Service Cost	745,093	-	745,093
Interest	1,568,963	-	1,568,963
Changes of assumptions	(242,307)		(242,307)
Difference between expected and actual experience	(111,788)	-	(111,788)
Contributions- employer	-	346,567	(346,567)
Contributions- employee	-	355,536	(355,536)
Net investment income	-	2,817,301	(2,817,301)
Benefit payments, including refunds of employee contributions	(1,069,340)	(1,069,340)	-
Administrative expense	-	(16,287)	16,287
Other changes	-	(2,508)	2,508
Net Changes	890,621	2,431,269	(1,540,648)
Balances at June 30, 2017	$ 23,839,055	$ 25,663,490	$ (1,824,435)
Teacher Cost Sharing Plan			
Proportionate share .92342% of the collective pension liability, fiduciary net position, and net pension liability	419,394,000	305,833,000	113,561,000
Total School Board Balances at June 30, 2017	$ 443,233,055	$ 331,496,490	$ 111,736,565

Sensitivity of the Net Pension Liability to Changes in Discount Rate	1% Decrease 6%	Discount Rate 7%	1% increase 8%
School Board (non teacher) net pension liability	$ 1,021,024	$ (1,824,435)	$ (4,210,884)
School Board (teacher cost sharing pool) proportionate share of the collective net pension liability	$ 169,586,018	$ 113,561,000	$ 67,218,678

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

For the year ended June 30, 2018, the County recognized pension expense totaling $1,552,504. The School Board recognized pension expense of $44,288 for Non-professional Retirement Plan and $7,212,000 for its share of the total pension expense related to the Teacher Retirement Plan. Since there was a change in the proportionate share for the Teacher Retirement Plan between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and proportionate share of employer contributions.

NOTE 13 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN (CONTINUED)

At June 30, 2018, the County and School Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		School Board			
	Retirement Plan		Non-professional Retirement Plan		Teacher Retirement Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 357,537	$ (803,759)	$ 11,540	$ (72,426)	$ -	$ (8,041,000)
Net difference between projected and actual earnings on pension plan	-	(1,646,433)		(363,314)	-	(4,126,000)
Changes in assumptions	-	(475,578)	-	(156,988)	1,657,000	-
Changes in proportion and differences between employer contributions and the proportionate share of contributions	-	-	-	-	-	(3,700,000)
Contributions subsequent to the measurement date	3,023,056	-	290,810	-	11,078,997	-
Total	$ 3,380,593	$ (2,925,770)	$ 302,350	$ (592,728)	$ 12,735,997	$ (15,867,000)

The County reported $3,023,056 as deferred outflows of resources resulting from contributions subsequent to the measurement date. The School Board reported $290,810 for the Non-professional Retirement Plan and $11,078,997 for the Teacher Retirement Plan. These deferred outflows of resources will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

	Primary Government	School Board	
Year ended June 30:	Retirement Plan	Non-professional Retirement Plan	Teacher Retirement Plan
2019	$ (1,538,006)	$ (344,420)	$ (5,627,000)
2020	76,328	4,047	(1,362,000)
2021	(62,072)	98	(2,181,000)
2022	(1,044,483)	(240,913)	(4,346,000)
2023	$ -	$ -	$ (694,000)

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM

A. Plan descriptions and provisions

Other Postemployment benefits consist of the following programs for Fauquier County and Fauquier County School Board:

Fauquier County

- Fauquier County and Public Schools Postretirement Medical Plan (“Continuation Plan”)
- Fauquier County Retirement Health Insurance Credit Plan (“Credit Plan”)
- Virginia Retirement System Group Life Insurance Program (“VRS GLI Program”)

Fauquier County School Board

- Fauquier County and Public Schools Postretirement Medical Plan ("Continuation Plan")
- Virginia Retirement System Group Life Insurance Program ("VRS GLI Program")
- Virginia Retirement System Teacher Employee Health Insurance Credit Program ("VRS Teachers HIC Program)

Continuation Plan: The Fauquier County Government and Public Schools Postretirement Medical Program ("Continuation Plan") is a single-employer defined benefit health care plan which offers eligible retired employees the option to continue coverage as a member of the group along with active employees in accordance with §15.2-1517.C.1 of the *Code of Virginia*.

General and public safety employees are eligible to retire at age 50 with 15 years of service. School employees are eligible for retiree health benefits until Medicare eligibility once they meet Virginia Retirement System (VRS) pension eligibility requirements. VRS pension eligibility requirements are for those hired prior to July 1, 2010 and vested before January 1, 2013, earlier of age 55 with 5 years of service or age 50 with 10 years of service. For employees hired on/after July 1, 2010 and not vested before January 1, 2013, eligibility is the earlier of age 60 with 5 years of service; or Sum of age plus years of service is at least 90. Spouses of retirees are allowed to remain on the plan as long as the retiree is alive. If the spouse is named beneficiary they would receive life insurance payments and money from the VRS employee contribution amount.

The published insurance rates are based primarily on the health care usage of active employees. Retirees pay 100% of the published rates. Since it is generally assumed that retirees use health care at a rate much higher than active employees, using these blended rates creates a presumed subsidy for the retiree group. Employees who terminate prior to employment eligibility are not eligible to participate in the plan. Dependents, including surviving spouses, are permitted access to plan coverage. Disabilities must meet service retirement eligibilities to gain access to the plan.

The Continuation Plan is administered by Fauquier County and Fauquier County School Board and has no separate financial report. The benefit terms are established and can be amended by the Fauquier County Board of Supervisors or the Fauquier County School Board.

Credit Plan: The Credit Plan, established by the Fauquier County Board of Supervisors, effective January 1, 2018, is a single-employer defined benefit health care plan which offers eligible retired employees the option to receive a cash payment ("credit") to use to offset the cost of health and dental insurance during retirement. Benefits are available to Fauquier County employees who retire after January 1, 2018 and meet the plan's eligibility criteria.

The Credit Plan is administered by Fauquier County and has no separate financial report. The benefit terms are established and can be amended by the Fauquier County Board of Supervisors.

About the Credit Plan	
Eligible Members	Eligible members include Fauquier County employees who: • Attain age 50; • Participated in the County's Health care program for the 5 years immediately prior to retirement; • Have 20 years of consecutive service with the County, except for grandfathered current employees (those hired prior to October 12, 2017) who had a break in service prior to the date of adoption of the program; • Retire with and unreduced benefit through VRS and not on VRS Medical Disability.

Benefit Amounts	• Pre-65: Portable monthly health credit of $16.67 per year or service with Fauquier County up to 30 years ($500 per month subsidy maximum); • Post-65: Portable monthly health credit of $5.50 per year of service up to 30 years ($165 per month subsidy maximum); • Retirees are not required to have health coverage with the County to receive the stated benefits; • All benefits are provide for the employee only (credit not provided for dependents).

Fauquier County and School Board participate in the Virginia Other Postemployment Benefits Program Trust Fund (Trust Fund), an irrevocable trust established for the purpose of accumulating assets to fund postemployment benefits other than pensions, in the form set forth in the Virginia Pooled OPEB Trust Fund Agreement. The Trust Fund is governed by a Board of Trustees composed of nine members who are elected by participants in the pooled trust, with votes weighted according to each participating employer's share of total fund assets.

The Trustees establish investment objectives, risk tolerance and asset allocation policies for the Fund in light of the purposes of the Fund, market and economic conditions, and generally prevailing prudent investment practices. The Trustees monitor the Trust Fund to ensure adherence to the Investment Policy & Guidelines and review, monitor, and evaluate the performance of the Fund and its investment advisors in light of available investment opportunities, market conditions, and publicly available indices for the generally accepted evaluation and measurement of such performance. If necessary, the Trustees are responsible for making changes to achieve the objectives.

The investment objective of the Trust Fund is to maximize total long-term rate of return with reasonable risk by seeking capital appreciation and, secondarily, principal protection. The Trust Fund is segregated and managed as two distinct portfolios that are referred to as Portfolio I and Portfolio II. Portfolio I is structured to achieve a compound annualized total expected rate of return over a market cycle, including current income and capital appreciation, of 7.5%. Portfolio II is structured to achieve an expected rate of return of 6.5%. The investment performance of each Portfolio will be reviewed quarterly and compared on a rolling three year basis and over other relevant time periods to the following: (a) a composite benchmark comprised of each asset classes' market index benchmarks, weighted by each Portfolio's long-term policy allocations, and (b) a peer group of other similar size fund sponsors.

The Trustees are responsible for setting each Portfolio's long-term asset allocation, after taking into consideration expectations for asset class returns and volatility, risk tolerance and liquidity needs. The Trust Fund's assets are separately managed by professional investment managers or invested in professionally managed investment vehicles. Each Portfolio is invested in a broadly diversified manner by asset class, style and capitalization, which will control volatility levels.

The Trustees monitor the asset allocation of each Portfolio on a quarterly basis to ensure that each Portfolio remains within the range of targeted asset allocations. Consideration will be given annually, or more often if deemed appropriate, to actively rebalance a Portfolio. Rebalancing is back to the neutral policy target unless otherwise directed by the Trustees.

The Trust Fund issues a separate report, which can be obtained by requesting a copy from the plan administrator, Virginia Municipal League (VML) at P.O. Box 12164, Richmond, Virginia 23241.

The OPEB Trust Finance Committee meets quarterly to monitor the OPEB Trust and the OPEB plan. The OPEB Trust Finance Committee consists of County Administrator, Finance Director, Treasurer, Office of Management and Budget Director, and School Board Assistant Superintendent of Budget and Planning who each serve a two year term.

VRS GLI Program: The VRS GLI Program is a multiple employer, cost-sharing plan. It is a defined benefit plan that provides a basic group life insurance benefit for state employees, teachers, and employees of participating political subdivisions. The VRS GLI Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended.

All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS GLI Program upon employment. This plan is administered by the VRS along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the VRS GLI Program OPEB.

Specific information for VRS GLI Program OPEB, including eligibility, coverage and benefits is set out in the table below:

About the VRS GLI Program	
Eligible Members	The VRS GLI Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program. Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.
Benefit Amounts	The benefits payable under the VRS GLI Program have several components: • Natural Death Benefit – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. • Accidental Death Benefit – The accidental death benefit is double the natural death benefit. • Other Benefit Provisions – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: – Accidental dismemberment benefit – Safety belt benefit – Repatriation benefit – Felonious assault benefit – Accelerated death benefit option
Reduction in Benefit Amounts	The benefit amounts provided to members covered under the VRS GLI Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.
Minimum Benefit Amount and Cost of Living Adjustment (COLA)	For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the VRS GLI Program. The minimum benefit was set at $8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently $8,111.

Detailed information about the VRS GLI Program's Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

VRS Teachers HIC Program: The VRS Teachers HIC Program is a multiple-employer, cost-sharing plan. It is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. The VRS Teachers HIC Program was established pursuant to §51.1-1400 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended.

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teachers HIC Program. This plan is administered by the VRS along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums. Retirees pay for single coverage, excluding any portion

covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information for the VRS Teachers HIC Program OPEB, including eligibility, coverage, and benefits is set out in the table below:

About the VRS Teachers HIC Program	
Eligible Members	The VRS Teachers HIC Program was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Eligible employees are enrolled automatically upon employment. They include: • Full-time permanent (professional) salaried employees of public school divisions covered under VRS.
Benefit Amounts	The VRS Teachers HIC Program provides the following benefits for eligible employees: • **At Retirement** – For Teacher and other professional school employees who retire, the monthly benefit is $4.00 per year of service per month with no cap on the benefit amount. • **Disability Retirement** – For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: • $4.00 per month, multiplied by twice the amount of service credit, or • $4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.
Notes	• The monthly Health Insurance Credit benefit cannot exceed the individual premium amount. • Employees who retire after being on long-term disability under VLDP must have at least 15 year of service credit to qualify for the health insurance credit as a retiree.

Detailed information about the Teachers HIC Program's Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Summary of Significant Accounting Policies

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan or by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

C. Actuarial Assumptions

Continuation and Credit Plans: The net OPEB liability for the Continuation and Credit Plans was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed on June 30, 2017, using the Entry Age Normal Level % of Salary method.

The following assumptions, as applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018 are noted in the table below:

	Continuation Plan	Credit Plan
Inflation	3.00%	3.00%
Salary increases, including inflation	3.50%	3.50%
Investment rate of return	7.50%	7.50%
Health care cost trend rates	9.00%, decreasing 0.5% annually to an ultimate rate of 4.5%	8.50%, decreasing to an ultimate rate of 5.0%

Mortality rates for healthy retirees were based on the RPH-2015 Total Dataset Mortality Table fully generational using scale MP-2015. Mortality rates for disabled retirees were based on the RPH-2015 Disabled Mortality Table fully generational using scale MP-2015. RPH-2015 table is created from RPH-2014 mortality table with 8 years of MP-2014 mortality improvement backed out, projected to 2015 using scale MP-2015.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2016 – June 30, 2017.

VRS GLI and Teachers HIC Programs: The net OPEB liability for the VRS GLI and the VRS Teachers HIC Programs was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed on June 30, 2017. Total OPEB liability for the VRS GLI and Teachers HIC Programs was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal Actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30,2017.

	County		**School Board**	
	General employees	Public safety employees	Non-professional employees	Professional employees (Teachers)
Inflation	2.5%			
Salary increases, including inflation	3.5% - 5.35%	3.5% - 4.75%	3.5% - 5.35%	3.5% - 5.95%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*			

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

	General, JRS, and School Board Non-professional employees	Public safety (SPORS and VaLORS) employees	Teachers
Pre-Retirement:			
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020	Males set back 1 year, 85% of rates; females set back 1 year.	Males 90% of rates; females set forward 1 year	
Post-Retirement:			
RP-2014 Employee Rates to age 49, Healthy Annuitant rates at age 50 and older projected with scale BB to 2020	Males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.	Males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years	Males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.
Post-Disablement:			
RP-2014 Disability Life Mortality Rates projected with scale BB to 2020	Males 115% of rates; females 130% of rates	Males set forward 2 years; unisex using 100% male	115% of rates for males and females

	General employees	Hazardous duty employees
Largest Ten Locality Employers		
Pre-Retirement:		
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020	Males 95% of rates; females 105% of rates.	Males 90% of rates; females set forward 1 year.
Post-Retirement:		
RP-2014 Employee Rates to age 49, Healthy Annuitant rates at age 50 and older projected with scale BB to 2020	Males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.	Males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.
Post-Disablement:		
RP-2014 Disability Life Mortality Rates projected with scale BB to 2020	Males set forward 2 years, 110% of rates; females 125% of rates	Males set forward 2 years; unisex using 100% male.
Non-Largest Ten Locality Employers		
Pre-Retirement:		
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020	Males 95% of rates; females 105% of rates	Males 90% of rates; females set forward 1 year
Post-Retirement:		
RP-2014 Employee Rates to age 49, Healthy Annuitant rates at age 50 and older projected with scale BB to 2020	Males set forward 3 years, females 1.0% increase compounded from ages 70-90	Males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years
Post-Disablement:		
RP-2014 Disability Life Mortality Rates projected with scale BB to 2020	Males set forward 2 years, 110% of rates; females 125% of rates.	Males set forward 2 years, unisex using 100% male

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

General employees and School Board Non-professional employees:
- Updated mortality table to a more current mortality table- RP-2014 projected to 2020
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Adjusted disability rates to better match experience
- No changes to salary scale
- Increased line of duty disability rate from 14% to 25%

JRS employees:
- Updated mortality table to a more current mortality table- RP-2014 projected to 2020
- Decreased retirement rates at first retirement eligibility
- No change to withdrawal rates to better fit experience
- Removed disability rates
- No changes to salary scale

Largest Ten Locality Employers:
- Updated mortality table to a more current mortality table- RP-2014 projected to 2020
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Adjusted termination rates to better fit experience at each year age and service
- Lowered disability rates
- No changes to salary scale
- Increased line of duty disability rate from 14% to 20%

Non Largest Ten Locality Employers:
- Updated mortality table to a more current mortality table- RP-2014 projected to 2020
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Adjusted termination rates to better fit experience at each year age and service Year
- Lowered disability rates
- No changes to salary scale
- Increased line of duty disability rate from 14% to 15%

Public safety employees:
SPORS employees:
- Updated mortality table to a more current mortality table- RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
- Increased retirement rates for age 50 and lowered retirement rates at older ages
- Adjusted withdrawal rates to better fit experience
- Adjusted disability rates to better match experience
- No changes to salary scale
- Increased line of duty disability rate from 60% to 85%

VaLOR's employees:
- Updated mortality table to a more current mortality table- RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
- Increased retirement rates for age 50 and lowered retirement rates at older ages
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Adjusted disability rates to better match experience
- No changes to salary scale
- Decreased line of duty disability rate from 50% to 35%

Largest Ten Locality Employers – Hazardous Duty employees:
- Updated mortality table to a more current mortality table- RP-2014 projected to 2020
- Lowered retirement rates at older ages.
- Adjusted termination rates to better fit experience at each age and service year
- Increased disability rates
- No changes to salary scale
- Increased line of duty disability rate from 60% to 70%

Non-Largest Ten Locality Employers – Hazardous Duty employees:
- Updated mortality table to a more current mortality table- RP-2014 projected to 2020
- Increased age 50 retirement rates and lowered retirement rates at older ages
- Adjusted termination rates to better fit experience at each age and service year
- Adjusted disability rates to better fit experience
- No changes to salary scale
- Decreased line of duty disability rate from 60% to 45%

Teachers:
- Updated to a more current mortality table- RP-2014 projected to 2020
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Adjusted disability rates to better match experience
- No changes to salary scale

D. Long Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Large Cap Equity	26.00%	7.53%
U.S. Small Cap Equity	10.00%	8.79%
Developed Non U.S. Equity	13.00%	8.51%
Emerging Market Equity	5.00%	9.80%
Private Equity	5.00%	10.16%
Fixed Income	21.00%	2.92%
Real Estate	7.00%	5.04%
Commodities	3.00%	2.18%
Diversified Hedge Funds	10.00%	5.29%
Total	100.00%	6.59%

The money-weighted rate of return on OPEB plan investments for the fiscal year ending June 30, 2018 was 9.52%. A money weighted rate of return expresses investment performance, net of OPEB plan investment expense, adjusted for the changing amounts actually invested.

VRS GLI and Teachers HIC Programs: The long-term expected rate of return for the VRS GLI and Teachers HIC Programs is the same as the long–term expected rate of return for the VRS Pension Plans. Please refer to Section D, of Note 13 Virginia Retirement System Pension Plan for further information.

E. Discount Rate

Continuation and Credit Plans: For the current valuation, the discount rate used when the OPEB plan investments are insufficient to pay for future benefit payments is selected from the range of indices as shown in the table below, where the range is given as the spread between the lowest and highest rate shown.

The final equivalent single discount rate used for this year's valuation is shown in the table below with the expectation that the County will continue paying the pay-go cost from the OPEB Trust until the Trust balance is exhausted. At that point the plan will become unfunded (i.e. financed on a pay-as-you-go basis).

	Bond Buyer Go 20-Bond Municipal Index	S&P Municipal 20 Year High Grade Rate Index	Fidelity 20-Year Go Municipal Bond Index	Bond Index Range	Actual Discount Rate Used
Continuation Plan					
Yield as of July 1, 2017	3.58%	3.13%	3.56%	3.13%-3.56%	3.58%
Yield as of June 30, 2018	3.87%	2.98%	3.62%	2.98%-3.63%	3.87%
Credit Plan					
Yield as of July 1, 2017	3.58%	3.13%	3.56%	3.13%-3.56%	7.50%
Yield as of June 30, 2018	3.87%	2.98%	3.62%	2.98%-3.87%	7.50%

VRS GLI and Teachers HIC Programs: The discount rate for the VRS GLI and Teachers HIC Programs is the same as the discount rate used for the Virginia Retirement Pension Plans. Please refer to Section E, of Note 13 Virginia Retirement System Pension Plan for further information.

F. Employees Covered by the Benefit

The following employees were covered by the benefit terms of the Continuation and Credit Plans:

	Continuation Plan	Credit Plan
Inactive employees currently receiving benefit payments	44	2
Active participants	2,559	688
Total	2,603	690

G. Contributions

Continuation Plan: Benefit levels, employee contributions, and employer contributions are governed by the County and may be amended by the County. The County establishes employer contribution rates for plan participants and determines annual funding for the plan as part of the budgetary process each year. For participating retirees and their dependents, including surviving spouses, the retiree contributes 100% of the published rates.

Because the nature of the Continuation Plan creates an implicit rate subsidy, the County Board of Supervisors and School Board have adopted a pay-as-you-go funding methodology and therefore, did not make any contributions to the Trust Fund for the Continuation Plan. The assets that have been previously accumulated in the Trust Fund for the implicit rate subsidy are being used to fund the Credit Plan.

Credit Plan: Contributions for the Credit Plan were determined based on an actuarially determined contribution (ADC) from an actuarial valuation dated June 30, 2017. The ADC is the target or recommended contribution, which

if paid on an ongoing basis, will provide sufficient resources to fund future costs for services to be earned and liabilities attributed to past services. The County contributed the ADC in the amount of $132,797 in fiscal year 2018. As the plan was new for this fiscal year, previously accumulated assets in the Trust Fund in the amount of $582,677 were also contributed in excess of the actuarially determined contribution.

VRS GLI Program: The contribution requirements for the VRS GLI Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% X 60%) and the employer component was 0.52% (1.31% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2018 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Fauquier County contributed $190,027 and $178,438 to the VRS GLI Program for the years ended June 30, 2018 and June 30, 2017, respectively. For the years ending June 30, 2018, Fauquier County School Board contributed $379,887 for the teachers and $38,884 for the non-professional employees to the VRS GLI program. For the year ending June 30, 2017, Fauquier County School Board contributed $380,267 for the teachers and $38,836 for the non-professional employees to the VRS GLI program.

VRS Teachers HIC Program: The contribution requirement for active employees is governed by §51.1-1401(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2018 was 1.23% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Fauquier County School Board contributed $897,633 and $809,957 to the VRS Teachers HIC Program for the years ended June 30, 2018 and June 30, 2017, respectively.

H. Changes in the Net OPEB Liability - Credit and Continuation Plans

The following table presents the changes in the net OPEB liability for the Continuation and Credit Plans:

Schedule of Changes in the Net OPEB Liability
Primary Government

	Continuation Plan			Credit Plan		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2017	$ 2,140,262	$ 194,361	$ 1,945,901	$ -	$ -	$ -
Changes for the Year						
Service Cost	127,610		127,610	48,350		48,350
Interest	80,443		80,443	149,998		149,998
Changes in assumptions	(68,613)		(68,613)	1,952,876		1,952,876
Difference between expected and actual experience	(35,324)		(35,324)	5,008		5,008
Contributions- employer	-	-	-	-	-	-
Contributions- employee		(152,232)	152,232		715,474	(715,474)
Net investment income		-	-		55,579	(55,579)
Benefit payments, including refunds of employee contributions	(42,129)	(42,129)	-	(2,545)	(2,545)	-
Administrative expense	-	-	-	-	(1,151)	1,151
Other changes	-	-	-	-	-	-
Net Changes	61,987	(194,361)	256,348	2,153,687	767,357	1,386,330
Balances at June 30, 2018	$ 2,202,249	$ -	$ 2,202,249	$ 2,153,687	$ 767,357	$ 1,386,330

Schedule of Changes in the Net OPEB Liability
School Board

	Continuation Plan		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2017	$ 4,248,059	$ 385,771	$ 3,862,288
Changes for the Year			
Service Cost	338,678	-	338,678
Interest	160,918	-	160,918
Changes in assumptions	(87,092)	-	(87,092)
Difference between expected and actual experience	(179,110)	-	(179,110)
Contributions- employer	-	(200,450)	200,450
Contributions- employee	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of employee contributions	(185,321)	(185,321)	-
Administrative expense	-	-	-
Other changes	-	-	-
Net Changes	48,073	(385,771)	433,844
Balances at June 30, 2018	$ 4,296,132	$ -	$ 4,296,132

I. Net OPEB Liability - VRS GLI Program and VRS Teachers HIC Program

The net OPEB liability for the VRS GLI and the VRS Teachers HIC Programs represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2017, net OPEB liability amounts for the programs are as follows (amounts expressed in thousands):

	VRS GLI Program	VRS Teachers HIC Program
Total OPEB Liability	$ 2,942,426	$ 1,364,702
Plan Fiduciary Net Position	1,437,586	96,091
Net GLI OPEB Liability	$ 1,504,840	$ 1,268,611
Plan Fiduciary Net Position as a percentage of Total OPEB Liability	48.86%	7.04%

The total OPEB liability is calculated by VRS's actuary, and each plan's fiduciary net position is reported in VRS's financial statements. The net OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

The County and School Board's proportionate shares of the VRS GLI Program and the VRS Teachers HIC Program net OPEB liabilities were based on actuarially determined employer contributions to VRS for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers.

The table below outlines the proportionate share of the total OPEB liability, fiduciary net position and net OPEB liabilities for the VRS GLI and Teachers HIC Programs at June 30, 2018:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
VRS GLI Program			
Fauquier County proportionate share (.18604%) of the collective OPEB liability, fiduciary net position, and net OPEB liability	$ 5,474,000	$ 2,674,000	$ 2,800,000
Fauquier County School Board (non-professional) proportionate share (.04049 %) of the collective OPEB liability, fiduciary net position, and net OPEB liability	1,191,000	582,000	609,000
Fauquier County School Board (teachers) proportionate share (.39646%) of the collective OPEB liability, fiduciary net position, and net OPEB liability	11,666,000	5,699,000	5,967,000
VRS Teachers Retirement HIC Program			
Fauquier County School Board (teachers) proportionate share (.92391%) of the collective OPEB liability, fiduciary net position, and net OPEB liability	$ 12,609,000	$ 888,000	$ 11,721,000

J. Sensitivity of the Net OPEB liability to Changes in the Discount Rate and in the Health Care Cost Trend

The following tables present the sensitivity of the net OPEB liability to changes in the discount rate and the health care cost trend rate using rates that are one percentage point lower and one percentage point higher than the current rate.

	Continuation Plan			Credit Plan		
	1% Decrease 2.87%	Current Rate 3.87%	1% Increase 4.87%	1% Decrease 6.50%	Current Rate 7.50%	1% Increase 8.50%
Primary Government						
Sensitivity of the Net OPEB Liability to changes in Discount Rate	$ 2,448,923	$ 2,202,249	$ 1,983,053	$ 1,679,976	$ 1,386,330	$ 1,140,330
	1% Decrease 7.50%	Current Rate 8.50%	1% Increase 9.50%	1% Decrease 7.50%	Current Rate 8.50%	1% Increase 9.50%
Sensitivity of the Net OPEB Liability to changes in Healthcare Trend Rate	$ 1,905,764	$ 2,202,249	$ 2,560,996	$ 1,386,330	$ 1,386,330	$ 1,386,330
	1% Decrease 2.87%	Current Rate 3.87%	1% Increase 4.87%			
School Board						
Sensitivity of the Net OPEB Liability to changes in Discount Rate	$ 4,602,349	$ 4,296,132	$ 4,007,265			
	1% Decrease 7.50%	Current Rate 8.50%	1% Increase 9.50%			
Sensitivity of the Net OPEB Liability to changes in Healthcare Trend Rate	$ 3,805,824	$ 4,296,132	$ 4,872,407			

	VRS GLI Program		
	1% Decrease 6.00%	Current Rate 7.00%	1% Increase 8.00%
Primary Government			
Sensitivity of the Net OPEB Liability to changes in Discount Rate	$ 3,621,000	$ 2,800,000	$ 2,134,000
School Board			
Non-professional			
Sensitivity of the Net OPEB Liability to changes in Discount Rate	$ 788,000	$ 609,000	$ 464,000
Teachers			
Sensitivity of the Net OPEB Liability to changes in Discount Rate	$ 7,717,000	$ 5,967,000	$ 4,548,000

	VRS HIC Program		
	1% Decrease 6.00%	Current Rate 7.00%	1% Increase 8.00%
Teachers			
Sensitivity of the Net OPEB Liability to changes in Discount Rate	$ 13,082,000	$ 11,721,000	$ 10,564,000

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the County recognized OPEB expense as follows:

	Continuation Plan	Credit Plan	VRS GLI Program			VRS HIC Program
			General employees	Non-professional	Teachers	
Primary Government	$ 86,719	$ 2,103,029	$ 35,000	$ -	$ -	$ -
School Board	221,581	-	-	10,000	53,000	921,000
	$ 308,300	$ 2,103,029	$ 35,000	$ 10,000	$ 53,000	$ 921,000

At June 30, 2018, deferred outflows of resources and deferred inflows of resources related to OPEB were from the following sources:

	Primary Government		School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Continuation Plan				
Differences between expected and actual experience	$ -	$ (311,017)	$ -	$ (700,390)
Changes in assumptions	-	(443,848)	-	(820,603)
Net difference between projected and actual earnings on OPEB plan investments	-	(45,437)	-	(90,184)
Total	$ -	$ (800,302)	$ -	$ (1,611,177)
Credit Plan				
Differences between expected and actual experience	$ -	$ (5,778)	$ -	$ -
Changes in assumptions	-	-	-	-
Net difference between projected and actual earnings on OPEB plan investments	4,553	-	-	-
Total	$ 4,553	$ (5,778)	$ -	$ -

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

	Primary Government		School Board			
			Non- Professional		Teachers	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
VRS GLI Program						
Differences between expected and actual experience	$ -	$ (63,000)	$ -	$ (14,000)	$ -	$ (132,000)
Changes in assumptions	-	(144,000)	-	(31,000)	-	(307,000)
Net difference between projected and actual earnings on OPEB plan investments	-	(105,000)	-	(23,000)	-	(225,000)
Proportionate share impact	21,000	-	15,000			(78,000)
Contributions subsequent to the measurement date	190,027	-	38,884	-	379,887	-
Total	$ 211,027	$ (312,000)	$ 53,884	$ (68,000)	$ 379,887	$ (742,000)
VRS Teachers HIC Program						
Differences between expected and actual experience	$ -	$ -	$ -	$ -	$ -	$ -
Changes in assumptions	-	-	-	-	-	(121,000)
Net difference between projected and actual earnings on OPEB plan investments	-	-	-	-	-	(21,000)
Proportionate share impact	-	-	-	-	-	(209,000)
Contributions subsequent to the measurement date	-	-	-	-	897,633	-
Total	$ -	$ -	$ -	$ -	$ 897,633	$ (351,000)

The $418,771 reported as deferred outflows of resources related to the VRS GLI Program and $897,633 reported as deferred outflows of resources related to the VRS Teachers HIC Program resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teachers HIC OPEB Liability in the fiscal year ending June 30, 2019.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plans will be recognized in OPEB expense in future reporting periods as follows:

Year ended June 30:	Continuation Plan	Credit Plan	VRS GLI Program
Primary Government			
2019	$ (121,335)	$ (989)	$ (60,000)
2020	(121,335)	(989)	(60,000)
2021	(121,334)	(989)	(60,000)
2022	(106,189)	(991)	(60,000)
2023	(106,189)	455	(34,000)
Thereafter	$ (223,920)	$ 2,278	$ (17,000)

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

Year ended June 30:	Continuation Plan	Credit Plan	VRS GLI Program		VRS Teachers HIC Program
			Non-professional	Teachers	
School Board					
2019	$ (278,016)	$ -	$ (11,000)	$ (151,000)	$ (55,099)
2020	(278,016)	-	(11,000)	(151,000)	(55,099)
2021	(278,014)	-	(11,000)	(151,000)	(55,099)
2022	(247,954)	-	(11,000)	(151,000)	(55,099)
2023	(247,954)	-	(5,000)	(95,000)	(49,849)
Thereafter	$ (281,223)	$ -	$ (4,000)	$ (43,000)	$ (80,755)

NOTE 15 – FUND BALANCES

The following is a summary of fund balances as of June 30, 2018:

Primary government

	General Fund	Capital Projects Fund	Debt Service Fund	Fire and Rescue Fund	Other Governmental Funds	Total Governmental Funds
Fund balances:						
Restricted:						
Parks, recreation, and cultural	$ -	$ -	$ -	$ -	$ 604,805	$ 604,805
Public Safety	-	-	-	3,396,958	107,611	3,504,569
Public works	-	-	-	-	498,487	498,487
Proffers	-	-	-	-	3,848,184	3,848,184
Grants	219,021	-	-	-	-	219,021
Capital projects	-	2,538,619	-	-	-	2,538,619
Total restricted	219,021	2,538,619	-	3,396,958	5,059,087	11,213,685
Committed:						
Public safety	-	-	-	6,707,733	238,751	6,946,484
Budgeted use of fund balance	1,203,816	-	-	-	-	1,203,816
Purchase development rights	-	-	-	-	527,369	527,369
Capital projects	-	12,907,898	-	-	-	12,907,898
Total committed	1,203,816	12,907,898	-	6,707,733	766,120	21,585,567
Assigned:						
General government administration	5,455,173	-	-	-	-	5,455,173
Judicial administration	7,320	-	-	-	-	7,320
Public safety	316,096	-	-	-	-	316,096
Public works	453,536	-	-	-	-	453,536
Health and welfare	708,334	-	-	-	-	708,334
Education	1,606,485	-	-	-	-	1,606,485
Parks, recreation, and cultural	1,498,642	-	-	-	-	1,498,642
Community development	341,181	-	-	-	-	341,181
Other purposes	-	-	82,831	-	-	82,831
Total assigned	10,386,767	-	82,831	-	-	10,469,598
Unassigned	19,085,314	-	-	-	-	19,085,314
Total	$ 30,894,918	$ 15,446,517	$ 82,831	$ 10,104,691	$ 5,825,207	$ 62,354,164

NOTE 15 – FUND BALANCES (CONTINUED)

Component unit – School Board

	School General Fund	School Asset Replacement Fund	School Textbook Fund	School Nutrition Fund	Total Component Unit School Board
Fund Balances:					
Nonspendable:					
Inventories	$ -	$ -	$ -	$ 110,907	$ 110,907
Restricted:					
Grants	421,340	-	-	-	421,340
Assigned:					
Other purposes	67,421	3,222,313	1,090,327	177,604	4,557,665
Total	$ 488,761	$ 3,222,313	$ 1,090,327	$ 288,511	$ 5,089,912

NOTE 16 – RISK MANAGEMENT

A. County government

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 identification and analysis of exposures to risk, implementation of risk control techniques, and utilization of appropriate risk financing alternatives accomplish management of these risks.

The County Government is a member of the Virginia Association of Counties Risk Pool (VACoRP) insurance programs for its property, automobile, liability, public officials, and workers' compensation coverage. This pool is a non-profit, tax-exempt association. Each Association member jointly and severally agrees to assume, pay, and discharge any liability. The County pays VACoRP contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. 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 carries commercial insurance for all other risks of loss, including airport liability. During the last three fiscal years, settled claims from these risks have not exceeded commercial coverage.

B. Component unit – School Board

The School Board is a member of the Virginia Association of Counties Risk Pool (VACoRP) for its property, automobile, and workers' compensation coverage.

The public officials' liability coverage is provided through the Commonwealth of Virginia – VA Risk2 program. The School Board carries commercial insurance for the athletic accident policy and each high school is a member of the Virginia High School League for liability catastrophe insurance.

In the event the pool, VACoRP, incurs a loss deficit and depletion of all available excess insurance, the pool 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.

C. Fire and Rescue Association component

The Fire and Rescue Association (Association) contract administration is handled through the Department of Fire, Rescue, and Emergency Management. The Association carries commercial insurance for the property, automobile, and liability coverage. The Cincinnati Insurance Company covers the workers' compensation policy and Provident carries the accident and sickness policy.

NOTE 16 – RISK MANAGEMENT (CONTINUED)

D. Health and dental benefit program component

The group medical and dental insurance programs for the County and the School Board are combined into one overall funding program. Anthem Blue Cross Blue Shield administers the group health insurance program and Anthem Dental administers the group dental insurance for employees, their dependents, and retirees.

The Anthem plans are self-insured by the County and the School Board. A fund has been established into which payroll medical insurance deductions, as well as the employer's contribution, are deposited. Anthem processes claims from the hospitals, doctors, and other health care providers. The employer is then billed for these paid claims and must reimburse Anthem for these costs. The program is a minimum premium design subject to an aggregate attachment point and a specific stop loss of $150,000. The prescription coverage is administered by OptumRx. The prescription claims are paid within the same fund established for the medical claims.

The stop loss coverage was also carved out of the Anthem policy and is administered by Symetra. Symetra insures both medical and prescription claims that are in excess of $150,000. Symetra reimburses the County or School Board for the amount. The premiums are based on covered employees at the rate of $94.53 per person.

The Anthem Dental Plans are fully insured by Anthem Dental. The employer has set up a fund into which payroll dental insurance deductions, as well as the employer's share of the premiums are deposited. Anthem Dental processes claims, from dentists and other dental providers, and pays these claims. The employer is only responsible for the premiums set by Anthem Dental.

Liabilities for unpaid claims and claim adjustment expenses are estimated based on the estimated ultimate cost of settling the claims, including the effects of trend factors including inflation and other societal and economic factors.

Changes in the balances of claims liability during the past two fiscal years are as follows:

	2017	2018
Unpaid claims, beginning of fiscal year	$ 2,410,423	$ 2,802,109
Incurred claims, (including IBNR)	26,122,473	21,487,331
Claim payments	(25,730,787)	(21,448,670)
Unpaid claims, end of fiscal year	$ 2,802,109	$ 2,840,771

NOTE 17– RELATED ORGANIZATIONS AND JOINTLY GOVERNED ORGANIZATIONS

Northwestern Regional Adult Detention Center

The Clarke-Fauquier-Frederick-Winchester Jail Board was created in 1987 to construct and operate the Clarke- Fauquier-Frederick-Winchester Regional Adult Detention Center, renamed the Northwestern Regional Adult Detention Center (Center) in fiscal year 2006. The Center charges, on an inmate per diem basis, other localities and the Federal Government for their prisoners placed in the jail. The thirteen member board consists of four members from the County of Frederick, and three each from the Counties of Clarke and Fauquier and the City of Winchester. In fiscal year 2006, the Northwestern Regional Jail Authority was created for the purpose of issuing revenue bonds for the construction of a new facility. The County and other participants have no equity interest in the jail. The County made operating contributions for 10.3% of the regional jail's operating expenses, including debt service, totaling $2,269,348 in fiscal year 2018.

Additional information may be obtained by writing to the Northwestern Regional Adult Detention Center at 141 Fort Collier Road, Winchester, Virginia 22603 or visiting the website at www.nradc.com.

Fauquier County Economic Development Authority

The Fauquier County Economic Development Authority (Authority) is empowered to issue bonds to finance facilities qualifying under the Virginia Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2 of the *Code of Virginia*. The Authority is a political subdivision of the Commonwealth governed by seven directors appointed by the Fauquier County Board of Supervisors. The Authority is empowered to, among other things, issue tax-exempt revenue bonds in accordance with the Act, acquire, own, lease, and dispose of properties, promote industry, and develop trade in the County.

The Board approves the issuance of industrial development bonds solely to qualify such bonds for tax-exemption. These bonds do not constitute indebtedness of the County and are secured solely as revenues received from the borrowers. The County has no financial responsibility for the day-to-day financial transactions of the Authority.

Additional information may be obtained by writing to the Fauquier County Economic Development Authority at Fauquier County Board of Supervisors, 10 Hotel Street, Suite 208, Warrenton, Virginia 20186 or visiting the website at www.fauquiercounty.gov/Government/boards.committees/economic-development-authority.

Fauquier County Water and Sanitation Authority

The Fauquier County Water and Sanitation Authority (Authority) is authorized under the Virginia Water and Waste Authorities Act, Section 15.2-5100 of the *Code of Virginia*. The Authority is governed by a five member board appointed by the Fauquier County Board of Supervisors to serve a four year term; however, the Board does not have the ability to direct the members of the Authority with respect to carrying out the Authority's fiscal and management functions. The Authority is authorized to acquire, construct, operate, and maintain an integrated water and sewer system in the County and set the rates and charges for these services. User charges and bond issues principally finance the Authority's operations and capital funds. The Authority is not fiscally dependent on the County and is solely responsible for all of its outstanding debt.

Additional information, including financial reports, may be obtained by writing to the Fauquier County Water and Sanitation Authority at 7172 Kennedy Road, Warrenton, Virginia 20187 or visiting the website at www.fcwsa.org.

Northern Virginia Health Center Commission

The Northern Virginia Health Center Commission (NVHCC) is a legal entity established in 1987 by five Northern Virginia jurisdictions (Fauquier County, Fairfax County, Prince William County, Loudoun County, and the City of Alexandria) to develop and operate a nursing facility. Each of the five jurisdictions contributes annually to Birmingham Green Nursing Center and Birmingham Green Assisted Living Unit based on budgeted utilization for a percentage of nursing home beds for low income residents of each locality. In fiscal year 2018, Fauquier County contributed a total of $109,347.

Additional information may be obtained by writing to the Northern Virginia Health Center Commission at 8605 Centreville Road, Manassas, Virginia 20110-8426 or visiting the website at www.birminghamgreen.org.

Birmingham Green Adult Care Residence

The Birmingham Green Adult Care Residence (Residence) was established in 1997 by five Virginia jurisdictions (Fauquier County, Fairfax County, Loudoun County, Prince William County, and the City of Alexandria) to provide housing and long-term care for the benefit of low income persons. The Residence operates a sixty-four bed assisted living facility. In fiscal year 2018, Fauquier County contributed a total of $296,819.

Additional information may be obtained by writing to the Northern Virginia Health Center Commission at 8605 Centreville Road, Manassas, Virginia 20110-8426 or visiting the website at www.birminghamgreen.org.

NOTE 17 – RELATED ORGANIZATIONS AND JOINTLY GOVERNED ORGANIZATIONS (CONTINUED)

Mountain Vista Regional Governor's School

The Mountain Vista Regional Governor's School was established in 2007. Currently seven divisions (Clarke County, Culpeper County, Fauquier County, Frederick County, Rappahannock County, Warren County, and the City of Winchester) jointly own and operate a regional governor's school. The governing board has appointed Fauquier County to serve as fiscal agent of the governor's school. Each of the seven school divisions contribute annually based on the number of students each school board proposes to send to the governor's school. In fiscal year 2018, the Fauquier County School Board contributed a total of $331,864, with $722,052 contributed from the other participating counties.

Additional information may be obtained by writing to the Mountain Vista Regional Governor's School at Lord Fairfax Community College, 6480 College Street, Warrenton, Virginia 20187 or Lord Fairfax Community College, 173 Skirmisher Lane, Middletown, Virginia 22645 or visiting the website at mvgshome.org.

Rappahannock-Rapidan Regional Commission

The Rappahannock-Rapidan Regional Commission was created by resolution pursuant to state statute and is considered a jointly governed organization. The County appoints two of the twenty-one board members; however, the County cannot impose its will on the board since it does not have the ability to modify or approve the budget or overrule or modify the decisions of the board. The board is fiscally independent and there is no financial benefit or burden relationship with the County. Therefore, it is not included in the County's financial statements.

Additional information may be obtained by writing to the Rappahannock-Rapidan Regional Commission at 420 Southridge Parkway, Suite 106, Culpeper, Virginia 22701 or visiting the website at www.rrregion.org.

Rappahannock-Rapidan Community Services Board and Area Agency on Aging

The Rappahannock-Rapidan Community Services Board and Area Agency on Aging was created by resolution pursuant to state statute and is considered a jointly governed organization. The County appoints three of the fifteen board members, however, the County cannot impose its will on the board since it does not have the ability to modify or approve the budget or overrule or modify the decisions of the board. The board is fiscally independent and there is no financial benefit or burden relationship with the County. Therefore, it is not included in the County's financial statements.

Additional information, including financial reports, may be obtained by writing to the Rappahannock-Rapidan Community Services Board and Area Agency on Aging at P.O. Box 1568, Culpeper, Virginia 22701 or visiting the website at www.rrcsb.org.

NOTE 18 – SURETY BONDS

Commonwealth of Virginia Faithful Performance of Duty Bond Plan (Obligee) by and through Travelers Casualty and Surety Company of America of Hartford, Connecticut –Surety

		Amount
Gail H. Barb, Clerk of the Circuit Court	$	480,000
Tanya Remson Wilcox, Treasurer		750,000
Ross W. D'Urso, Commissioner of the Revenue		3,000
Robert Mosier, Sheriff		30,000
Above constitutional officers' employees – blanket bond	$	500,000

NOTE 18 – SURETY BONDS (CONTINUED)

Virginia Association of Counties Group Self Insurance Risk Pool – Public Employees Dishonesty Coverage		
All County employees and volunteers	$	500,000
Virginia Association of Counties Group Self Insurance Risk Pool		
All School employees including Clerk of the School Board	$	250,000

NOTE 19 – CLAIMS AND LITIGATION

The County, in connection with the normal conduct of its affairs, is involved in various claims, judgments, and litigation. There is one potential claim against the County which has been determined to have a potentially material effect on the financial statements of the County.

The claim seeks $2 million from the County pertaining to the issuance of a zoning violation related to the sale of agricultural products which were not produced on the property. The claim is being defended by the County's self-insured risk pool administered by the Virginia Association of Counties (VACO). The County's legal representative has filed appropriate responsive pleadings including a motion to remove the damage claim to federal court, which was granted. The Plaintiff has not actively pursued the litigation subsequent to argument on the removal of the federal claim. The County intends to vigorously defend against the claim.

NOTE 20 – SUBSEQUENT EVENTS

Subsequent to the end of the fiscal year, the County entered into a five-year addendum to the 2015 Master Equipment Lease/Purchase Agreement with Banc of America Public Capital Corp ("BAPCC"), wherein the 2015 agreement was extended up to five (5) additional years with maximum additional schedules of property totaling up to $5 million. On July 30, 2018, the County entered into an $806,659 seven-year financing lease for the purchase of eight (8) school buses on behalf of the Fauquier County School Board.

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REQUIRED SUPPLEMENTARY INFORMATION

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COUNTY OF FAUQUIER, VIRGINIA

Schedule of Funding Progress and Employer Contributions
Fauquier County Other Postemployment Benefits Plans
Virginia Retirement System Pension and Other Postemployment Benefits Programs
Fiscal Year Ended June 30, 2018

Primary Government:

Continuation Plan

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
June 30, 2018	$ -	$ -	$ -	$ 40,961,221	0.00%
June 30, 2017	96,604	-	96,604	39,576,059	0.00%
June 30, 2016	225,865	78,487	147,378	31,426,727	0.25%
June 30, 2015	277,095	277,095	-	32,415,086	0.85%
June 30, 2014	271,169	271,169	-	31,318,924	0.87%
June 30, 2013	311,735	271,169	40,566	35,305,296	0.77%
June 30, 2012	341,455	341,455	-	34,111,397	1.00%
June 30, 2011	324,950	318,920	6,030	33,953,873	0.94%
June 30, 2010	280,730	286,760	(6,030)	34,461,033	0.83%
June 30, 2009	268,670	268,670	-	-	0.00%

Credit Plan

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
June 30, 2018	$ 132,797	$ 715,474	$ (582,677)	$ 40,921,221	1.75%

Schedule is intended to show information for 10 years. Since the plan was new in fiscal year 2018, additional years will be included as the information becomes available.

School Board:

Continuation Plan

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
June 30, 2018	$ -	$ -	$ -	$ 81,301,110	0.00%
June 30, 2017	191,742	-	191,742	78,551,797	0.00%
June 30, 2016	448,359	155,804	292,555	62,384,399	0.25%
June 30, 2015	550,053	550,053	-	64,346,366	0.85%
June 30, 2014	538,290	538,290	-	62,170,402	0.87%
June 30, 2013	618,816	538,290	80,526	70,083,647	0.77%
June 30, 2012	677,815	677,815	-	67,713,669	1.00%
June 30, 2011	645,050	633,080	11,970	67,400,971	0.94%
June 30, 2010	557,270	569,240	(11,970)	68,407,723	0.83%
June 30, 2009	533,330	533,330	-	-	0.00%

Virginia Retirement System
Primary Government:

Retirement Plan

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
June 30, 2018	$ 3,023,056	$ 3,023,056	$ -	$ 36,454,515	8.29%
June 30, 2017	2,834,313	2,834,313	-	34,194,157	8.29%
June 30, 2016	3,337,679	3,337,679	-	33,188,587	10.06%
June 30, 2015	3,199,599	3,199,599	-	31,789,387	10.06%

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation , no other data is available.
Additional years will be included as the information becomes available.

Group Life Insurance Program

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
June 30, 2018	$ 190,027	$ 190,027	$ -	$ 36,543,557	0.52%
June 30, 2017	178,438	178,438	-	34,315,054	0.52%
June 30, 2016	159,225	159,225	-	33,171,876	0.48%
June 30, 2015	153,056	153,056	-	31,886,605	0.48%
June 30, 2014	146,870	146,870	-	30,597,915	0.48%
June 30, 2013	140,111	140,111	-	29,189,866	0.48%
June 30, 2012	73,627	73,627	-	26,295,302	0.28%
June 30, 2011	73,509	73,509	-	26,253,302	0.28%
June 30, 2010	53,639	53,639	-	19,886,250	0.27%
June 30, 2009	73,679	73,679	-	27,288,642	0.27%

Schedule of Funding Progress and Employer Contributions
Fauquier County Other Postemployment Benefits Plans
Virginia Retirement System Pension and Other Postemployment Benefits Programs
Fiscal Year Ended June 30, 2018

School Board:

Non-Professional Retirement Plan

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
June 30, 2018	$ 290,810	$ 290,810	$ -	$ 5,839,573	4.98%
June 30, 2017	299,897	299,897	-	6,022,035	4.98%
June 30, 2016	392,180	392,180	-	6,061,511	6.47%
June 30, 2015	428,328	428,328	-	6,146,342	6.97%

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation , no other data is available.
Additional years will be included as the information becomes available.

Teacher Retirement Plan

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
June 30, 2018	$ 11,078,998	$ 11,078,998	$ -	$ 68,674,355	16.13%
June 30, 2017	9,338,916	9,338,916	-	63,743,773	14.65%
June 30, 2016	9,130,527	9,130,527	-	65,493,697	13.94%
June 30, 2015	9,707,992	9,707,992	-	67,625,842	14.36%

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation , no other data is available.
Additional years will be included as the information becomes available.

Group Life Insurance Program

Non-Professional

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
June 30, 2018	$ 38,884	$ 38,884	$ -	$ 7,477,675	0.52%
June 30, 2017	38,836	38,836	-	7,468,390	0.52%
June 30, 2016	34,034	34,034	-	7,090,446	0.48%
June 30, 2015	31,957	31,957	-	6,657,743	0.48%
June 30, 2014	33,725	33,725	-	7,026,010	0.48%
June 30, 2013	33,303	33,303	-	6,938,201	0.48%
June 30, 2012	18,936	18,936	-	6,762,956	0.28%
June 30, 2011	19,665	19,665	-	7,023,054	0.28%
June 30, 2010	14,744	14,744	-	5,460,741	0.27%
June 30, 2009	19,363	19,363	-	7,171,617	0.27%

Teachers

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
June 30, 2018	$ 379,887	$ 379,887	$ -	$ 73,055,143	0.52%
June 30, 2017	380,267	380,267	-	73,128,237	0.52%
June 30, 2016	346,512	346,512	-	72,190,017	0.48%
June 30, 2015	338,777	338,777	-	70,578,532	0.48%
June 30, 2014	337,143	337,143	-	70,238,198	0.48%
June 30, 2013	334,543	334,543	-	69,696,465	0.48%
June 30, 2012	191,369	191,369	-	68,346,208	0.28%
June 30, 2011	190,856	190,856	-	68,162,908	0.28%
June 30, 2010	140,435	140,435	-	52,012,881	0.27%
June 30, 2009	187,498	187,498	-	69,443,522	0.27%

Teacher Employee Health Insurance Program

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
June 30, 2018	$ 897,633	$ 897,633	$ -	$ 72,978,293	1.23%
June 30, 2017	809,357	809,357	-	72,915,076	1.11%
June 30, 2016	762,107	762,107	-	71,896,849	1.06%
June 30, 2015	745,602	745,602	-	70,339,798	1.06%
June 30, 2014	778,824	778,824	-	70,164,352	1.11%
June 30, 2013	762,576	762,576	-	68,700,576	1.11%
June 30, 2012	405,352	405,352	-	67,558,656	0.60%
June 30, 2011	408735	408735	-	68,122,443	0.60%
June 30, 2010	540,839	540,839	-	52,003,766	1.04%
June 30, 2009	749,630	749,630	-	69,410,168	1.08%

Schedule of Funding Progress and Employer Contributions
Fauquier County Other Postemployment Benefits Plans
Virginia Retirement System Pension and Other Postemployment Benefits Programs
Fiscal Year Ended June 30, 2018

Fauquier County:

Continuation Plan

Changes of benefit terms

There have been no substantive plan provision changes since the last full valuation, which was for the fiscal year ending June 30, 2016.

Changes of assumptions

The following assumptions are used for the current valuation:

The actuarial cost method used is Entry Age Normal Level % of Salary; The expected Trust rate of return is 7.5%. The discount rate of 7.5% was used in calculating the Actuarially Determined Contribution; The payroll growth rate used is 3.5% and the inflation rate is 3.0%; The health care coverage election rate was 35% for active employees with coverage and 0% for active employees with no coverage

Mortality rates for healthy retirees were based on the RPH-2015 Total Dataset Mortality Table fully generational using scale MP-2015; Mortality rates for disabled retirees were based on the RPH-2015 Disabled Mortality Table fully generational using scale MP-2015; RPH-2015 table is created from RPH-2014 mortality table with 8 years of MP-2014 mortality improvement backed out, projected to 2015, using scale MP-2015.

Credit Plan

Changes of benefit terms

The Credit Plan was established in the current fiscal year. Therefore, there have been no change to the benefit terms, other than the initial establishment of the plan.

Changes of assumptions

The Credit Plan was established in the current fiscal year. Therefore, there have been changes in actuarial assumptions.

Virginia Retirement System:

Political Subdivision Pension Plan

Changes of benefit terms

There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2017 is not material.

Changes of assumptions

The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Largest 10 - Non-Hazardous Duty:
Updated the mortality tables to a more current table - RP-2014 projected to 2020; Lowered retirement rates at older ages and changed final retirement from 70 to 75; Adjusted termination rates to better fit experience at each age and service year; Lowered disability rates; No change to salary scale; Increased line of duty disability rate from 14% to 20%

All Others (Non 10 Largest) - Non- Hazardous Duty:
Updated the mortality tables to a more current table - RP-2014 projected to 2020; Lowered retirement rates at older ages and changed final retirement from 70 to 75; Adjusted termination rates to better fit experience at each age and service year; Lowered disability rates; No change to salary scale; Increased line of duty disability rate from 14% to 15%

Largest 10 - Hazardous Duty:
Updated the mortality tables to a more current table - RP-2014 projected to 2020; Lowered retirement rates at older ages; Adjusted termination rates to better fit experience at each age and service year; Increased disability rates; No change to salary scale; Increased line of duty disability rate from 60% to 70%

All Others (Non 10 Largest) - Non- Hazardous Duty:
Updated the mortality tables to a more current table - RP-2014 projected to 2020; Increased retirement rates at age 50 and lowered retirement rates at older ages; Adjusted termination rates to better fit experience at each age and service year; Adjusted disability rates to better match experience; No change to salary scale; Decreased line of duty disability rate from 60% to 45%

Teacher Retirement Pension Plan

Changes of benefit terms

There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2017 is not material.

Changes of assumptions

The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Updated the mortality tables to a more current table - RP-2014 projected to 2020; Lowered retirement rates at older ages and changed final retirement from 70 to 75; Adjusted withdrawal rates to better fit experience at each year of service through 9 years of service; Adjusted disability rates to better match experience; No change to salary scale

Group Life Insurance Program

Changes of benefit terms

There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions

The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

General Employees
Updated the mortality tables to a more current table - RP-2014 projected to 2020; Lowered retirement rates at older ages and changed final retirement from 70 to 75; Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service; Adjusted disability rates to better match experience; No change to salary scale; Increased line of duty disability rate from 14% to 25%

Teachers
Updated the mortality tables to a more current table - RP-2014 projected to 2020; Lowered retirement rates at older ages and changed final retirement from 70 to 75; Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service; Adjusted disability rates to better match experience; No change to salary scale

Group Life Insurance Program (Continued)

SPORS Employees
Updated the mortality tables to a more current table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience, Increased retirement rates at age 50 and lowered retirement rate at older ages; Adjusted withdrawal rates to better fit experience; Adjusted disability rates to better match experience; No change to salary scale; Increased line of duty disability rate from 60% to 85%

VaLORS Employees
Updated the mortality tables to a more current table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience, Increased retirement rates at age 50 and lowered retirement rate at older ages; Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service; Adjusted disability rates to better match experience; No change to salary scale; Increased line of duty disability rate from 50% to 35%

JRS Employees
Updated the mortality tables to a more current table - RP-2014 projected to 2020; Decreased rates at first retirement eligibility; No change to withdrawal rates; Removed disability rates; No change to salary scale

Largest Ten Locality Employers - General Employees
Updated the mortality tables to a more current table - RP-2014 projected to 2020; Lowered retirement rates at older ages and changed final retirement from 70 to 75; Adjusted termination rates to better fit experience at each age and service year; Lowered disability rates; No change to salary scale; Increased line of duty disability rate from 14% to 20%

Non-Largest Ten Locality Employers - General Employees
Updated the mortality tables to a more current table - RP-2014 projected to 2020; Lowered retirement rates at older ages and changed final retirement from 70 to 75; Adjusted termination rates to better fit experience at each age and service year; Lowered disability rates; No change to salary scale; Increased line of duty disability rate from 14% to 15%

Largest Ten Locality Employers - Hazardous Duty Employees
Updated the mortality tables to a more current table - RP-2014 projected to 2020; Lowered retirement rates at older ages; Adjusted termination rates to better fit experience at each age and service year; Increased disability rates; No change to salary scale; Increased line of duty disability rate from 60% to 70%

Non Largest Ten Locality Employers - Hazardous Duty Employees
Updated the mortality tables to a more current table - RP-2014 projected to 2020; Increased retirement rates at age 50 and lowered retirement rates at older ages; Adjusted termination rates to better fit experience at each age and service year; Adjusted disability rates to better match experience; No change to salary scale; Decreased line of duty disability rate from 60% to 45%

Teacher Employee Health Insurance Credit Program

Changes of benefit terms

There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions

The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience of the System for the four-year period ending June 30, 2016:

Updated the mortality tables to a more current table - RP-2014 projected to 2020; Lowered retirement rates at older ages and changed final retirement from 70 to 75; Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service; Adjusted disability rates to better match experience; No change to salary scale

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 15
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Schedule of Changes in Net Pension Liability (Asset)
and Related Ratios
Last Four Fiscal Years
Fiscal Year Ended June 30, 2018

Primary Government:

	2014*	2015	2016	2017
Total pension liability				
Service cost	$ 3,665,747	$ 3,813,094	$ 3,885,984	$ 3,978,825
Interest	6,300,846	6,765,656	7,184,529	7,609,870
Changes of assumptions	-	-	-	(662,813)
Differences between expected and actual experience	-	(1,032,433)	(1,139,622)	498,300
Benefit payments, including refunds of employee contributions	(3,159,348)	(3,493,529)	(3,631,336)	(4,077,843)
Net change in total pension liability	6,807,245	6,052,788	6,299,555	7,346,339
Total pension liability – beginning	91,591,756	98,399,001	104,451,789	110,751,344
Total pension liability – ending (a)	98,399,001	104,451,789	110,751,344	118,097,683
Plan fiduciary net position				
Contributions – employer	3,555,225	3,177,007	3,284,574	2,752,121
Contributions – employee	1,530,920	1,623,124	1,635,553	1,675,382
Net investment income	12,271,193	4,210,671	1,745,781	12,180,445
Benefit payments, including refunds of employee contributions	(3,159,349)	(3,493,529)	(3,631,336)	(4,077,843)
Administrative expense	(63,910)	(55,473)	(58,461)	(10,918)
Other	647	(895)	(727)	(68,588)
Net change in plan fiduciary net position	14,134,726	5,460,905	2,975,384	12,450,599
Plan fiduciary net position – beginning	76,694,287	90,829,013	96,289,918	99,265,302
Plan fiduciary net position – ending (b)	$ 90,829,013	$ 96,289,918	$ 99,265,302	$ 111,715,901
Net pension liability – ending (a) - (b)	$ 7,569,988	$ 8,161,871	$ 11,486,042	$ 6,381,782
Plan fiduciary net position as a percentage of the total pension liability	92.31%	92.19%	89.63%	94.60%
Covered payroll	$ 30,748,986	$ 32,122,129	$ 33,096,209	$ 35,250,836
Net pension liability as a percentage of covered payroll	24.62%	25.41%	34.71%	18.10%

* Schedule is intended to show information for 10 years. Information prior to 2014 is not available. Additional years will be included as they become available.

Schedule of Changes in Net Pension Liability
and Related Ratios
Last Four Fiscal Years
Fiscal Year Ended June 30, 2018

Component Unit - School Board - Non-professional:

	2014*	2015	2016	2017
Total pension liability				
Service cost	$ 790,454	$ 779,639	$ 723,642	$ 745,093
Interest	1,314,303	1,397,986	1,485,311	1,568,963
Changes in assumptions	-	-	-	(242,307)
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	-	76,425	28,543	(111,788)
Benefit payments, including refunds of employee contributions	(821,036)	(997,534)	(1,015,580)	(1,069,340)
Net change in total pension liability	1,283,721	1,256,516	1,221,916	890,621
Total pension liability – beginning	19,186,281	20,470,002	21,726,518	22,948,434
Total pension liability – ending (a)	20,470,002	21,726,518	22,948,434	23,839,055
Plan fiduciary net position				
Contributions – employer	634,627	422,140	448,949	346,567
Contributions – employee	367,367	326,614	345,096	355,536
Net investment income	3,029,074	1,016,928	401,377	2,817,301
Benefit payments, including refunds of employee contributions	(821,036)	(997,534)	(1,015,580)	(1,069,340)
Administrative expense	(16,035)	(13,964)	(14,272)	(16,287)
Other	160	(215)	(170)	(2,508)
Net change in plan fiduciary net position	3,194,157	753,969	165,400	2,431,269
Plan fiduciary net position – beginning	19,118,695	22,312,852	23,066,821	23,232,221
Plan fiduciary net position – ending (b)	$ 22,312,852	$ 23,066,821	$ 23,232,221	$ 25,663,490
Net pension (asset) liability – ending (a) - (b)	$ (1,842,850)	$ (1,340,303)	$ (283,787)	$ (1,824,435)
Plan fiduciary net position as a percentage of the total pension liability	109.00%	106.17%	101.24%	107.65%
Covered payroll	$ 6,783,180	$ 6,610,884	$ 7,088,712	$ 7,289,249
Net pension (asset) liability as a percentage of covered payroll	-27.17%	-20.27%	-4.00%	-25.03%

* Schedule is intended to show information for 10 years. Information prior to 2014 is not available. Additional years will be included as they become available.

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 16
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Schedule of Changes in Net OPEB Liability
and Related Ratios
Last Two Fiscal Years
Fiscal Year Ended June 30, 2018

Primary Government:
Continuation Plan

	2017*	2018
Total OPEB liability		
Service cost	$ 224,155	$ 127,610
Interest	80,071	80,443
Changes in assumptions	(477,330)	(68,613)
Differences between expected and actual experience	(348,615)	(35,324)
Benefit payments	(85,558)	(42,129)
Net change in total pension liability	(607,277)	61,987
Total OPEB liability – beginning	2,747,539	2,140,262
Total OPEB liability – ending (a)	2,140,262	2,202,249
Plan fiduciary net position		
Contributions – employer	-	(152,232)
Contributions – retired members	-	-
Net investment income	125,779	-
Benefit payments	(1,174,592)	(42,129)
Administrative expenses	(1,655)	-
Net change in plan fiduciary net position	(1,050,468)	(194,361)
Plan fiduciary net position – beginning	1,244,829	194,361
Plan fiduciary net position – ending (b)	$ 194,361	$ -
Net OPEB liability – ending (a) - (b)	$ 1,945,901	$ 2,202,249
Fiduciary net position as a percentage of the total OPEB liability	9.08%	0.00%
Covered payroll	$ 39,576,059	$ 40,961,221
Net OPEB liability as a percentage of covered payroll	4.92%	5.38%

* Schedule is intended to show information for 10 years. Information prior to 2017 is not available. Additional years will be included as the information becomes available.

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 16
Page 2 of 3

Schedule of Changes in Net OPEB Liability
and Related Ratios
Last Two Fiscal Years
Fiscal Year Ended June 30, 2018

Primary Government:
Credit Plan

	2017*	2018
Total OPEB liability		
Service cost	$ -	$ 48,350
Interest	-	149,998
Changes in benefit terms	-	1,952,876
Differences between expected and actual experience	-	5,008
Benefit payments	-	(2,545)
Net change in total pension liability	-	2,153,687
Total OPEB liability – beginning	-	-
Total OPEB liability – ending (a)	-	2,153,687
Plan fiduciary net position		
Contributions – employer	-	715,474
Net investment income	-	55,579
Benefit payments	-	(2,545)
Administrative expenses	-	(1,151)
Net change in plan fiduciary net position	-	767,357
Plan fiduciary net position – beginning	-	-
Plan fiduciary net position – ending (b)	$ -	$ 767,357
Net OPEB liability – ending (a) - (b)	$ -	$ 1,386,330
Fiduciary net position as a percentage of the total OPEB liability	0.00%	35.63%
Covered payroll	$ -	$ 40,961,221
Net OPEB liability as a percentage of covered payroll	0.00%	3.38%

* Schedule is intended to show information for 10 years. Information prior to 2017 is not available. Additional years will be included as the information becomes available.

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 16
Page 3 of 3

Schedule of Changes in Net OPEB Liability
and Related Ratios
Last Two Fiscal Years
Fiscal Year Ended June 30, 2018

School Board:
Continuation Plan

	2017*	2018
Total OPEB liability		
Service cost	$ 444,910	$ 338,678
Interest	158,926	160,918
Changes in assumptions	(947,418)	(87,092)
Differences between expected and actual experience	(691,941)	(179,110)
Benefit payments	(169,819)	(185,321)
Net change in total pension liability	(1,205,342)	48,073
Total OPEB liability – beginning	5,453,401	4,248,059
Total OPEB liability – ending (a)	4,248,059	4,296,132
Plan fiduciary net position		
Contributions – employer	-	(200,450)
Contributions – retired members	-	-
Net investment income	249,649	-
Benefit payments	(2,331,368)	(185,321)
Administrative expenses	(3,285)	-
Net change in plan fiduciary net position	(2,085,004)	(385,771)
Plan fiduciary net position – beginning	2,470,775	385,771
Plan fiduciary net position – ending (b)	$ 385,771	$ -
Net OPEB liability – ending (a) - (b)	$ 3,862,288	$ 4,296,132
Fiduciary net position as a percentage of the total OPEB liability	9.08%	0.00%
Covered payroll	$ 78,551,797	$ 81,301,110
Net OPEB liability as a percentage of covered payroll	4.92%	5.28%
Money-weighted rate of return on OPEB Plan Investments	9.52%	7.51%

A money weighted rate of return expresses investment performance, net of OPEB plan investment expense, adjusted for the changing amounts actually invested.

* Schedule is intended to show information for 10 years. Information prior to 2017 is not available. Additional years will be included as they become available.

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 17

Schedule of the Proportionate Share
Virginia Retirement System's
Net Pension and Net OPEB Liability
Fiscal Year Ended June 30, 2018

Net Pension Liability

School Board:

Teacher Retirement Plan

Date*	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (asset) as a Percentage of its Covered-Employee Payroll	Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability
2018	0.92342%	$ 113,561,000	$ 68,674,355	165.36%	72.92%
2017	0.94296%	132,147,499	63,743,773	207.31%	68.28%
2016	0.94607%	117,860,528	65,493,697	179.96%	70.68%
2015	0.95944%	114,805,836	67,625,842	169.77%	70.88%

Net OPEB Liability

Primary Government:

Group Life Insurance Program

Date*	Employer's Proportion of the Net OPEB Liability	Employer's Proportionate Share of the Net OPEB Liability	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll	Plan's Fiduciary Net Position as a Percentage of the Total OPEB Liability
2018	0.18604%	$ 2,800,000	$ 36,543,557	7.66%	48.86%

School Board:

Group Life Insurance Program

Non-Professional

Date*	Employer's Proportion of the Net OPEB Liability	Employer's Proportionate Share of the Net OPEB Liability	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net OPEB Liability (asset) as a Percentage of its Covered-Employee Payroll	Plan's Fiduciary Net Position as a Percentage of the Total OPEB Liability
2018	0.04049%	$ 609,000	$ 7,477,675	8.14%	48.86%

Teachers

Date*	Employer's Proportion of the Net OPEB Liability	Employer's Proportionate Share of the Net OPEB Liability	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net OPEB Liability (asset) as a Percentage of its Covered-Employee Payroll	Plan's Fiduciary Net Position as a Percentage of the Total OPEB Liability
2018	0.39646%	$ 5,967,000	$ 73,055,143	8.17%	48.86%

Teacher Employee Health Insurance Program

Date*	Employer's Proportion of the Net OPEB Liability	Employer's Proportionate Share of the Net OPEB Liability	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net OPEB Liability (asset) as a Percentage of its Covered-Employee Payroll	Plan's Fiduciary Net Position as a Percentage of the Total OPEB Liability
2018	0.92391%	$ 11,721,000	$ 72,978,293	16.06%	7.04%

Schedule is intended to show information for 10 years. Since 2015 and 2018 were the first year for this presentation for pensions and OPEB, respectively, no other data is available. Additional years will be included as the information becomes available.

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

COMBINING AND INDIVIDUAL FINANCIAL FUND STATEMENTS

FAUQUIER COUNTY
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VIRGINIA

CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for and report financial resources for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments.

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 18
Page 1 of 2

Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Capital Projects Fund
Fiscal Year Ended June 30, 2018

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
Revenue from use of money and property	$ -	$ -	$ 663	$ 663
Charges for services	30,000	30,000	33,161	3,161
Recovered costs	-	12,857	24,637	11,780
Miscellaneous revenue	521,500	924,030	416,389	(507,641)
Intergovernmental:				
Commonwealth of Virginia	3,295,255	2,998,033	2,082,543	(915,490)
Federal Government	5,507,744	5,507,745	251,945	(5,255,800)
Total revenues	9,354,499	9,472,665	2,809,338	(6,663,327)
Expenditures				
Current operating:				
Capital projects:				
Public works:				
Landfill Expansion	1,785,048	1,444,130	-	1,444,130
Midland Service District Improvements	400,000	400,000	46,780	353,220
Marshall Main Street	4,486,885	4,566,885	51,777	4,515,108
Catlett-Calverton Wastewater Treatment System	7,042,675	9,309,911	512,823	8,797,088
Greenville/Kettle Run second entrance	300,000	300,000	-	300,000
Total public works	14,014,608	16,020,926	611,380	15,409,546
Parks, recreation, and cultural:				
Lord Fairfax Community College	14,066	-	-	-
Palmer extension	561,086	678,846	51,440	627,406
Woods of Warrenton	538,840	542,156	2,662	539,494
M M Pierce trail project	341,500	341,500	61	341,439
Safe routes to school	453,508	596,357	261,620	334,737
Rappahannock landing	400,000	400,000	-	400,000
Upperville Park	-	321,584	52,002	269,582
Northern swimming pool	-	52,293	11,732	40,561
Northern sports complex	42,740	42,740	-	42,740
Central sports complex	8,061,301	8,061,301	426,058	7,635,243
Total parks, recreation, and cultural	10,413,041	11,036,777	805,575	10,231,202
Community development:				
Vint Hill Public Streets Network	3,754,160	3,754,930	3,284,943	469,987
Mill Run Business Park	81,551	81,551	5,077	76,474
Salem Avenue	222,149	222,439	155,606	66,833
Whiting Road	-	316,500	14,325	302,175
Total community development	4,057,860	4,375,420	3,459,951	915,469
Total current operating expenditures	$ 28,485,509	$ 31,433,123	$ 4,876,906	$ 26,556,217

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 18
Page 2 of 2

Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Capital Projects Fund
Fiscal Year Ended June 30, 2018

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Expenditures (continued)				
Capital outlay:				
General government administration	$ 6,703,307	$ 7,968,285	$ 1,020,666	$ 6,947,619
Judicial administration	2,085,625	2,085,625	-	2,085,625
Public safety	4,626,689	4,694,546	2,369,209	2,325,337
Public works	2,227,445	2,281,946	419,931	1,862,015
Education	259,592	259,592	-	259,592
Parks, recreation, and cultural	6,188,635	6,045,026	207,870	5,837,156
Community development	4,617,137	4,707,137	20,094	4,687,043
Total capital outlay	26,708,430	28,042,157	4,037,770	24,004,387
Debt service:				
Debt covenant	58,853	58,853	-	58,853
Total debt service	58,853	58,853	-	58,853
Total expenditures	55,252,792	59,534,133	8,914,676	50,619,457
Excess (deficiency) of revenues over (under) expenditures	(45,898,293)	(50,061,468)	(6,105,338)	43,956,130
Other financing sources (uses)				
Transfers in	3,695,061	10,379,922	10,479,922	100,000
Transfers (out)	(1,713,321)	(3,022,801)	(2,413,640)	609,161
Issuance of debt	31,237,125	31,237,125	118,587	(31,118,538)
Total other financing sources (uses)	33,218,865	38,594,246	8,184,869	(30,409,377)
Net change in fund balances/(deficits)	(12,679,428)	(11,467,222)	2,079,531	13,546,753
Fund balances - beginning, restated	13,366,986	13,366,986	13,366,986	-
Fund balances - ending	$ 687,558	$ 1,899,764	$ 15,446,517	$ 13,546,753

FAUQUIER COUNTY
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VIRGINIA

DEBT SERVICE FUND

The Debt Service Fund is used to account for and report financial resources for principal and interest. Debt service funds should also be used to report financial resources being accumulated for future debt service.

FAUQUIER COUNTY
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VIRGINIA

Exhibit 19

Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Debt Service Fund
Fiscal Year Ended June 30, 2018

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
Miscellaneous revenue	$ 125,112	$ 125,113	$ 125,113	$ -
Intergovernmental:				
Federal Government	393,975	393,975	396,950	2,975
Total revenues	519,087	519,088	522,063	2,975
Expenditures				
Current operating:				
Debt service:				
Principal retirement	9,105,887	8,565,543	8,396,812	168,731
Interest charges	3,977,650	3,444,903	3,444,576	327
Fiscal charges	8,300	8,300	5,850	2,450
Total expenditures	13,091,837	12,018,746	11,847,238	171,508
Excess (deficiency) of revenues over (under) expenditures	(12,572,750)	(11,499,658)	(11,325,175)	174,483
Other financing sources (uses)				
Transfers in	12,572,750	12,741,481	12,744,330	2,849
Transfers (out)	-	(1,545,226)	(1,545,226)	-
Total other financing sources (uses)	12,572,750	11,196,255	11,199,104	2,849
Net change in fund balances/(deficits)	-	(303,403)	(126,071)	177,332
Fund balances - beginning	208,902	208,902	208,902	-
Fund balances/(deficits) - ending	$ 208,902	$ (94,501)	$ 82,831	$ 177,332

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

The *Conservation Easement Service District Fund* is used to account for and report a special levy on assessed real estate to support the County's Purchase of Development Rights Program.

The *Ambulance Revenue Fund* is used to account for and report transactions related to ambulance services.

The *Parks and Recreation Fund* is used to account for and report private donations to support parks and recreation facilities and programs.

The *Library Fund* is used to account for and report private donations to support library facilities and programs.

The *Marshall Electric Light and Business Improvement District Fund* is used to account for and report an annual tax assessed on real property within the Marshall Electric Light and Business Improvement District to (i) provide for the design, construction, repair, maintenance, operation, and replacement of infrastructure improvements and (ii) promote the district, Marshall generally, and the businesses located therein.

The *Proffer Fund* is used to account for and report contributions from developers to support the impact on infrastructure from new housing growth.

The *Stormwater Management Fund* is used to account for and report on Stormwater fees collected to be used to support a State-mandated stormwater management program.

The *Vint Hill Transportation Fund* is used to account for and report contributions from developers to support the expansion of roads in the Vint Hill area.

The *Contributory Agency Grant Fund* is used to account for and report transactions related to the Northern Piedmont Microenterprise Project which establishes a revolving loan fund to serve entrepreneurs in the Northern Piedmont Region. Loans provide low-to-moderate income individuals the opportunity to access capital for new business startup or expansion of existing businesses.

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

The *Educational Farm Fund* is used to account for and report the County paying personnel and benefits on behalf of a not-for-profit outside organization.

The *Treasurer's E-Summons Fund* is used to account for fees collected on each criminal and traffic case within the County to be used to implement and maintain an electronic summons (e-summons) system.

The *Project Lifesaver Fund* is used to account for and provide police, fire/rescue and other first responders with a comprehensive program on the use of specialized electronic search and rescue equipment, technology and procedures, as well as teaching rescuers how to effectively communicate with people afflicted with cognitive conditions, all of which are essential to a successful rescue.

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 20
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Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue Funds					
	Conservation Easement Service District Fund	Ambulance Revenue Fund	Parks and Recreation Fund	Library Fund	Marshall Electric Light and Business Improvement District Fund	Proffer Fund
Assets						
Cash and cash equivalents	$ 702,427	$ 184,091	$ -	$ -	$ 1,212	$ -
Cash and cash equivalents - restricted	-	-	318,012	291,834	18,727	4,612,511
Receivables, net of allowance for uncollectibles:						
Taxes, including penalties	19,496	-	-	-	311	-
Accounts	1,725	515,315	-	-	17	-
Due from other governmental units	-	-	-	-	-	-
Total assets	723,648	699,406	318,012	291,834	20,267	4,612,511
Total assets and deferred outflows of resources	723,648	699,406	318,012	291,834	20,267	4,612,511
Liabilities						
Accounts payable	176,390	38,422	4,999	42	881	-
Accrued liabilities	1,469	1,187	-	-	-	-
Escrows	-	-	-	-	-	764,327
Total liabilities	177,859	39,609	4,999	42	881	764,327
Deferred inflows of resources						
Revenue advances	6,660	-	-	-	164	-
Unavailable revenue	11,760	421,046	-	-	167	-
Total deferred inflows of resources	18,420	421,046	-	-	331	-
Total liabilities and deferred inflows of resources	196,279	460,655	4,999	42	1,212	764,327
Fund balances						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	313,013	291,792	19,055	3,848,184
Committed	527,369	238,751	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	527,369	238,751	313,013	291,792	19,055	3,848,184
Total liabilities, deferred inflows of resources, and fund balances	$ 723,648	$ 699,406	$ 318,012	$ 291,834	$ 20,267	$ 4,612,511

Special Revenue Funds						
Stormwater Management Fund	**Vint Hill Transportation Fund**	**Contributory Agency Grant Fund**	**Treasurer's E- Summons Fund**	**Project Lifesaver Fund**	**Total Nonmajor Governmental Funds**	
						Assets
$ -	$ -	$ -	$ -	$ -	$ 887,730	Cash and cash equivalents
215,721	262,745	-	106,907	704	5,827,161	Cash and cash equivalents - restricted
						Receivables, net of allowance for uncollectibles:
-	-	-	-	-	19,807	Taxes, including penalties
5,078	-	-	-	-	522,135	Accounts
-	-	1,850	-	-	1,850	Due from other governmental units
220,799	262,745	1,850	106,907	704	7,258,683	Total assets
220,799	262,745	1,850	106,907	704	7,258,683	Total assets and deferred outflows of resources
						Liabilities
-	-	1,850	-	-	222,584	Accounts payable
-	-	-	-	-	2,656	Accrued liabilities
-	-	-	-	-	764,327	Escrows
-	-	1,850	-	-	989,567	Total liabilities
						Deferred inflows of resources
4,112	-	-	-	-	10,936	Revenue advances
-	-	-	-	-	432,973	Unavailable revenue
4,112	-	-	-	-	443,909	Total deferred inflows of resources
4,112	-	1,850	-	-	1,433,476	Total liabilities and deferred inflows of resources
						Fund balances
-	-	-	-	-	-	Nonspendable
216,687	262,745	-	106,907	704	5,059,087	Restricted
-	-	-	-	-	766,120	Committed
-	-	-	-	-	-	Assigned
-	-	-	-	-	-	Unassigned
216,687	262,745	-	106,907	704	5,825,207	Total fund balances
$ 220,799	$ 262,745	$ 1,850	$ 106,907	$ 704	$ 7,258,683	Total liabilities, deferred inflows of resources, and fund balances

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 21
Page 1 of 2

Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances – Nonmajor Governmental Funds
Fiscal Year Ended June 30, 2018

	Special Revenue Funds					
	Conservation Easement Service District Fund	Ambulance Revenue Fund	Parks and Recreation Fund	Library Fund	Marshall Electric Light and Business Improvement District Fund	Proffer Fund
Revenues						
General property taxes	$ 696,691	$ -	$ -	$ -	$ 8,573	$ -
Fines and forfeitures	-	-	-	-	-	-
Revenue from use of money and property	-	-	4,291	3,027	-	41,488
Charges for services	-	1,445,912	-	-	-	-
Gifts and donations	-	-	170,465	114,356	-	705,079
Recovered costs	-	-	-	-	-	-
Intergovernmental:						
Commonwealth of Virginia	245,676	-	-	-	-	-
Federal Government	214,331	-	-	-	-	-
Total revenues	1,156,698	1,445,912	174,756	117,383	8,573	746,567
Expenditures						
Current operating:						
General government administration	-	-	-	-	-	-
Public safety	-	433,705	-	-	-	-
Public works	-	-	-	-	10,927	-
Parks, recreation, and cultural	-	-	69,118	9,488	-	-
Community development	1,518,268	-	-	-	-	-
Total expenditures	1,518,268	433,705	69,118	9,488	10,927	-
Excess (deficiency) of revenues over (under) expenditures	(361,570)	1,012,207	105,638	107,895	(2,354)	746,567
Other financing sources (uses)						
Transfers (out)	-	(902,692)	-	-	-	-
Total other financing sources (uses)	-	(902,692)	-	-	-	-
Net change in fund balances/(deficits)	(361,570)	109,515	105,638	107,895	(2,354)	746,567
Fund balances - beginning, restated	888,939	129,236	207,375	183,897	21,409	3,101,617
Fund balances - ending	$ 527,369	$ 238,751	$ 313,013	$ 291,792	$ 19,055	$ 3,848,184

Special Revenue Funds							
Stormwater Management Fund	**Vint Hill Transportation Fund**	**Contributory Agency Grant Fund**	**Educational Farm Fund**	**Treasurer's E- Summons Fund**	**Project Lifesaver Fund**	**Total Nonmajor Governmental Funds**	
							Revenues
$ 361,392	$ -	$ -	$ -	$ -	$ -	$ 1,066,656	General property taxes
-	-	-	-	71,761	-	71,761	Fines and forfeitures
-	3,290	-	-	-	-	52,096	Revenue from use of money and property
-	-	-	-	-	-	1,445,912	Charges for services
-	43,455	-	-	-	320	1,033,675	Gifts and donations
-	-	-	57,552	-	-	57,552	Recovered costs
							Intergovernmental:
-	-	30,000	-	-	-	275,676	Commonwealth of Virginia
-	-	64,349	-	-	-	278,680	Federal Government
361,392	46,745	94,349	57,552	71,761	320	4,282,008	Total revenues
							Expenditures
							Current operating:
-	-	-	-	-	-	-	General government administration
-	-	-	-	59,520	311	493,536	Public safety
-	-	-	-	-	-	10,927	Public works
-	-	-	-	-	-	78,606	Parks, recreation, and cultural
-	-	94,349	57,552	-	-	1,670,169	Community development
-	-	94,349	57,552	59,520	311	2,253,238	Total expenditures
361,392	46,745	-	-	12,241	9	2,028,770	Excess (deficiency) of revenues over (under) expenditures
							Other financing sources (uses)
(338,971)	-	-	-	-	-	(1,241,663)	Transfers (out)
(338,971)	-	-	-	-	-	(1,241,663)	Total other financing sources (uses)
22,421	46,745	-	-	12,241	9	787,107	**Net change in fund balances/(deficits)**
194,266	216,000	-	-	94,666	695	5,038,100	Fund balances - beginning, restated
$ 216,687	$ 262,745	$ -	$ -	$ 106,907	$ 704	$ 5,825,207	Fund balances - ending

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 22

Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Nonmajor Governmental Funds – Conservation Easement Service District Fund
Fiscal Year Ended June 30, 2018

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
General property taxes	$ 654,726	$ 654,726	$ 696,691	$ 41,965
Intergovernmental:				
Commonwealth of Virginia	105,000	274,062	245,676	(28,386)
Federal Government	-	1,830	214,331	212,501
Total revenues	759,726	930,618	1,156,698	226,080
Expenditures				
Current operating:				
Community development	759,726	1,819,557	1,518,268	301,289
Total expenditures	759,726	1,819,557	1,518,268	301,289
Excess (deficiency) of revenues over (under) expenditures	-	(888,939)	(361,570)	527,369
Net change in fund balances/(deficits)	-	(888,939)	(361,570)	527,369
Fund balances - beginning	888,939	888,939	888,939	-
Fund balances - ending	$ 888,939	$ -	$ 527,369	$ 527,369

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 23

Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Nonmajor Governmental Funds – Ambulance Revenue Fund
Fiscal Year Ended June 30, 2018

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
Charges for services	$ 1,383,889	$ 1,383,889	$ 1,445,912	$ 62,023
Total revenues	1,383,889	1,383,889	1,445,912	62,023
Expenditures				
Current operating:				
Public safety	481,197	481,197	433,705	47,492
Total expenditures	481,197	481,197	433,705	47,492
Excess (deficiency) of revenues over (under) expenditures	902,692	902,692	1,012,207	109,515
Other financing sources (uses)				
Transfers (out)	(902,692)	(902,692)	(902,692)	-
Total other financing sources (uses)	(902,692)	(902,692)	(902,692)	-
Net change in fund balances	-	-	109,515	109,515
Fund balances - beginning	129,236	129,236	129,236	-
Fund balances - ending	$ 129,236	$ 129,236	$ 238,751	$ 109,515

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 24

Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Nonmajor Governmental Funds – Contributory Agency Grant Fund
Fiscal Year Ended June 30, 2018

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
Intergovernmental:				
Commonwealth of Virginia	$ -	$ 30,000	$ 30,000	$ -
Federal Government	-	80,100	64,349	(15,751)
Total revenues	-	110,100	94,349	(15,751)
Expenditures				
Current operating:				
Community development	-	110,100	94,349	15,751
Total expenditures	-	110,100	94,349	15,751
Excess of revenues over expenditures	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	$ -	$ -	$ -	$ -

PROPRIETARY FUNDS

The Internal Service Funds are used to account for and report the financing of goods and/or services provided by a department to another department on a cost reimbursement basis.

The *Fleet Maintenance Fund* is used to account for and report the operations of the County and School garage. It receives revenues through charges to local public agencies and County and School departments for vehicle repairs and fuel.

The *Health Insurance Fund* is used to account for and report the provision of a comprehensive health benefits program for County and School employees.

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 25

Combining Statement of Net Position
Internal Service Funds
June 30, 2018

	Internal Service Funds		
	Fleet Maintenance Fund	Health Insurance Fund	Total
Assets			
Current assets:			
Cash and cash equivalents	$ 172,794	$ 15,850,049	$ 16,022,843
Receivables, net of allowance for uncollectibles	12,192	359,064	371,256
Inventories	218,649	-	218,649
Prepaid items	-	166,763	166,763
Total current assets	403,635	16,375,876	16,779,511
Noncurrent assets:			
Capital assets (depreciable):			
Buildings and improvements	349,000	-	349,000
Machinery and equipment	695,879	37,521	733,400
Accumulated depreciation	(817,480)	(2,680)	(820,160)
Total capital assets	227,399	34,841	262,240
Total noncurrent assets	227,399	34,841	262,240
Total assets	631,034	16,410,717	17,041,751
Deferred outflow of resources			
Items related to measurement of net pension liability	7,079	-	7,079
Pension contributions subsequent to measurement date	59,992	-	59,992
Items related to measurement of net OPEB liability	502	-	502
OPEB contributions subsequent to measurement date	3,768	-	3,768
Total deferred outflow of resources	71,341	-	71,341
Total assets and deferred outflows of resources	702,375	16,410,717	17,113,092
Liabilities			
Current liabilities:			
Accounts payable	98,168	791,090	889,258
Accrued and other liabilities	9,147	-	9,147
Current portion of compensated absences	12,469	-	12,469
Current portion of incurred but not reported claims	-	710,193	710,193
Total current liabilities	119,784	1,501,283	1,621,067
Noncurrent liabilities:			
Noncurrent portion of compensated absences	112,224	-	112,224
Noncurrent portion of incurred but not reported claims	-	2,130,578	2,130,578
Net pension liability	126,360	-	126,360
Net OPEB liability	122,547	-	122,547
Total noncurrent liabilities	361,131	2,130,578	2,491,709
Total liabilities	480,915	3,631,861	4,112,776
Deferred inflow of resources			
Items related to measurement of pension liability	57,930	-	57,930
Items related to measurement of OPEB liability	21,250	-	21,250
Total deferred inflow of resources	79,180	-	79,180
Total liabilities and deferred inflows of resources	560,095	3,631,861	4,191,956
Net position			
Investment in capital assets	227,399	34,841	262,240
Unrestricted (deficit)	(85,119)	12,744,015	12,658,896
Total net position	142,280	12,778,856	12,921,136
Total liabilities, deferred inflows of resources, and net position	$ 702,375	$ 16,410,717	$ 17,113,092

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 26

Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
Fiscal Year Ended June 30, 2018

	Internal Service Funds		
	Fleet Maintenance Fund	**Health Insurance Fund**	**Total**
Operating revenues			
Charges for services	$ 2,825,997	$ 30,869,381	$ 33,695,378
Miscellaneous revenue	2,024	663,795	665,819
Forfeitures	-	3,313	3,313
Total operating revenues	2,828,021	31,536,489	34,364,510
Operating expenses			
Personal services	758,981	-	758,981
Fringe benefits	254,412	-	254,412
Claims and benefits paid	-	25,873,573	25,873,573
Premiums	-	2,829,650	2,829,650
Contractual services	144,146	1,696,103	1,840,249
Other operating expenses	1,699,483	(45,548)	1,653,935
Depreciation	30,404	2,680	33,084
Pension and OPEB expense	58,618	-	58,618
Total operating expenses	2,946,044	30,356,458	33,302,502
Operating income (loss)	(118,023)	1,180,031	1,062,008
Nonoperating revenues (expenses)			
Interest income	-	213,301	213,301
Total nonoperating revenues	-	213,301	213,301
Income (loss)	(118,023)	1,393,332	1,275,309
Transfers			
Transfers in	-	857,005	857,005
Total transfers	-	857,005	857,005
Change in net position	(118,023)	2,250,337	2,132,314
Net position - beginning, restated	260,303	10,528,519	10,788,822
Net position - ending	$ 142,280	$ 12,778,856	$ 12,921,136

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 27

Combining Statement of Cash Flows
Internal Service Funds
Fiscal Year Ended June 30, 2018

	Internal Service Funds		
	Fleet Maintenance Fund	Health Insurance Fund	Total
Cash Flow from Operating Activities			
Receipts from customers and users	$ 188,478	$ 465,327	$ 653,805
Receipts from interfund services provided	2,643,984	30,387,013	33,030,997
Payment to suppliers and other operating activities	(1,791,103)	(29,253,629)	(31,044,732)
Payment to employees (including fringes)	(1,075,487)	-	(1,075,487)
Net cash provided by (used for) operating activities	(34,128)	1,598,711	1,564,583
Cash Flow from Noncapital Financing Activities			
Transfers in	-	857,005	857,005
Net cash provided by noncapital financing activities	-	857,005	857,005
Cash Flow from Capital and Related Financing Activities			
Acquisition and construction of capital assets	(70,917)	(37,521)	(108,438)
Net cash provided by (used in) capital and related financing activities	(70,917)	(37,521)	(108,438)
Cash Flow from Investing Activities			
Interest income	-	213,301	213,301
Net cash provided by investing activities	-	213,301	213,301
Net increase (decrease) in cash and cash equivalents	(105,045)	2,631,496	2,526,451
Cash and cash equivalents - beginning of the year	277,839	13,218,553	13,496,392
Cash and cash equivalents - end of the year	172,794	15,850,049	16,022,843
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Cash flows from operations:			
Operating income (loss)	(118,023)	1,180,031	1,062,008
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	30,404	2,680	33,084
Changes in operating assets and liabilities:			
(Increase) decrease in receivables	4,441	(20,354)	(15,913)
(Increase) decrease in inventory	(24,495)	-	(24,495)
(Increase) decrease in prepaid items	-	(10,384)	(10,384)
(Increase) decrease in deferred outflows of resources	50,971	-	50,971
Increase (decrease) in accounts payable	77,021	408,076	485,097
Increase (decrease) in accrued liabilities	1,666	-	1,666
Increase (decrease) in incurred but not reported claims	-	38,662	38,662
Increase (decrease) in net pension liability	(111,402)	-	(111,402)
Increase (decrease) in net OPEB liability	19,460	-	19,460
Increase (decrease) in deferred inflows of resources	35,829	-	35,829
Net cash provided by (used for) operating activities	$ (34,128)	$ 1,598,711	$ 1,564,583

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FIDUCIARY FUNDS

The Fiduciary Funds account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. Pension (and other employee benefit) trust funds account for assets held by the County under terms of a formal trust agreement. Agency Funds are custodial in nature and are maintained to account for funds received and disbursed by the County on behalf of various organizations.

Pension and Employer Benefit Trust Fund:

The *Other Postemployment Benefit Plans Fund* is used to account for and report the costs of health care and other non-pension benefits offered to retirees. No combining statement is presented because this fund is the only Pension and Employee Benefit Trust fund.

Agency Funds:

The *Working Together Fund* is used to account for and report proceeds from County and School employee fundraising activities to support service and social activities.

The *Fire and Rescue Volunteer USDA Debt Service Fund* is used to account for the required debt service reserve of 10% annually for 10 years which will accumulate in restricted cash accounts in the fund. The reserve may be used for capital improvements in the future if approved by USDA in accordance with the loan agreements.

The *Volunteer Fire and Rescue Association Fund* is used to account for funds of the Volunteer Fire and Rescue Association that are managed and administered by the Treasurer of Fauquier County.

The *Volunteer Fire and Rescue Operations Fund* is used to account for funds on behalf of Upperville Volunteer Fire and Rescue Company, for which the County has assumed financial management and accounting activities.

The *Special Welfare Fund* is used to account for and report regular assistance payments to recipients in the Aid to Dependent Children Program. Revenue sources include payments from the Commonwealth, individuals, organizations, and churches.

The *Detention Center Fund* is used to account for and report personal funds belonging to inmates upon their arrest, funds on account for inmates to purchase items, and funds collected from inmates who participate in the work release program.

FIDUCIARY FUNDS (CONTINUED)

The *Service to Outside Agencies Fund* is used to account for and report reimbursements from John Marshall Water and Sewer and the Vint Hill Economic Development Authority to support salaries and benefits for their employees.

The *Commonwealth Opportunity Fund* is used to account for funds received from the Virginia Economic Development Partnership's Commonwealth Opportunity Fund grant program to aid in the infrastructure costs including public and private utility extension for fiber, water, and sewer.

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 28

Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2018

	Agency Funds								
	Working Together Fund	Fire and Rescue USDA Debt Service Fund	Volunteer Fire and Rescue Association Fund	Volunteer Fire and Rescue Operations Fund	Special Welfare Fund	Detention Center Fund	Service to Outside Agencies Fund	Commonwealth Opportunity Fund	Total
Assets									
Cash and cash equivalents	$ 23,894	$ 716,831	$ 110,038	$ 284,374	$ 47,090	$ -	$ 104,362	$ 2,250,000	$ 3,536,589
Cash in custody of others	-	-	-	-	-	136,825	-	-	136,825
Receivables, net of allowance for uncollectibles:									
Accounts	35	-	-	-	-	-	-	-	35
Due from other funds	-	-	-	9,867	-	-	-	-	9,867
Total assets	23,929	716,831	110,038	294,241	47,090	136,825	104,362	2,250,000	3,683,316
Liabilities									
Accrued liabilities	-	-	-	4,138	-	-	3,316	-	7,454
Amounts held for clients/others	23,929	716,831	110,038	290,103	47,090	136,825	101,046	2,250,000	3,675,862
Total liabilities	$ 23,929	$ 716,831	$ 110,038	$ 294,241	$ 47,090	$ 136,825	$ 104,362	$ 2,250,000	$ 3,683,316

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 29
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Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
Fiscal Year Ended June 30, 2018

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Working Together Fund				
Assets:				
Cash and cash equivalents	$ 22,122	$ 43,352	$ 41,580	$ 23,894
Accounts receivable	34	35	34	35
Total assets	22,156	43,387	41,614	23,929
Liabilities:				
Amounts held for clients/others	$ 22,156	$ 43,387	$ 41,614	$ 23,929
Fire and Rescue USDA Debt Service Fund				
Assets:				
Cash and cash equivalents	$ 613,178	$ 1,041,111	$ 937,458	$ 716,831
Liabilities:				
Amounts held for clients/others	$ 613,178	$ 1,041,111	$ 937,458	$ 716,831
Volunteer Fire and Rescue Association Fund				
Assets:				
Cash and cash equivalents	$ 99,781	$ 25,567	$ 15,310	$ 110,038
Liabilities:				
Amounts held for clients/others	$ 99,781	$ 25,567	$ 15,310	$ 110,038
Volunteer Fire and Rescue Operations Fund				
Assets:				
Cash and cash equivalents	$ 208,284	$ 130,267	$ 54,177	$ 284,374
Due from other Funds	3,979	9,867	3,979	9,867
Total assets	212,263	140,134	58,156	294,241
Liabilities:				
Accrued liabilities	3,917	4,138	3,917	4,138
Amounts held for clients/others	208,346	135,996	54,239	290,103
Total liabilities	$ 212,263	$ 140,134	$ 58,156	$ 294,241
Special Welfare Fund				
Assets:				
Cash and cash equivalents	$ 59,476	$ 42,422	$ 54,808	$ 47,090
Liabilities:				
Amounts held for clients/others	$ 59,476	$ 42,422	$ 54,808	$ 47,090
Detention Center Fund				
Assets:				
Cash in custody of others:				
Cash - canteen account	$ 128,781	$ 63,835	$ 59,243	$ 133,373
Cash - inmate accounts	1,206	145,671	144,477	2,400
Cash - work release	2,346	93,997	95,291	1,052
Total assets	132,333	303,503	299,011	136,825
Liabilities:				
Amounts held for clients/others	$ 132,333	$ 303,503	$ 299,011	$ 136,825

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 29
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Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
Fiscal Year Ended June 30, 2018

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Service to Outside Agencies Fund				
Assets:				
Cash and cash equivalents	$ 104,930	$ 373,419	$ 373,987	$ 104,362
Liabilities:				
Accrued liabilities	3,884	3,316	3,884	3,316
Amounts held for clients/others	101,046	370,103	370,103	101,046
Total liabilities	$ 104,930	$ 373,419	$ 373,987	$ 104,362
Commonwealth Opportunity Fund				
Assets:				
Cash and cash equivalents	$ 2,250,000	$ -	$ -	$ 2,250,000
Liabilities:				
Amounts held for clients/others	$ 2,250,000	$ -	$ -	$ 2,250,000
Total - All Agency Funds				
Assets:				
Cash and cash equivalents	$ 3,357,771	$ 1,656,138	$ 1,477,320	$ 3,536,589
Cash in custody of others	132,333	303,503	299,011	136,825
Accounts receivable	34	35	34	35
Due from other funds	3,979	9,867	3,979	9,867
Total assets	3,494,117	1,969,543	1,780,344	3,683,316
Liabilities:				
Accrued liabilities	7,801	7,454	7,801	7,454
Amounts held for clients/others	3,486,316	1,962,089	1,772,543	3,675,862
Total liabilities	$ 3,494,117	$ 1,969,543	$ 1,780,344	$ 3,683,316

COMPONENT UNIT – SCHOOL BOARD

The School Board is responsible for the elementary and secondary education in the County. The County provides significant funding for school operating and capital needs through the School Board Governmental Funds.

The *School General Fund* is used to account for and report financial resources to operate, maintain, and support the School Board programs. Its primary sources of revenues are state and federal aid and contributions from the County's General Fund.

The *School Asset Replacement Fund* is used to account for and report financial resources for major maintenance and systems replacement, renovations and major asset replacements for the schools.

The *School Textbook Fund* is used to account for and report financial resources for the purchase of student textbooks supported by state revenue and transfers from the School General Fund.

The *School Nutrition Fund* is used to account for and report financial resources for the provision of student and adult breakfasts, snacks, and lunches. Primary sources of revenues are state and federal aid and receipts from food sales.

Trust and Agency Funds account for principal and income which benefit individuals, and monies collected at the schools in connection with student athletics, clubs, various fundraising activities, and private donations.

The *Crockett Scholarship Private-Purpose Trust Fund* is a private-purpose trust fund established by a private donation. It is used to account for and report principal and income available to provide benefits for scholarships.

The *Mountain Vista Regional Governor's School Fund* is an agency fund used to account for and report funds collected from six school divisions for the purpose of operating the Mountain Vista Governor's School. The County serves as the fiscal agent for these funds.

The *School Activity Fund* is an agency fund used to account for and report funds collected at the schools in connection with student athletics, clubs, fundraising activities, and private donations.

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 30

Combining Balance Sheet
Discretely Presented Component Unit – School Board
June 30, 2018

	Governmental Funds				
	School General Fund	**School Asset Replacement Fund**	**School Textbook Fund**	**School Nutrition Fund**	**Total Governmental Funds**
Assets					
Cash and cash equivalents (1)	$ 9,931,602	$ 3,456,291	$ 1,090,517	$ 492,983	$ 14,971,393
Cash and cash equivalents - restricted (1)	421,340	-	-	-	421,340
Accounts receivable	66,373	14,038	-	-	80,411
Inventories	-	-	-	110,907	110,907
Due from other governmental units	2,848,142	-	-	-	2,848,142
Total assets and deferred outflows of resources	13,267,457	3,470,329	1,090,517	603,890	18,432,193
Liabilities					
Accounts payable	789,828	238,151	190	5,299	1,033,468
Accrued liabilities	11,567,528	-	-	212,182	11,779,710
Retainage payable	-	9,865	-	-	9,865
Unearned revenue	421,340	-	-	97,898	519,238
Total liabilities and deferred inflows of resources	12,778,696	248,016	190	315,379	13,342,281
Fund balances					
Nonspendable	-	-	-	110,907	110,907
Restricted	421,340	-	-	-	421,340
Assigned	67,421	3,222,313	1,090,327	177,604	4,557,665
Total fund balances	488,761	3,222,313	1,090,327	288,511	5,089,912
Total liabilities, deferred inflows of resources, and fund balances	$ 13,267,457	$ 3,470,329	$ 1,090,517	$ 603,890	$ 18,432,193

(1) Cash and cash equivalents on deposit with County of Fauquier, Virginia.

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 31

Reconciliation of the Balance Sheet of the Governmental Funds
to the Statement of Net Position
Discretely Presented Component Unit – School Board
June 30, 2018

Total fund balances - discretely presented component unit - School Board		**$**	**5,089,912**
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:			
Prepaid items are recorded as expenditures when purchased in governmental funds, but are recorded as assets and the expense is amortized over the period for which it relates in the government-wide statements.			62,787
Noncurrent assets and deferred outflows of resources are not current financial resources and therefore not reported in the governmental funds.			
Capital assets used in governmental activities	171,287,807		
Net pension asset	1,824,435		
Items related to measurement of the net pension liability	1,668,540		
Items related to measurement of the net OPEB liability	15,000		
Contributions to pension plans	11,369,807		
Contributions to OPEB plans	1,316,404		187,481,993
Long-term liabilities and deferred inflows of resources are not due and payable in the current year and therefore not reported as such in the governmental funds.			
Compensated absences	(4,977,880)		
Net pension liability	(113,561,000)		
Net OPEB liability	(22,593,132)		
Deferred inflows of resources related to pensions	(16,459,728)		
Deferred inflows of resources related to OPEB	(2,772,177)		(160,363,917)
Net position of governmental activities		**$**	**32,270,775**

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 32

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Discretely Presented Component Unit – School Board
Fiscal Year Ended June 30, 2018

	Governmental Funds				
	School General Fund	**School Asset Replacement Fund**	**School Textbook Fund**	**School Nutrition Fund**	**Total Governmental Funds**
Revenues					
Revenue from use of money and property	$ -	$ -	$ -	$ 3,896	$ 3,896
Charges for services	612,558	-	-	2,700,005	3,312,563
Gifts and donations	78,183	235,398	-	-	313,581
Recovered costs	3,783	63,132	-	-	66,915
Miscellaneous revenue	1,081,469	30,004	5,387	219,402	1,336,262
Intergovernmental:					
Contribution from primary government	85,244,161	-	-	-	85,244,161
Commonwealth of Virginia	46,227,060	-	501,874	80,537	46,809,471
Federal Government	4,069,971	-	-	2,261,734	6,331,705
Total revenues	137,317,185	328,534	507,261	5,265,574	143,418,554
Expenditures					
Current operating:					
Education	134,072,862	3,330,725	190,432	5,374,230	142,968,249
Total expenditures	134,072,862	3,330,725	190,432	5,374,230	142,968,249
Excess (deficiency) of revenues over (under) expenditures	3,244,323	(3,002,191)	316,829	(108,656)	450,305
Other financing sources (uses)					
Transfers in	30,000	2,853,936	267,308	100,000	3,251,244
Transfers (out)	(3,221,244)	(30,000)	-	-	(3,251,244)
Total other financing sources (uses)	(3,191,244)	2,823,936	267,308	100,000	-
Net change in fund balances/(deficits)	53,079	(178,255)	584,137	(8,656)	450,305
Fund balances - beginning	435,682	3,400,568	506,190	297,167	4,639,607
Fund balances - ending	$ 488,761	$ 3,222,313	$ 1,090,327	$ 288,511	$ 5,089,912

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 33

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities
Discretely Presented Component Unit – School Board
Fiscal Year Ended June 30, 2018

Net change in fund balances - discretely presented component unit - School Board		**$ 450,305**
Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:		
The primary government donates school board capital assets constructed in the primary government's capital improvement fund. Donations of capital assets increase net position in the Statement of Activities, but do not appear in the governmental funds because they are not financial resources.		
Prepaid items are recorded as expenditures when purchased in governmental funds, but are recorded as assets and the expense is amortized over the period for which it relates in the government-wide statements.		
Add current year's prepaid items	62,787	
Less prior year's prepaid items	(5,386)	57,401
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense, which is not a use of current financial resources.		
Capital outlays	1,866,169	
Depreciation	(8,045,884)	(6,179,715)
Governmental funds report only proceeds from the sale of capital assets. However, in the Statement of Activities, gains or losses resulting from the sale or disposal of capital assets is reported. This amount reflects the gain/(loss) related to the disposal of capital assets.		530
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This amount reflects the change in compensated absences in the current year.		
Less current year's compensated absences	(4,977,880)	
Add prior year's compensated absences	4,943,320	
Add current year's net pension asset	1,824,435	
Less prior year's net pension asset	(283,787)	
Add current year's deferred outflow related to pensions	1,668,540	
Less prior year's deferred outflow related to pensions	(8,206,181)	
Less current year's net pension liability	(113,561,000)	
Add prior year's net pension liability	132,147,499	
Less current year's deferred inflow related to pensions	(16,459,728)	
Add prior year's deferred inflow related to pensions	6,470,000	
Less current year's net OPEB liability	(22,593,132)	
Add prior year's net OPEB liability	23,539,288	
Add current year's deferred outflow related to OPEB	15,000	
Less prior year's deferred outflow related to OPEB	-	
Less current year's deferred inflow related to OPEB	(2,772,177)	
Add prior year's deferred inflow related to OPEB	1,622,990	3,377,187
Governmental funds report current year contributions to pension and OPEB plans as expenditures. However, In the Statement of Activities, current year contributions are reported as deferred outflow of resources.		
Add current year pension contributions	11,369,807	
Less prior year pension contributions	(9,638,813)	
Add current year OPEB contributions	1,316,404	
Less prior year OPEB contributions	(1,228,460)	1,818,938
Change in net position of governmental activities		**$ (475,354)**

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 34
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Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Discretely Presented Component Unit – School Board
Fiscal Year Ended June 30, 2018

	School General Fund			
	Original Budget	**Amended Budget**	**Actual**	**Variance From Amended Positive (Negative)**
Revenues				
Charges for services	$ 509,000	$ 509,508	$ 612,558	$ 103,050
Gifts and donations	8,000	79,308	78,183	(1,125)
Recovered costs	500	500	3,783	3,283
Miscellaneous revenue	804,000	1,493,126	1,081,469	(411,657)
Intergovernmental:				
Contribution from primary government	86,140,173	87,399,578	85,244,161	(2,155,417)
Commonwealth of Virginia	45,790,020	46,916,358	46,227,060	(689,298)
Federal Government	4,091,580	5,725,813	4,069,971	(1,655,842)
Total revenues	137,343,273	142,124,191	137,317,185	(4,807,006)
Expenditures				
Current operating:				
Education:				
Instruction	103,835,129	106,150,614	103,367,874	2,782,740
Administration, attendance, and health	6,258,544	6,761,693	6,634,192	127,501
Public transportation services	9,125,919	9,206,291	8,949,618	256,673
Operation and maintenance services	10,439,377	11,293,062	10,344,978	948,084
Technology	4,513,060	5,738,055	4,776,200	961,855
Total education	134,172,029	139,149,715	134,072,862	5,076,853
Total expenditures	134,172,029	139,149,715	134,072,862	5,076,853
Excess (deficiency) of revenues over (under) expenditures	3,171,244	2,974,476	3,244,323	269,847
Other financing sources (uses)				
Transfers in	-	30,000	30,000	-
Transfers (out)	(3,171,244)	(3,171,244)	(3,221,244)	(50,000)
Total other financing sources (uses)	(3,171,244)	(3,141,244)	(3,191,244)	(50,000)
Net change in fund balances/(deficits)	-	(166,768)	53,079	219,847
Fund balances - beginning	435,682	435,682	435,682	-
Fund balances - ending	$ 435,682	$ 268,914	$ 488,761	$ 219,847

COUNTY OF FAUQUIER, VIRGINIA

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Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Discretely Presented Component Unit – School Board
Fiscal Year Ended June 30, 2018

	School Asset Replacement Fund			
	Original Budget	**Amended Budget**	**Actual**	**Variance From Amended Positive (Negative)**
Revenues				
Gifts and donations	$ -	$ 117,893	$ 235,398	$ 117,505
Recovered costs	40,000	64,937	63,132	(1,805)
Miscellaneous revenue	495,500	352,670	30,004	(322,666)
Total revenues	535,500	535,500	328,534	(206,966)
Expenditures				
Current operating:				
Education:				
Instruction	-	507,679	275,234	232,445
Administration, attendance, and health	-	80,000	80,000	-
Public transportation services	920,085	986,085	769,010	217,075
Operation and maintenance services	1,893,851	4,000,176	1,934,150	2,066,026
School food services	-	84,459	28,827	55,632
Technology	40,000	708,935	243,504	465,431
District-wide	535,500	392,670	-	392,670
Total education	3,389,436	6,760,004	3,330,725	3,429,279
Total expenditures	3,389,436	6,760,004	3,330,725	3,429,279
Excess (deficiency) of revenues over (under) expenditures	(2,853,936)	(6,224,504)	(3,002,191)	3,222,313
Other financing sources (uses)				
Transfers in	2,853,936	2,853,936	2,853,936	-
Transfers (out)	-	(30,000)	(30,000)	-
Total other financing sources (uses)	2,853,936	2,823,936	2,823,936	-
Net change in fund balances/(deficits)	-	(3,400,568)	(178,255)	3,222,313
Fund balances - beginning	3,400,568	3,400,568	3,400,568	-
Fund balances - ending	$ 3,400,568	$ -	$ 3,222,313	$ 3,222,313

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 34
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Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Discretely Presented Component Unit – School Board
Fiscal Year Ended June 30, 2018

	School Textbook Fund			
	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
Miscellaneous revenue	$ 1,181,924	$ -	$ 5,387	$ 5,387
Intergovernmental:				
Commonwealth of Virginia	-	493,217	501,874	8,657
Total revenues	1,181,924	493,217	507,261	14,044
Expenditures				
Current operating:				
Education:				
Instruction	1,181,924	1,688,113	190,432	1,497,681
Total education	1,181,924	1,688,113	190,432	1,497,681
Total expenditures	1,181,924	1,688,113	190,432	1,497,681
Excess (deficiency) of revenues over (under) expenditures	-	(1,194,896)	316,829	1,511,725
Other financing sources (uses)				
Transfers in	-	267,308	267,308	-
Total other financing sources (uses)	-	267,308	267,308	-
Net change in fund balances/(deficits)	-	(927,588)	584,137	1,511,725
Fund balances - beginning	506,190	506,190	506,190	-
Fund balances/(deficits) - ending	$ 506,190	$ (421,398)	$ 1,090,327	$ 1,511,725

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 34
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Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Discretely Presented Component Unit – School Board
Fiscal Year Ended June 30, 2018

	School Nutrition Fund			
	Original Budget	**Amended Budget**	**Actual**	**Variance From Amended Positive (Negative)**
Revenues				
Revenue from use of money and property	$ 150	$ 150	$ 3,896	$ 3,746
Charges for services	2,944,902	2,944,902	2,700,005	(244,897)
Miscellaneous revenue	218,000	218,000	219,402	1,402
Intergovernmental:				
Commonwealth of Virginia	74,917	74,917	80,537	5,620
Federal Government	2,207,900	2,207,900	2,261,734	53,834
Total revenues	5,445,869	5,445,869	5,265,574	(180,295)
Expenditures				
Current operating:				
Education:				
School food services	5,495,869	5,545,869	5,374,230	171,639
Total education	5,495,869	5,545,869	5,374,230	171,639
Total expenditures	5,495,869	5,545,869	5,374,230	171,639
Excess (deficiency) of revenues over (under) expenditures	(50,000)	(100,000)	(108,656)	(8,656)
Other financing sources (uses)				
Transfers in	50,000	100,000	100,000	-
Total other financing sources (uses)	50,000	100,000	100,000	-
Net change in fund balances/(deficits)	-	-	(8,656)	(8,656)
Fund balances - beginning	297,167	297,167	297,167	-
Fund balances/(deficits) - ending	$ 297,167	$ 297,167	$ 288,511	$ (8,656)

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 35

Statement of Fiduciary Net Position
Discretely Presented Component Unit – School Board
June 30, 2018

	Trust Fund Crockett Scholarship Private-Purpose Trust Fund	Agency Funds
Assets		
Cash and cash equivalents	$ 416,363	$ 398,498
Cash in custody of others	-	1,690,159
Due from other governmental units	-	8,017
Land	420,000	-
Total assets and deferred outflows of resources	836,363	2,096,674
Liabilities		
Accounts payable	-	17,554
Accrued liabilities	-	129,241
Amounts held for clients/others	-	1,949,879
Total liabilities and deferred inflows of resources	-	$ 2,096,674
Net position		
Held in trust for scholarships	836,363	
Total net position	836,363	
Total liabilities, deferred inflows of resources, and net position	$ 836,363	

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 36

Statement of Changes in Fiduciary Net Position
Discretely Presented Component Unit – School Board
Fiscal Year Ended June 30, 2018

	Crockett Scholarship Private-Purpose Trust Fund
Additions	
Investment income	$ 15,869
Total additions	15,869
Deductions	
Scholarships awarded	13,500
Administrative fees	2,501
Total deductions	16,001
Change in net position	(132)
Net position - beginning	836,495
Net position - ending	$ 836,363

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 37

Combining Statement of Fiduciary Assets and Liabilities
Discretely Presented Component Unit – School Board
Agency Funds
June 30, 2018

	Agency Funds		
	Mountain Vista Regional Governor's School Fund	**School Activity Fund**	**Total**
Assets			
Cash and cash equivalents	$ 398,498	$ -	$ 398,498
Cash in custody of others	-	1,690,159	1,690,159
Due from other governmental units	8,017	-	8,017
Total assets	406,515	1,690,159	2,096,674
Liabilities			
Accounts payable	17,554	-	17,554
Accrued liabilities	129,241	-	129,241
Amounts held for clients/others	259,720	1,690,159	1,949,879
Total liabilities	$ 406,515	$ 1,690,159	$ 2,096,674

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 38

Combining Statement of Changes in Fiduciary Assets and Liabilities
Discretely Presented Component Unit – School Board
Agency Funds
Fiscal Year Ended June 30, 2018

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Mountain Vista Regional Governor's School Fund				
Assets:				
Cash and cash equivalents	$ 323,547	$ 1,601,859	$ 1,526,908	$ 398,498
Receivables	18,732	-	18,732	-
Due from other governmental units	39,553	8,017	39,553	8,017
Total assets	381,832	1,609,876	1,585,193	406,515
Liabilities:				
Accounts payable	2,795	17,554	2,795	17,554
Accrued liabilities	152,041	129,241	152,041	129,241
Amounts held for clients/others	226,996	1,463,081	1,430,357	259,720
Total liabilities	$ 381,832	$ 1,609,876	$ 1,585,193	$ 406,515
School Activity Fund				
Assets:				
Cash in custody of others	$ 1,809,370	$ 4,116,088	$ 4,235,299	$ 1,690,159
Liabilities:				
Amounts held for clients/others	$ 1,809,370	$ 4,116,088	$ 4,235,299	$ 1,690,159
Total - All Agency Funds				
Assets:				
Cash and cash equivalents	$ 323,547	$ 1,601,859	$ 1,526,908	$ 398,498
Receivables	18,732	-	18,732	-
Cash in custody of others	1,809,370	4,116,088	4,235,299	1,690,159
Due from other governmental units	39,553	8,017	39,553	8,017
Total assets	2,191,202	5,725,964	5,820,492	2,096,674
Liabilities:				
Accounts payable	2,795	17,554	2,795	17,554
Accrued liabilities	152,041	129,241	152,041	129,241
Amounts held for clients/others	2,036,366	5,579,169	5,665,656	1,949,879
Total liabilities	$ 2,191,202	$ 5,725,964	$ 5,820,492	$ 2,096,674

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STATISTICAL SECTION

This section of the County's CAFR presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information express about the County's overall financial health. This information has not been audited by the independent auditor.

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

Table 1	Net Position by Component
Table 2	Changes in Net Position
Table 3	Fund Balances – Governmental Funds
Table 4	Changes in Fund Balances – Governmental Funds

Revenue Capacity - These schedules contain information to help the reader assess the County's significant local revenue sources, the property tax, as well as other revenue sources.

Table 5-A	Assessed Value and Estimated Actual Value of Taxable Property
Table 5-B	Tax Relief for the Elderly
Table 6	Property Tax Rates for Both Direct and Overlapping Governments
Table 7-A	Principal Real Property Taxpayers
Table 7-B	Principal Personal Property Taxpayers
Table 8	Property Tax Levies and Collections

Debt Capacity - These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt, and the County's ability to issue additional debt in the future.

Table 9	Ratios of Outstanding Debt by Type
Table 10	Ratios of General Bonded Debt Outstanding
Table 11	County Policy Debt Margin

Economic and Demographic Information - These schedules offer economic and demographic indicators to help the reader understand the environment within which the County's financial activities take place.

Table 12	Demographic and Economic Statistics
Table 13	Principal Employers

Operating Information - These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

Table 14	County Government Employees by Function
Table 15	Operating Indicators by Function
Table 16	Capital Asset Statistics by Function

Sources: Unless otherwise noted, the information in this section is derived from the County's comprehensive annual financial reports for the relevant year.

COUNTY OF FAUQUIER, VIRGINIA

Table 1

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

	Fiscal Year				
	2009	**2010**	**2011**	**2012**	**2013**
Governmental Activities:					
Net investment in capital assets	$ 69,414,611	$ 69,217,950	$ 68,772,203	$ 68,510,734	$ 67,043,310
Restricted	1,841,662	1,917,704	3,553,440	4,206,094	2,405,814
Unrestricted (deficit)	(69,990,998)	(66,693,564)	(63,253,517)	(67,970,939)	(75,750,205)
Subtotal governmental activities net position	1,265,275	4,442,090	9,072,126	4,745,889	(6,301,081)
Business-type Activities:					
Net investment in capital assets	28,111,135	27,154,708	25,321,853	23,396,142	21,784,510
Restricted	-	-	-	-	2,584,793
Unrestricted (deficit)	(9,514,739)	(10,188,958)	(10,171,508)	(10,935,912)	(15,182,972)
Subtotal business-type activities net position	18,596,396	16,965,750	15,150,345	12,460,230	9,186,331
Primary Government:					
Net investment in capital assets	97,525,746	96,372,658	94,094,056	91,906,876	88,827,820
Restricted	1,841,662	1,917,704	3,553,440	4,206,094	4,990,607
Unrestricted (deficit)	(79,505,737)	(76,882,522)	(73,425,025)	(78,906,851)	(90,933,177)
Total Primary Government net position	19,861,671	21,407,840	24,222,471	17,206,119	2,885,250
Component Unit - School Board: (1)					
Net investment in capital assets	182,911,496	179,224,107	175,414,006	181,939,238	193,459,026
Restricted	-	-	5,000	5,000	5,000
Unrestricted (deficit)	(3,628,205)	(3,590,789)	(1,803,528)	(2,041,741)	(1,156,996)
Total Component Unit - School Board net position	179,283,291	175,633,318	173,615,478	179,902,497	192,307,030
Total Reporting Entity: (2)					
Net investment in capital assets	168,903,411	169,972,941	171,163,512	170,880,285	174,520,072
Restricted	1,841,662	1,917,704	3,558,440	4,211,094	4,995,607
Unrestricted	28,399,889	25,150,513	23,115,997	22,017,237	15,676,601
Total Reporting Entity net position (3)	$ 199,144,962	$ 197,041,158	$ 197,837,949	$ 197,108,616	$ 195,192,280

(1) Component Unit - School Board net position components are included in this table due to the School Board being a significant portion of the County. In Virginia, School Boards do not have borrowing or taxing authority; therefore, the County issues debt on behalf of the School Board to finance school facilities projects.

(2) The sum of the rows does not equal the total reporting entity rows because the debt related to the Component Unit - School Board is reflected in the Primary Government's net position row reducing unrestricted net position. The assets are reflected in the Component Unit - School Board row as net investment in capital assets. The total reporting entity row matches the asset with the debt and reports the net amount on the net investment in capital assets line.

(3) Total reporting entity net position reflects the implementation of GASB Statement No. 68 for FY2014 - FY2018 and the implementation of GASB Statement 75 for FY2017-FY2018.

Fiscal Year 2014	2015	2016	2017	2018	
					Governmental Activities:
$ 67,186,543	$ 66,912,078	$ 66,424,250	$ 67,897,791	$ 58,593,548	Net investment in capital assets
6,078,884	5,964,927	7,776,690	9,591,829	10,016,685	Restricted
(79,527,398)	(67,694,758)	(51,817,116)	(44,964,783)	(18,533,286)	Unrestricted (deficit)
(6,261,971)	5,182,247	22,383,824	32,524,837	50,076,947	Subtotal governmental activities net position
					Business-type Activities:
20,424,303	19,381,379	19,399,111	21,932,278	24,253,121	Net investment in capital assets
1,855,575	-	-	-	1,158,020	Restricted
(15,102,238)	(14,944,300)	(18,421,156)	(21,422,557)	(22,073,054)	Unrestricted (deficit)
7,177,640	4,437,079	977,955	509,721	3,338,087	Subtotal business-type activities net position
					Primary Government:
87,610,846	86,293,457	85,823,361	89,830,069	82,846,669	Net investment in capital assets
7,934,459	5,964,927	7,776,690	9,591,829	11,174,705	Restricted
(94,629,636)	(82,639,058)	(70,238,272)	(66,387,340)	(40,606,340)	Unrestricted (deficit)
915,669	9,619,326	23,361,779	33,034,558	53,415,034	**Total Primary Government net position**
					Component Unit - School Board: (1)
192,761,193	188,842,434	183,364,033	177,466,992	171,287,807	Net investment in capital assets
5,000	500	73,567	267,564	421,340	Restricted
(124,379,628)	(122,774,417)	(119,400,706)	(144,988,427)	(139,438,372)	Unrestricted (deficit)
68,386,565	66,068,517	64,036,894	32,746,129	32,270,775	**Total Component Unit - School Board net position**
					Total Reporting Entity: (2)
180,852,943	183,877,351	184,775,961	267,297,061	184,772,785	Net investment in capital assets
7,939,459	5,969,927	7,850,257	9,859,393	11,596,045	Restricted
(119,490,168)	(114,154,935)	(105,227,545)	(211,375,767)	(110,683,021)	Unrestricted
$ 69,302,234	$ 75,692,343	$ 87,398,673	$ 65,780,687	$ 85,685,809	**Total Reporting Entity net position (3)**

COUNTY OF FAUQUIER, VIRGINIA

Table 2

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

	Fiscal Year				
	2009	**2010**	**2011**	**2012**	**2013**
Primary Government:					
Expenses					
Governmental activities:					
General government administration	$ 10,878,525	$ 10,354,069	$ 10,086,678	$ 11,751,449	$ 12,180,275
Judicial administration	3,383,922	3,278,333	3,116,374	2,866,625	3,841,643
Public safety	24,167,850	25,479,386	31,188,024	26,328,003	28,929,500
Public works	7,467,516	8,033,038	7,393,258	8,876,778	10,222,875
Health and welfare	10,052,834	10,265,321	9,851,616	10,158,861	9,739,043
Education	90,449,761	81,066,767	79,585,044	90,087,245	93,650,633
Parks, recreation, and cultural	5,949,804	5,917,529	6,640,464	6,275,016	6,601,379
Community development	8,734,890	11,342,060	7,718,297	6,317,724	5,998,815
Interest on long-term debt	5,932,856	5,313,430	5,014,483	4,696,550	4,657,567
Total governmental activities expenses	167,017,958	161,049,933	160,594,238	167,358,251	175,821,730
Business-type activities:					
Airport	1,848,791	2,083,529	1,896,775	2,275,363	2,450,840
Landfill and recycling	6,574,806	5,185,773	4,867,277	5,337,583	6,138,446
Total business-type activities expenses	8,423,597	7,269,302	6,764,052	7,612,946	8,589,286
Total primary government expenses	175,441,555	168,319,235	167,358,290	174,971,197	184,411,016
Program Revenues					
Governmental activities:					
Charges for services:					
General government administration	42,618	46,548	41,633	60,664	508,129
Judicial administration	946,883	636,265	643,119	609,319	788,467
Public safety	1,774,418	1,198,178	1,155,945	1,786,469	1,650,787
Health and welfare	-	-	-	-	-
Parks, recreation, and cultural	502,195	460,562	466,979	549,697	551,243
Community development	1,185,958	932,809	858,848	845,823	1,042,011
Other activities	5,583	38,393	-	-	-
Operating grants and contributions	13,892,991	16,108,365	13,447,591	13,033,159	13,199,292
Capital grants and contributions	222,000	668,544	216,072	9,594	672
Total governmental activities program revenues	18,572,646	20,089,664	16,830,187	16,894,725	17,740,601
Business type activities:					
Charges for services:					
Airport	674,871	666,582	722,674	763,085	737,208
Landfill and recycling	5,111,345	4,660,868	4,183,540	4,101,680	4,056,293
Operating grants and contributions	50,460	246,768	58,145	37,052	482,326
Capital grants and contributions	61,585	25,388	210,410	41,572	-
Total business-type activities program revenues	5,898,261	5,599,606	5,174,769	4,943,389	5,275,827
Total primary government program revenues	24,470,907	25,689,270	22,004,956	21,838,114	23,016,428
Net (expense) revenue (1)					
Governmental activities	(148,445,312)	(140,960,269)	(143,764,051)	(150,463,526)	(158,081,129)
Business-type activities	(2,525,336)	(1,669,696)	(1,589,283)	(2,669,557)	(3,313,459)
Total primary government net (expense) revenue	$ (150,970,648)	$ (142,629,965)	$ (145,353,334)	$ (153,133,083)	$ (161,394,588)

(1) Net (expense) revenue is the difference between the expenses and program revenues. It indicates the degree to which a function or program is supported with its own fees and program-specific grants versus its reliance upon funding from taxes and other general revenues. A number in parentheses is net expenses indicating that expenses were greater than program revenues and therefore general revenues were needed to finance that function or program. Numbers without parentheses are net revenues, meaning that program revenues were more than sufficient to cover expenses.

(2) Total reporting entity net position reflects the implementation of GASB Statement No. 68 for FY2014 - FY2018 and the implementation of GASB Statement 75 for FY2017-FY2018.

(3) Component unit - School Board change in net position is included in this table due to the School Board being a significant portion of the County.

Fiscal Year 2014	2015	2016	2017	2018	
					Primary Government:
					Expenses
					Governmental activities:
$ 11,821,952	$ 12,413,433	$ 13,319,869	$ 14,182,276	$ 14,266,200	General government administration
3,455,862	3,821,911	3,952,902	3,706,073	4,213,354	Judicial administration
28,306,613	30,694,266	31,471,801	32,780,969	38,993,075	Public safety
8,118,419	8,270,407	10,220,949	9,683,958	9,379,721	Public works
10,908,372	12,452,676	12,675,215	11,609,435	12,206,022	Health and welfare
80,837,759	81,999,731	82,056,536	83,246,562	85,029,264	Education
6,342,901	6,302,270	6,870,409	7,014,668	7,490,761	Parks, recreation, and cultural
5,836,086	5,947,344	5,811,825	14,187,875	10,307,487	Community development
4,271,495	2,741,174	3,671,366	3,081,185	3,083,112	Interest on long-term debt
159,899,459	164,643,212	170,050,872	179,493,001	184,968,996	Total governmental activities expenses
					Business-type activities:
1,979,636	2,023,113	1,393,026	992,199	1,186,888	Airport
6,170,182	5,990,480	6,930,685	6,864,500	7,692,836	Landfill and recycling
8,149,818	8,013,593	8,323,711	7,856,699	8,879,724	Total business-type activities expenses
168,049,277	172,656,805	178,374,583	187,349,700	193,848,720	Total primary government expenses
					Program Revenues
					Governmental activities:
					Charges for services:
87,779	84,459	133,838	107,015	119,312	General government administration
703,704	649,606	629,947	590,279	812,773	Judicial administration
1,366,598	1,251,234	1,664,088	1,750,616	2,083,619	Public safety
-	-	-	-	395	Health and welfare
547,585	598,233	620,519	603,674	623,295	Parks, recreation, and cultural
1,341,645	1,459,245	1,481,973	1,474,724	1,377,032	Community development
-	-	-	-	-	Other activities
13,969,611	13,831,352	15,246,647	20,425,296	22,700,129	Operating grants and contributions
3,783,195	185,290	2,546,055	50,605	653,945	Capital grants and contributions
21,800,117	18,059,419	22,323,067	25,002,209	28,370,500	Total governmental activities program revenues
					Business type activities:
					Charges for services:
752,750	685,894	639,442	734,301	681,749	Airport
4,191,457	3,614,670	3,357,317	3,667,478	3,933,980	Landfill and recycling
91,673	136,594	53,611	337,563	79,775	Operating grants and contributions
-	-	1,298,432	1,671,627	4,056,833	Capital grants and contributions
5,035,880	4,437,158	5,348,802	6,410,969	8,752,337	Total business-type activities program revenues
26,835,997	22,496,577	27,671,869	31,413,178	37,122,837	Total primary government program revenues
					Net (expense) revenue (1)
(138,099,342)	(146,583,793)	(147,727,805)	(154,490,792)	(156,598,496)	Governmental activities
(3,113,938)	(3,576,435)	(2,974,909)	(1,445,730)	(127,387)	Business-type activities
$ (141,213,280)	$ (150,160,228)	$ (150,702,714)	$ (155,936,522)	$ (156,725,883)	Total primary government net (expense) revenue

COUNTY OF FAUQUIER, VIRGINIA

Table 2

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

	Fiscal Year				
	2009	**2010**	**2011**	**2012**	**2013**
Primary Government: (continued)					
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes:					
General property taxes	$ 117,835,182	$ 114,586,709	$ 111,630,849	$ 114,342,089	$ 115,379,407
Local sales and use taxes	6,240,448	5,887,347	6,298,377	6,637,371	7,151,477
Consumers' utility taxes	4,561,422	1,513,680	1,617,137	1,557,435	1,576,645
Business and professional taxes	1,463,055	1,460,805	1,433,739	1,185,466	1,381,176
Motor vehicle taxes	1,737,173	1,738,233	1,772,081	1,773,850	1,786,005
Taxes on recordation and wills	1,242,537	1,152,451	1,146,468	1,319,617	1,576,702
Other local taxes	181,577	202,935	177,595	211,306	210,656
Investment income	1,318,260	561,508	526,240	440,373	312,455
Miscellaneous	169,889	177,939	1,062,845	2,077,845	882,876
Grants and contributions not restricted to specific programs	13,852,748	16,893,482	16,765,178	16,665,118	16,819,694
Transfers	40,096	(38,005)	228,382	(73,181)	(42,934)
Total governmental activities general revenues and other changes in net position	148,642,387	144,137,084	142,658,891	146,137,289	147,034,159
Business-type activities:					
Investment income (loss)	7,408	1,045	2,260	(94,239)	7,710
Miscellaneous	-	-	-	500	(11,084)
Transfers	(40,096)	38,005	(228,382)	73,181	42,934
Total business-type activities general revenues and other changes in net position	(32,688)	39,050	(226,122)	(20,558)	39,560
Total primary government general revenues and other changes in net position	148,609,699	144,176,134	142,432,769	146,116,731	147,073,719
Change in Net Position (2)					
Governmental activities	197,075	3,176,815	(1,105,160)	(4,326,237)	(11,046,970)
Business-type activities	(2,558,024)	(1,630,646)	(1,815,405)	(2,690,115)	(3,273,899)
Total Primary Government change in net position	(2,360,949)	1,546,169	(2,920,565)	(7,016,352)	(14,320,869)
Component Unit - School Board: (3)					
Expenses					
Education	133,307,450	131,500,463	130,736,865	129,377,130	134,714,730
Program Revenues					
Charges for services	3,331,139	3,155,966	3,256,125	3,649,906	3,308,029
Operating grants and contributions	11,989,341	13,036,391	15,684,062	13,609,856	16,425,197
Capital grants and contributions	122,965	-	-	-	-
Total component unit - School Board program revenues	15,443,445	16,192,357	18,940,187	17,259,762	19,733,226
Net (expense) revenue (1)	(117,864,005)	(115,308,106)	(111,796,678)	(112,117,368)	(114,981,504)
General Revenues and Other Changes in Net Position					
Contribution from primary government	90,120,368	81,953,666	78,601,103	87,973,557	92,996,302
Investment income	1,193	1,321	499	160	96
Miscellaneous	471,525	445,596	328,778	225,962	341,789
Grants and contributions not restricted to specific programs	30,452,153	29,257,550	30,848,458	30,204,708	34,047,850
Total component unit - School Board general revenues and other changes in net position	121,045,239	111,658,133	109,778,838	118,404,387	127,386,037
Total Component Unit - School Board change in net position	$ 3,181,234	$ (3,649,973)	$ (2,017,840)	$ 6,287,019	$ 12,404,533

(1) Net (expense) revenue is the difference between the expenses and program revenues. It indicates the degree to which a function or program is supported with its own fees and program-specific grants versus its reliance upon funding from taxes and other general revenues. A number in parentheses is net expenses indicating that expenses were greater than program revenues and therefore general revenues were needed to finance that function or program. Numbers without parentheses are net revenues, meaning that program revenues were more than sufficient to cover expenses.

(2) Total reporting entity net position reflects the implementation of GASB Statement No. 68 for FY2014 - FY2018 and the implementation of GASB Statement 75 for FY2017-FY2018.

(3) Component unit - School Board change in net position is included in this table due to the School Board being a significant portion of the County.

Fiscal Year 2014	2015	2016	2017	2018	
					Primary Government: (continued)
					General Revenues and Other Changes in Net Position
					Governmental activities:
					Taxes:
$ 120,882,416	$ 125,741	$ 130,409,532	$ 136,643,418	$ 142,406,712	General property taxes
7,558,981	8,024,703	8,305,286	9,241,227	9,057,564	Local sales and use taxes
1,650,054	1,658,205	1,631,861	1,608,950	1,813,473	Consumers' utility taxes
1,436,850	1,353,040	1,444,902	1,632,643	1,564,338	Business and professional taxes
1,826,612	1,870,836	1,911,876	1,957,392	1,984,960	Motor vehicle taxes
1,656,673	1,514,756	1,720,164	1,731,125	1,789,913	Taxes on recordation and wills
198,096	259,151	235,719	260,204	296,329	Other local taxes
348,189	301,739	408,673	600,847	1,096,000	Investment income
977,300	389,682	481,040	156,345	138,972	Miscellaneous
17,555,313	17,705,302	17,867,956	17,284,375	16,923,612	Grants and contributions not restricted to specific programs
(1,459,775)	(790,828)	512,373	(1,155,862)	(2,921,267)	Transfers
152,630,709	32,412,327	164,929,382	169,960,664	174,150,606	Total governmental activities general revenues and other changes in net position
					Business-type activities:
50,683	1,057	3,524	9,247	22,460	Investment income (loss)
-	43,989	24,634	3,304	12,026	Miscellaneous
1,459,775	790,828	(512,373)	1,155,862	2,921,267	Transfers
1,510,458	835,874	(484,215)	1,168,413	2,955,753	Total business-type activities general revenues and other changes in net position
154,141,167	33,248,201	164,445,167	171,129,077	177,106,359	Total primary government general revenues and other changes in net position
					Change in Net Position (2)
14,531,367	(114,171,466)	17,201,577	15,469,872	17,552,110	Governmental activities
(1,603,480)	(2,740,561)	(3,459,124)	(277,317)	2,828,366	Business-type activities
12,927,887	(116,912,027)	13,742,453	15,192,555	20,380,476	Total Primary Government change in net position
					Component Unit - School Board: (3)
					Expenses
127,821,631	139,471,754	139,806,883	147,319,359	143,826,993	Education
					Program Revenues
3,204,445	3,402,127	3,277,727	3,411,390	3,312,563	Charges for services
16,929,078	15,910,673	17,904,582	16,699,061	20,010,793	Operating grants and contributions
-	-	-	-	-	Capital grants and contributions
20,133,523	19,312,800	21,182,309	20,110,451	23,323,356	Total component unit - School Board program revenues
(107,688,108)	(120,158,954)	(118,624,574)	(127,208,908)	(120,503,637)	**Net (expense) revenue (1)**
					General Revenues and Other Changes in Net Position
81,889,891	83,276,115	82,152,277	84,355,571	85,244,161	Contribution from primary government
94	65	809	2,456	3,896	Investment income
321,631	272,457	159,900	1,076,399	1,336,262	Miscellaneous
33,940,698	34,296,769	34,275,494	33,864,072	33,443,964	Grants and contributions not restricted to specific programs
116,152,314	117,845,406	116,588,480	119,298,498	120,028,283	Total component unit - School Board general revenues and other changes in net position
$ 8,464,206	$ (2,313,548)	$ (2,036,094)	$ (7,910,410)	$ (475,354)	Total Component Unit - School Board change in net position

COUNTY OF FAUQUIER, VIRGINIA

Table 3

Fund Balances - Governmental Funds
Last Nine Fiscal Years (1)
(modified accrual basis of accounting)

	Fiscal Year				
	2010	**2011**	**2012**	**2013**	**2014**
General Fund:					
Nonspendable	$ 295,767	$ 241,578	$ 385,013	$ 350,816	$ 492,533
Restricted	122,116	129,861	165,050	212,918	205,588
Committed	-	1,194,682	1,234,803	1,459,328	1,458,931
Assigned	9,066,692	5,778,089	5,396,734	5,661,633	4,290,578
Unassigned	15,418,952	17,059,512	16,003,100	16,506,543	16,622,908
Total General Fund	24,903,527	24,403,722	23,184,700	24,191,238	23,070,538
Other Governmental Funds:					
Nonspendable					
Capital Projects Fund	823,821	761,553	704,790	642,522	580,254
Debt Service Fund	-	-	2,420,625	2,370,625	-
Fire and Rescue Fund (2)	-	-	-	-	-
Nonmajor governmental funds	111,231	95,244	150,606	187,775	201,934
Restricted					
Fire and Rescue Fund (2)	-	-	-	-	-
Capital Projects Fund	1,922,611	1,732,830	15,753,189	4,503,238	4,214,963
Nonmajor governmental funds	2,264,806	1,690,748	2,164,559	1,477,487	1,658,333
Committed					
Capital Projects Fund	397,190	9,942,526	7,716,438	4,736,630	5,248,626
Fire and Rescue Fund (2)		-	-	-	-
Nonmajor governmental funds	3,546,826	4,071,351	4,022,105	4,821,958	5,434,684
Assigned					
Debt Service Fund		-	-	-	565,240
Nonmajor governmental funds		-	339,762	1,372,457	1,328,924
Unassigned					
Debt Service Fund		-	(1,760,874)	(2,150,688)	-
Nonmajor governmental funds		-	-	-	-
Total Other Governmental Funds	21,343,581	20,513,683	31,511,200	17,962,004	19,232,958
Total Governmental Funds	$ 46,247,108	$ 44,917,405	$ 54,695,900	$ 42,153,242	$ 42,303,496

(1) The County implemented GASB 54, the new standard for fund balance reporting in FY2011. Restatement for prior year fund balances is not feasible. Therefore, ten years of information is not available, but will be accumulated over time.
(2) As of FY2015, the Fire and Rescue Fund is classified as a Major Governmental Fund.

* In FY2017, the County elected to change from the consumption method to the purchase method for accounting for inventory and prepaid items in governmental funds. FY2016 fund balance has been restated to reflect this change.

Fiscal Year				
2015	**2016***	**2017**	**2018**	
				General Fund:
$ 426,775	$ 50,162	$ -	$ -	Nonspendable
210,291	337,264	314,269	219,021	Restricted
1,119,654	2,201,888	1,697,470	1,203,816	Committed
3,383,573	4,555,618	8,486,368	10,386,767	Assigned
17,031,448	19,150,449	19,801,927	19,085,314	Unassigned
22,171,741	26,295,381	30,300,034	30,894,918	Total General Fund
				Other Governmental Funds:
				Nonspendable
512,481	-	-	-	Capital Projects Fund
-	-	185,988	-	Debt Service Fund
168,138	-	-	-	Fire and Rescue Fund (2)
-	-	-	-	Nonmajor governmental funds
				Restricted
-	-	-	3,396,958	Fire and Rescue Fund (2)
3,835,930	4,529,804	5,492,607	2,538,619	Capital Projects Fund
2,098,674	3,080,914	3,977,274	5,059,087	Nonmajor governmental funds
				Committed
4,791,049	5,659,230	5,189,597	12,907,898	Capital Projects Fund
4,650,941	5,549,950	5,920,085	6,707,733	Fire and Rescue Fund (2)
795,049	855,493	1,063,675	766,120	Nonmajor governmental funds
				Assigned
886,092	407,118	22,914	82,831	Debt Service Fund
994,558	1,320,288	2,681,933	-	Nonmajor governmental funds
				Unassigned
-	-	-	-	Debt Service Fund
-	(3,162)	-	-	Nonmajor governmental funds
18,732,912	21,399,635	24,534,073	31,459,246	Total Other Governmental Funds
$ 40,904,653	$ 47,695,016	$ 54,834,107	$ 62,354,164	Total Governmental Funds

COUNTY OF FAUQUIER, VIRGINIA

Table 4

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

	Fiscal Year				
	2009	**2010**	**2011**	**2012**	**2013**
Revenues					
General property and other local taxes	$ 132,573,715	$ 126,626,266	$ 124,880,233	$ 126,471,138	$ 130,570,935
Permits, privilege fees, and regulatory licenses	1,213,148	964,288	889,367	900,061	1,541,522
Fines and forfeitures	483,483	515,286	470,323	447,742	548,076
Revenue from use of money and property	1,272,923	559,890	507,677	421,223	289,678
Charges for services	2,475,872	2,036,829	1,993,776	2,230,281	2,468,314
Gifts and donations	2,441	1,187,725	177,298	210,633	167,862
Recovered costs	517,063	216,991	263,985	441,593	434,215
Miscellaneous	169,889	177,939	1,062,845	2,077,845	882,876
Intergovernmental:					
Commonwealth of Virginia	23,577,653	26,929,574	26,577,419	25,934,368	26,922,538
Federal Government	4,165,645	5,553,092	3,674,124	3,562,870	2,929,258
Total revenues	166,451,832	164,767,880	160,497,047	162,697,754	166,755,274
Expenditures					
Current operating:					
General government administration	10,747,190	10,243,734	10,546,705	11,329,498	11,678,971
Judicial	2,966,916	3,048,533	2,974,541	3,129,590	3,541,030
Public safety	24,314,107	24,416,472	23,556,090	23,087,303	26,542,674
Public works	6,729,594	7,951,825	7,202,063	8,283,553	9,706,397
Health and welfare	9,942,056	10,302,171	9,889,115	9,937,121	9,586,398
Education	90,092,039	81,245,018	78,883,664	88,033,156	93,017,474
Parks, recreation, and cultural	6,868,414	5,570,383	5,806,542	5,409,843	5,500,954
Community development	8,553,281	11,366,594	7,652,116	5,988,110	5,729,630
Nondepartmental	816,428	594,483	649,715	681,335	753,584
Capital outlay	-	-	877,303	3,637,103	1,464,968
Debt service:					
Principal retirement (1)	8,739,019	8,820,698	8,730,851	8,760,894	8,826,681
Interest & fiscal charges (1)	6,386,481	6,069,818	5,986,485	5,735,211	5,136,165
Bond issuance costs (2)	-	169,949	143,778	299,881	34,284
Total expenditures	176,155,525	169,799,678	162,898,968	174,312,598	181,519,210
Excess (deficiency) of revenues over (under) expenditures	(9,703,693)	(5,031,798)	(2,401,921)	(11,614,844)	(14,763,936)
Other financing sources (uses)					
Transfers in	3,583,913	1,362,514	18,634,518	18,825,348	16,942,106
Transfers (out)	(3,588,665)	(1,408,590)	(18,648,531)	(20,288,417)	(18,479,808)
Issuance of debt (1)	-	6,153,000	1,566,000	19,880,000	3,305,000
Issuance of refunding bonds	2,115,000	3,565,000	5,430,000	13,260,000	-
Premium on refunding debt	-	-	-	-	-
Payments to refunded bond escrow agent	(2,285,637)	(3,820,154)	(5,962,000)	(15,124,411)	-
Premiums on issuance of debt	205,787	335,122	657,736	3,563,048	453,980
Total other financing sources (uses)	30,398	6,186,892	1,677,723	20,115,568	2,221,278
Net change in fund balances	$ (9,673,295)	$ 1,155,094	$ (724,198)	$ 8,500,724	$ (12,542,658)

(1) In Virginia, School Boards do not have borrowing or taxing authority, therefore the County issues debt on behalf of the School Board to finance school facilities projects. Because of this, debt service payments related to school facilities are presented as debt service of the Primary Government. Debt service as a percentage of noncapital expenditures for the Total Reporting Entity more appropriately reflects the unique Virginia school debt requirements.

(2) The presentation for FY2009 through FY2013 include bond issuance costs.

(3) The amount reported for "capital outlay primary government only" matches the reconciling item for capital outlay in the reconciliation between the government-wide statement of activities and the statement of revenues, expenditures, and changes in fund balance for governmental funds (Exhibit 6). The amount reported for "capital outlay Component Unit - School Board only" matches the reconciling item for capital outlay in the reconciliation between the government-wide statement of activities and the statement of revenues, expenditures, and changes in fund balance for the Discretely Presented Component Unit - School Board (Exhibit 33).

Fiscal Year 2014	2015	2016	2017	2018	
					Revenues
$ 135,160,010	$ 140,265,298	$ 145,958,511	$ 153,130,626	$ 158,963,558	General property and other local taxes
1,418,324	1,532,066	1,569,769	1,561,027	1,475,745	Permits, privilege fees, and regulatory licenses
499,746	465,431	431,902	458,810	728,722	Fines and forfeitures
335,394	284,998	367,166	525,021	882,699	Revenue from use of money and property
2,295,264	2,394,233	2,466,019	2,559,972	2,468,680	Charges for services
221,411	515,976	1,031,810	917,095	1,169,196	Gifts and donations
427,366	568,798	389,486	424,520	625,234	Recovered costs
4,068,300	389,682	2,407,938	799,404	943,671	Miscellaneous
					Intergovernmental:
28,049,395	27,752,268	28,376,246	30,173,577	29,651,120	Commonwealth of Virginia
3,946,313	3,242,138	3,867,596	6,250,432	4,608,104	Federal Government
176,421,523	177,410,888	186,866,443	196,800,484	201,516,729	
					Expenditures
					Current operating:
12,457,887	12,190,628	12,802,295	13,736,444	14,004,974	General government administration
3,642,931	3,749,075	3,890,324	3,874,425	3,940,365	Judicial
28,645,320	29,595,738	31,383,502	31,271,719	36,869,480	Public safety
7,915,339	8,006,917	9,998,893	8,184,775	8,521,245	Public works
11,328,226	12,594,333	12,817,543	11,667,455	12,168,492	Health and welfare
82,208,303	83,339,470	82,217,289	84,418,916	85,309,188	Education
5,776,405	6,057,766	6,179,184	6,281,542	7,220,351	Parks, recreation, and cultural
6,142,311	6,292,928	6,163,981	14,263,203	10,424,417	Community development
754,421	738,963	390,751	754,859	904,726	Nondepartmental
1,924,000	3,472,214	1,903,204	5,418,998	4,037,770	Capital outlay
					Debt service:
9,007,000	8,767,748	9,053,340	9,612,158	8,396,812	Principal retirement (1)
5,000,529	4,563,842	4,165,161	3,803,431	3,450,426	Interest & fiscal charges (1)
-	111,700	-	169,620	-	Bond issuance costs (2)
174,802,672	179,481,322	180,965,467	193,457,545	195,248,246	Total expenditures
1,618,851	(2,070,434)	5,900,976	3,342,939	6,268,483	Excess (deficiency) of revenues over (under) expenditures
					Other financing sources (uses)
19,714,744	20,805,913	20,111,099	21,000,709	25,799,292	Transfers in
(21,183,341)	(21,596,741)	(19,613,370)	(22,164,368)	(29,577,564)	Transfers (out)
-	1,386,719	391,658	4,878,380	4,608,587	Issuance of debt (1)
-	9,101,000	-	2,775,000	-	Issuance of refunding bonds
-	-	-	704,772	421,259	Premium on refunding debt
-	(9,025,300)	-	(3,398,341)	-	Payments to refunded bond escrow agent
-	-	-	-	-	Premiums on issuance of debt
(1,468,597)	671,591	889,387	3,796,152	1,251,574	Total other financing sources (uses)
$ 150,254	$ (1,398,843)	$ 6,790,363	$ 7,139,091	$ 7,520,057	Net change in fund balances

COUNTY OF FAUQUIER, VIRGINIA

Table 4

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

	Fiscal Year				
	2009	**2010**	**2011**	**2012**	**2013**
Debt Service as a Percentage of Noncapital Expenditures: (1)					
Primary Government:					
Total debt service	$ 15,125,500	$ 14,890,516	$ 14,717,336	$ 14,496,105	$ 13,962,846
Total expenditures	176,155,525	169,799,678	162,898,968	174,312,598	181,519,210
Capital outlay primary government only (3)	3,473,135	2,462,775	4,289,680	4,215,022	1,162,088
Non-capital expenditures	172,682,390	167,336,903	158,609,288	170,097,576	180,357,122
Debt service as a percentage of noncapital expenditures: Primary Government only	8.76%	8.90%	9.28%	8.52%	7.74%
Component Unit - School Board:					
Schools expenditures excluding County contribution	46,216,452	46,412,036	48,447,441	47,846,703	53,594,864
Capital outlay Component Unit - School Board only (3)	1,594,750	1,241,997	2,045,997	1,122,708	1,524,264
Non-capital expenditures	44,621,702	45,170,039	46,401,444	46,723,995	52,070,600
Total Reporting Entity:					
Total debt service	15,125,500	14,890,516	14,717,336	14,496,105	13,962,846
Total non-capital expenditures	$ 217,304,092	$ 212,506,942	$ 205,010,732	$ 216,821,571	$ 232,427,722
Debt service as a percentage of noncapital expenditures: Total Reporting Entity	6.96%	7.01%	7.18%	6.69%	6.01%

(1) In Virginia, School Boards do not have borrowing or taxing authority, therefore the County issues debt on behalf of the School Board to finance school facilities projects. Because of this, debt service payments related to school facilities are presented as debt service of the Primary Government. Debt service as a percentage of noncapital expenditures for the Total Reporting Entity more appropriately reflects the unique Virginia school debt requirements.

(2) The presentation for FY2009 through FY2013 include bond issuance costs.

(3) The amount reported for "capital outlay primary government only" matches the reconciling item for capital outlay in the reconciliation between the government-wide statement of activities and the statement of revenues, expenditures, and changes in fund balance for governmental funds (Exhibit 6). The amount reported for "capital outlay Component Unit - School Board only" matches the reconciling item for capital outlay in the reconciliation between the government-wide statement of activities and the statement of revenues, expenditures, and changes in fund balance for the Discretely Presented Component Unit - School Board (Exhibit 33).

Fiscal Year 2014	2015	2016	2017	2018	
					Debt Service as a Percentage of Noncapital Expenditures: (1)
					Primary Government:
$ 14,007,529	$ 13,331,590	$ 13,218,501	$ 13,415,589	$ 11,847,238	Total debt service
174,802,672	179,481,322	180,965,467	193,457,545	195,248,246	Total expenditures
3,146,923	3,672,064	1,846,546	4,606,649	5,115,341	Capital outlay primary government only (3)
171,655,749	175,809,258	179,118,921	188,850,896	190,132,905	Non-capital expenditures
8.16%	7.58%	7.38%	7.10%	6.23%	Debt service as a percentage of noncapital expenditures: Primary Government only
					Component Unit - School Board:
54,160,921	53,805,742	55,915,274	54,571,202	57,724,088	Schools expenditures excluding County contribution
2,549,290	2,658,590	2,784,141	2,226,249	1,866,169	Capital outlay Component Unit - School Board only (3)
51,611,631	51,147,152	53,131,133	52,344,953	55,857,919	Non-capital expenditures
					Total Reporting Entity:
14,007,529	13,331,590	13,218,501	13,415,589	11,847,238	Total debt service
$ 223,267,380	$ 226,956,410	$ 232,250,054	$ 241,195,849	$ 245,990,824	Total non-capital expenditures
6.27%	5.87%	5.69%	5.56%	4.82%	Debt service as a percentage of noncapital expenditures: Total Reporting Entity

COUNTY OF FAUQUIER, VIRGINIA

Table 5-A

Assessed Value and Estimated Actual Value of Taxable Property (1)
Last Ten Calendar Years

	Real Property						
Taxable Year	**Residential Property**	**Commercial Property**	**Agricultural Property**	**Public Service SCC Assessed**	**Total Taxable Real Property Assessed Value**	**Add: Tax-Exempt Real Property**	**Total Value**
2009	$ 9,128,162,400	$ 1,071,298,800	$ 2,100,370,400	$ 619,755,825	$ 12,919,587,425	$ 967,101,100	$ 13,886,688,525
2010	6,780,771,400	1,073,501,400	1,706,814,000	625,145,966	10,186,232,766	989,212,900	11,175,445,666
2011	6,830,579,900	1,063,923,500	1,703,632,900	650,565,523	10,248,701,823	1,006,092,700	11,254,794,523
2012	6,889,390,800	1,067,953,300	1,716,811,900	692,329,668	10,366,485,668	1,004,592,600	11,371,078,268
2013	6,951,154,200	1,081,100,700	1,711,068,100	692,329,732	10,435,652,732	1,006,955,100	11,442,607,832
2014	7,266,298,800	1,133,663,200	1,690,497,600	661,631,726	10,752,091,326	928,023,400	11,680,114,726
2015	7,349,773,300	1,144,905,900	1,701,191,600	650,126,899	10,845,997,699	915,822,500	11,761,820,199
2016	7,445,077,000	1,163,896,000	1,718,320,400	654,744,149	10,982,037,549	919,663,200	11,901,700,749
2017	7,538,017,200	1,176,883,900	1,720,140,700	657,629,104	11,092,670,904	912,299,000	12,004,969,904
2018	8,801,964,400	1,201,542,000	1,931,881,600	639,357,088	12,574,745,088	930,513,800	13,505,258,888

Table 5-B

Tax Relief for the Elderly
Last Ten Calendar Years

Taxable Year	Tax Relief for the Elderly
2009	$ 305,180,200
2010	222,494,500
2011	237,816,800
2012	242,812,300
2013	238,370,300
2014	245,089,100
2015	245,484,600
2016	252,923,550
2017	265,523,200
2018	308,813,800

Source: Fauquier County Commissioner of the Revenue

(1) Property in Fauquier County is reassessed once every four years at actual market value. Property is assessed at 100 percent of estimated actual value. Tax rates are per $100 of assessed value.
(2) The total direct tax rate is calculated using the weighted average method.

	Personal Property				
General Property	Segregated Properties	Total Personal Property Assessed Value	Total Real and Personal Property Assessed Value	Total Direct Tax Rate (2)	Taxable Year
$ 704,651,911	$ 45,079,146	$ 749,731,057	$ 13,669,318,482	0.970	2009
595,929,989	45,275,468	641,205,457	10,827,438,223	1.175	2010
541,729,863	118,315,665	660,045,528	10,908,747,351	1.164	2011
565,615,974	110,025,693	675,641,667	11,042,127,335	1.169	2012
596,389,332	104,311,182	700,700,514	11,136,353,246	1.186	2013
613,509,167	112,808,209	726,317,376	11,478,408,702	1.197	2014
638,448,282	120,276,397	758,724,679	11,604,722,378	1.211	2015
663,841,809	140,649,248	804,491,057	11,786,528,606	1.254	2016
705,905,506	169,961,267	875,866,773	11,968,537,677	1.254	2017
730,253,242	167,217,815	897,471,057	13,472,216,145	1.248	2018

COUNTY OF FAUQUIER, VIRGINIA

Table 6

Property Tax Rates for Both Direct and Overlapping Governments (1)
Last Ten Calendar Years
(rates per $100 of assessed value)

	Calendar Year									
Type of Tax	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
FAUQUIER COUNTY										
Countywide tax levies:										
Real property:										
General Fund	$ 0.720	$ 0.919	$ 0.919	$ 0.919	$ 0.929	$ 0.941	$ 0.948	$ 0.975	$ 0.975	$ 0.855
Fire and Rescue Special Revenue Fund	0.035	0.045	0.045	0.045	0.045	0.045	0.045	0.058	0.058	0.121
Conservation Easement Purchase Levy	0.010	0.006	0.006	0.006	0.006	0.006	0.006	0.006	0.006	0.006
Total direct real property tax rate	0.765	0.970	0.970	0.970	0.980	0.992	0.999	1.039	1.039	0.982
Personal property:										
General class	4.650	4.650	4.650	4.650	4.650	4.650	4.650	4.650	4.650	4.650
Airplanes	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001
Machinery and tools	4.650	2.300	2.300	2.300	2.300	2.300	2.300	2.300	2.300	2.300
Handicapped equipped vehicle	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050
Camper trailers and boats	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500
Mobile homes	0.765	0.970	0.970	0.970	0.980	0.992	0.999	1.039	1.039	0.982
Buses with 30 or more passengers	-	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Business furniture, fixtures, and equipment	-	2.300	2.300	2.300	2.300	2.300	2.300	2.300	2.300	2.300
Fire and rescue volunteer vehicle	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250
Total direct personal property tax rate (2)	4.511	4.434	4.180	4.220	4.255	4.255	4.241	4.200	4.200	4.178
Total direct tax rate (2)	0.970	1.175	1.164	1.169	1.186	1.197	1.211	1.254	1.254	1.248
Special district levies:										
Marshall Street Light Levy (3)	0.005	0.005	0.005	0.005	0.005	0.005	0.005	0.005	0.005	0.005
Bethel Academy Levy (4)	522.06	522.06	522.06	522.06	522.06	522.06	522.06	522.06	522.06	522.06
Stormwater Management Levy (5)	-	-	-	-	-	13.64	13.64	13.64	13.64	13.64
OVERLAPPING GOVERNMENTS										
Town of Warrenton:										
Real estate	0.015	0.015	0.015	0.015	0.015	0.015	0.015	0.050	0.050	0.050
Personal property	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Town of Remington:										
Real estate	0.100	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125
Personal property	1.100	1.100	1.100	1.100	1.100	1.100	1.100	1.100	1.100	1.100
Town of The Plains:										
Real estate	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040
Personal property	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500

(1) The County does not have any direct and overlapping debt to report.
(2) The total direct personal property tax rate and the total direct tax rate are calculated using the taxable property assessed value weighted average method.
(3) The Marshall Street Light Levy is a special assessment for the Marshall District.
(4) The Bethel Academy Levy is a fixed amount per lot for a period of ten years beginning in 2009.
(5) The Stormwater Management Levy is a special assessment per parcel on certain parcels.

Sources: Fauquier County Commissioner of the Revenue; Town of Warrenton; Town of Remington; Town of The Plains

COUNTY OF FAUQUIER, VIRGINIA

Table 7-A

Principal Real Property Taxpayers
Current Year and Nine Years Ago

TAXPAYER	2018 Assessed Valuation	2018 Rank	2018 % of Total Assessed Valuation	2009 Assessed Valuation	2009 Rank	2009 % of Total Assessed Valuation
Virginia Electric & Power Company	$ 336,246,912	1	2.67%	$ 259,064,867	1	2.01%
Old Dominion Electric Co-op	114,610,074	2	0.91%	173,763,889	2	1.34%
Fauquier Medical Center LLC	77,253,600	3	0.61%			
Northern Virginia Electric Co-op	35,795,235	4	0.28%	27,250,375	5	0.21%
Warrenton Center LLC	34,813,000	5	0.28%	27,714,500	4	0.21%
Verizon - Virginia LLC	26,093,184	6	0.21%	61,152,716	3	0.47%
Fauquier Long-Term Care, LLC	23,474,100	7	0.19%			
Rappahannock Electric Co-op	20,764,288	8	0.17%			
Vint Hill Village LLC	19,231,900	9	0.15%	18,640,144	8	0.14%
Northrock Center LLC	18,931,400	10	0.15%			
Oak Spring Farms LLC				26,938,800	6	0.21%
Warrenton Development Company				21,008,800	7	0.16%
Airlie Foundation				17,481,600	9	0.14%
Warrenton Village LLC				16,871,600	10	0.13%
Total	$ 707,213,693		5.62%	$ 649,887,291		5.02%

Source: Fauquier County Commissioner of the Revenue

Table 7-B

Principal Personal Property Taxpayers (1)
Current Year and Nine Years Ago

TAXPAYER	2018 Assessed Valuation	2018 Rank	2018 % of Total Assessed Valuation	2009 Assessed Valuation	2009 Rank	2009 % of Total Assessed Valuation
VADATA Inc	$ 55,382,428	1	6.32%			
H & E Equipment Services Inc	7,047,175	2	0.80%			
Fauquier Medical Center LLC	5,315,584	3	0.61%			
Toyota Motor Credit Corp (TLT)	4,527,383	4	0.52%	$ 2,513,172	6	0.34%
HGS LLC	3,987,891	5	0.46%			
Comcast of CA/MD/PA/VA/WV LLC	3,886,086	6	0.44%			
Amerigas Propane LP	3,099,600	7	0.35%			
Vulcan Materials Co	3,039,666	8	0.35%	4,708,159	3	0.63%
Paynes Parking Designs Inc	2,917,615	9	0.33%			
Luck Stone Corporation	2,664,135	10	0.30%	4,793,070	2	0.64%
J W Buress				4,806,500	1	0.64%
Prince William Construction Co LLC				3,892,117	4	0.52%
Food Lion Inc				2,773,346	5	0.37%
DCFS Trust				2,314,797	7	0.31%
Scenic America				2,113,288	8	0.28%
Eastern Clearing				2,000,845	9	0.27%
Hawk, Inc				1,968,727	10	0.26%
Total	$ 91,867,563		10.48%	$ 31,884,021		4.26%

(1) Original TY 2018 Book Assessments.

Source: Fauquier County Commissioner of the Revenue

COUNTY OF FAUQUIER, VIRGINIA

Table 8

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Tax Levied for the Tax Year	Adjustments	Total Adjusted Levy	Collections within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Adjusted Tax Levy	Amount	Amount	Percentage of Adjusted Tax Levy
2009	$ 130,672,014	$ (153,361)	$ 130,518,653	$ 127,948,474	98.03%	$ 2,411,417	$ 130,359,891	99.88%
2010	125,478,009	(111,445)	125,366,564	122,961,071	98.08%	2,260,851	125,221,922	99.88%
2011	124,996,220	(74,580)	124,921,640	122,687,302	98.21%	1,997,585	124,684,887	99.81%
2012	126,178,322	406,319	126,584,641	124,456,425	98.32%	2,085,250	126,541,675	99.97%
2013	129,385,080	(148,547)	129,236,533	127,508,397	98.66%	1,294,888	128,803,285	99.66%
2014	134,056,098	(199,827)	133,856,271	131,810,247	98.47%	1,208,608	133,018,855	99.37%
2015	137,426,955	657	137,427,612	136,106,494	99.04%	1,263,984	137,370,478	99.96%
2016	143,008,327	(161,168)	142,847,159	141,524,709	99.07%	1,316,530	142,841,239	99.99%
2017	150,951,961	(170,254)	150,781,707	147,447,104	97.79%	901,949	148,349,053	98.39%
2018	154,794,463	-	154,794,463	153,137,157	98.93%	-	153,137,157	98.93%

The Personal Property Tax Relief Act amounts received for tax years 2011 to 2018 are as follows:

FY 2011	$ 13,659,460	CY 2011
FY 2012	13,657,516	CY 2012
FY 2013	13,657,516	CY 2013
FY 2014	13,566,372	CY 2014
FY 2015	13,570,923	CY 2015
FY 2016	13,758,849	CY 2016
FY 2017	13,707,834	CY 2017
FY 2018	13,705,160	CY 2018

COUNTY OF FAUQUIER, VIRGINIA

Table 9

Ratios of Outstanding Debt by Type (1)
Last Ten Fiscal Years

	Governmental Activities				Business-type Activities							
Fiscal Year	Capital Lease	Certificates of Participation	General Obligation Bonds	Virginia Public School Authority Bonds	Capital Lease	Solid Waste Revenue Bonds	Sewer Revenue Bonds	Notes Payable	Total Primary Government	Personal Income	Percentage of Personal Income (2)	Per Capita (2)
2009	$ 5,255,423	$ 2,465,787	$ 42,465,543	$ 71,818,244	$ 880,005	$ 421,446	$ -	$ 18,362	$ 123,324,810	$ 3,459,006,000	3.57%	$ 1,909
2010	8,444,774	2,286,065	39,289,520	66,431,981	596,000	-	-	-	117,048,340	3,593,026,000	3.26%	1,795
2011	9,235,569	8,186,317	36,140,583	61,428,505	298,000	-	-	-	115,288,974	3,823,425,000	3.02%	1,761
2012	4,870,290	7,742,774	35,743,215	77,848,199	-	6,065,440	-	-	132,269,918	4,096,730,000	3.23%	2,011
2013	3,843,205	7,301,780	32,555,866	76,580,596	-	5,925,854	-	-	126,207,301	3,992,753,000	3.16%	1,908
2014	2,911,274	6,858,665	29,368,052	71,241,989	-	5,387,159	-	-	115,767,139	4,081,897,000	2.84%	1,739
2015	3,001,296	6,399,539	27,727,283	65,756,480	-	9,646,698	-	-	112,531,296	4,316,279,000	2.61%	1,667
2016	2,038,177	5,925,420	25,267,136	60,272,709	-	9,430,964	-	-	102,934,406	4,410,308,000	2.33%	1,516
2017	5,113,511	5,728,520	22,762,210	54,797,067	-	9,129,028	-	-	97,530,336	*	*	1,431
2018	4,490,699	5,178,179	25,121,524	49,480,501	-	8,814,800	118,587	-	93,204,290	*	*	1,349

(1) The County does not have any direct and overlapping debt to report.
(2) See the schedule of Demographic and Economic Statistics on Table 12 for personal income and population data.

* Unavailable

FAUQUIER COUNTY
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VIRGINIA

COUNTY OF FAUQUIER, VIRGINIA

Table 10

Ratios of General Bonded Debt Outstanding (1)
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Virginia Public School Authority Bonds	Net General Bonded Debt	Percentage of Personal Income	Percentage of Estimated Actual Value of Taxable Property (2)	Per Capita (3)
2009	$ 42,465,543	$ 71,818,244	$ 114,283,787	3.30%	0.84%	$ 1,769
2010	39,289,520	66,431,981	105,721,501	2.94%	0.98%	1,621
2011	36,140,583	61,428,505	97,569,088	2.55%	0.89%	1,491
2012	35,743,215	77,848,199	113,591,414	2.77%	1.03%	1,727
2013	32,555,866	76,580,596	109,136,462	2.73%	0.98%	1,650
2014	29,368,052	71,241,989	100,610,041	2.46%	0.88%	1,511
2015	27,727,283	65,756,480	93,483,763	2.17%	0.81%	1,385
2016	25,267,136	60,272,709	85,539,845	1.94%	0.73%	1,260
2017	22,762,210	54,797,067	77,559,277	*	0.65%	1,138
2018	25,121,524	49,480,501	74,602,025	*	0.55%	1,080

(1) The County does not have any direct and overlapping debt to report.
(2) See the schedule of Assessed Value and Estimated Actual Value of Taxable Property on Table 5A-B for property value data.
(3) See the schedule of Demographic and Economic Statistics on Table 12 for population data.

* Unavailable

COUNTY OF FAUQUIER, VIRGINIA

Table 11

County Policy Debt Margin
Last Ten Fiscal Years

	Fiscal Year				
	2009	**2010**	**2011**	**2012**	**2013**
Primary Government general revenues	$ 157,808,035	$ -	$ -	$ -	$ -
Budgeted revenues (1)	-	161,131,819	154,965,925	157,396,115	159,945,659
Debt limit (2)	15,780,804	16,113,182	15,496,593	15,739,612	15,994,566
Total net debt applicable to limit (3)	15,178,778	15,234,861	15,364,141	15,138,516	14,609,344
County policy margin	$ 602,026	$ 878,321	$ 132,452	$ 1,254,544	$ 2,038,670
Total net debt applicable to the limit as a percentage of general revenues	9.62%	9.45%	9.91%	9.62%	9.13%

(1) Effective FY2010, budgeted revenues include the General Fund, the Conservation Easement Service District Fund, and the Volunteer Fire and Rescue Fund.

(2) The Code of Virginia has no legal debt margin limit set on the Counties. Effective FY2010, Fauquier County's annual debt service capacity was defined as 10% of the aggregate total of original budgeted revenues in the General Fund, the Conservation Easement Service District Fund, and the Volunteer Fire and Rescue Fund.

(3) Contributions to certain volunteer fire and rescue companies operating within the County that are utilized to pay debt service on borrowing for which the County has made certain commitments (see Note 9) are included in the debt margin calculation.

Fiscal Year					
2014	**2015**	**2016**	**2017**	**2018**	
$ -	$ -	$ -	$ -	$ -	Primary Government general revenues
163,855,490	170,353,442	174,239,206	181,242,684	186,361,496	Budgeted revenues (1)
16,385,549	17,035,344	17,423,921	18,124,268	18,636,150	Debt limit (2)
14,936,587	14,259,898	14,148,209	14,346,246	12,778,846	Total net debt applicable to limit (3)
$ 2,386,420	$ 2,775,446	$ 3,275,712	$ 3,778,022	$ 5,857,304	County policy margin
9.12%	8.37%	8.12%	7.92%	6.86%	Total net debt applicable to the limit as a percentage of general revenues

COUNTY OF FAUQUIER, VIRGINIA

Table 12

Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Estimated Population (1)	Personal Income (expressed in thousands) (2)	Per Capita Personal Income (2)	Unemployment Rate (3)	County Civilian Labor Force (3)	At-Place Employment Annual Average (3)	School Enrollment (4)
2009	64,594	$ 3,459,006	$ 53,292	5.6%	37,699	20,271	11,244
2010	65,203	3,593,026	54,871	6.1%	36,270	20,133	11,222
2011	65,460	3,823,425	57,797	5.7%	36,637	20,771	11,241
2012	65,780	4,096,730	61,441	5.4%	36,761	21,381	11,201
2013	66,131	3,992,753	59,326	5.2%	36,742	21,212	11,032
2014	66,573	4,081,897	59,695	4.8%	36,696	21,070	11,084
2015	67,512	4,316,279	62,832	4.2%	36,618	21,517	11,055
2016	67,898	4,410,308	63,854	3.7%	36,294	22,043	11,042
2017	68,168	*	*	3.4%	36,989	22,093	11,007
2018	69,098	*	*	2.8%	37,613	22,021	11,104

Sources:
(1) Weldon Cooper Center for Public Service final population estimates as of July 1st for FY2009 through FY2017, and provisional estimate for FY2018, as of July 1, 2017.
(2) Bureau of Economic Analysis, calendar year data. New estimates for 2016; revised estimates for 2010-2015.
(3) Bureau of Labor Statistics Data for the Unemployment Rate and County Civilian Labor Force is the rate at June of the corresponding year. Bureau of Labor Statistics Data for At-Place Employment is for the 1st quarter of each year.
(4) School enrollment from the Fauquier County Public Schools Adopted Budgets.

* Unavailable

COUNTY OF FAUQUIER, VIRGINIA

Table 13

Principal Employers (1)
Current Year and Nine Years Ago

	2018		2009	
Employer	**Rank**	**Number of Employees**	**Rank**	**Number of Employees**
Fauquier County School Board	1	1000 and over	1	1000 and over
Fauquier Health System	2	500 to 999	2	500 to 999
County of Fauquier	3	500 to 999	3	500 to 999
U.S. Department of Transportation	4	250 to 499	4	250 to 499
Walmart	5	250 to 499	5	100 to 249
Town of Warrenton	6	100 to 249	7	100 to 249
Food Lion	7	100 to 249	6	100 to 249
Airlie Foundation	8	100 to 249		
Blue Ridge Orthopaedic Associates	9	100 to 249		
Smith Midland Corporation	10	100 to 249		
McDonald's			8	100 to 249
Warrenton Overlook Health and Rehabilitation Center			9	100 to 249
The Fauquier Bank			10	100 to 249

(1) Fauquier County is prohibited from publishing the actual number of employees per the Confidential Information Protection and Statistical Efficiency Act of 2002 – Title V of Public Law 107-347.

Source: Virginia Employment Commission Top 50 Employers (1st Quarter of 2018 and 2nd Quarter of 2009)

FAUQUIER COUNTY
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VIRGINIA

COUNTY OF FAUQUIER, VIRGINIA

Table 14

County Government Employees by Function
Last Ten Fiscal Years

	Fiscal Year									
Function/Program	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
General government administration	115.2	109.8	112.2	113.2	113.5	114.5	116.8	117.5	119.6	122.6
Judicial administration	38.7	38.8	38.5	38.8	42.8	42.8	44.1	45.1	45.1	45.1
Public safety	192.3	189.5	191.5	207.5	238.5	238.5	248.9	248.9	260.5	266.5
Public works	78.6	81.1	74.1	74.1	76.1	75.5	79.5	78.5	79.5	79.5
Health and welfare	45.1	45.1	45.1	46.5	47.5	47.5	48.5	48.5	48.5	48.5
Parks, recreation, and cultural	63.5	61.7	58.7	60.6	61.9	61.9	62.9	63.2	64.2	65.2
Community development	79.0	63.5	61.5	63.5	62.1	62.1	72.1	75.1	76.1	76.1
Total Primary Government	612.4	589.5	581.6	604.2	642.4	642.8	672.8	676.8	693.5	703.5
Component Unit - School Board										
Education	1,725.0	1,853.3	1,863.1	1,863.1	1,816.3	1,819.5	1,831.1	1,836.1	1,819.1	1,900.8
Total Reporting Entity	2,337.4	2,442.8	2,444.7	2,467.3	2,458.7	2,462.3	2,503.9	2,512.9	2,512.6	2,604.3

(1) As of FY2017 Fire, Rescue, and Emergency Services is reported in the Fire and Rescue Tax Levy Fund

Sources: For County Government employees information: Fauquier County Adopted Budgets

For Component Unit - School Board employees information:
FY2009: Fauquier County Public Schools Adopted Budgets
FY2010 through FY2018: Fauquier County Adopted Budgets

Table 15

Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year				
Function	**2009**	**2010**	**2011**	**2012**	**2013**
General government administration					
Commissioner of the revenue					
Real estate number of parcels	31,484	31,639	32,638	32,805	32,897
Land use number of parcels	3,930	3,941	3,953	3,941	3,925
PPTRA qualifying vehicles	68,662	67,161	69,326	70,846	71,931
County attorney (6)					
Total litigation files opened	71	30	32	32	11
Active open litigation cases	-	-	-	-	-
Finance					
Vendor checks issued	18,604	19,131	17,518	16,349	17,555
Human resources					
Employment applications received	14,690	15,290	18,941	15,248	11,814
New employees orientated	996	633	535	607	548
Payroll annual checks/direct deposits	47,434	49,430	52,750	53,826	53,104
Information technology					
Website hits (7)	1,014,468	1,253,348	1,094,809	1,154,107	1,043,798
Treasurer					
Real estate bills mailed	63,105	62,080	63,064	63,165	63,101
Personal property bills mailed	60,942	60,916	61,782	62,500	63,494
Dog tags issued	2,941	3,495	3,374	3,293	3,340
Judicial administration					
Adult court services					
Average daily caseload	372	385	415	522	564
Circuit court (2)					
Civil cases	906	798	1,002	699	884
Criminal cases	989	1,099	964	1,165	1,168
Clerk of the circuit court (by calendar year)					
Deed book recording	12,328	11,493	10,858	13,883	14,153
Judgments	2,734	2,706	2,343	2,129	1,758
Criminal cases	1,069	1,000	1,054	1,187	1,166
Concealed weapon permits	662	526	593	958	1,607
Public safety					
Detention center					
Prisoner transports	4,835	4,297	4,238	5,370	6,119
Average daily inmate population	112	110	110	110	103
Juvenile detention					
Youth detained	75	72	53	44	44
Child care days	622	740	788	258	259
Juvenile probation					
Probation and paroles per month	105	177	116	62	102
Intakes	1,283	1,203	1,212	1,026	1,108

(1) Operating indicators for the current year-end will not be available until the publication of the subsequent year's budget. Therefore, no FY2018 information is available.
(2) Circuit court data based on calendar year.
(3) As of FY2009, CSA revised reporting categories.
(4) Updated Recycled Materials - Tons rate in FY2016 to reflect correct statistic.
(5) Transfer station operations began in FY2016.
(6) As of FY2016, County Attorney revised reporting categories.
(7) As of FY2017, Information Technology utilized a new method of website tracking.
(8) As of FY2017, the Sheriff's Office utilized a new method for reporting categories.

Sources: Fauquier County Adopted Budgets; Fauquier County Departments; Fauquier County School Board Superintendent's Annual Reports
* Unavailable

Fiscal Year					
2014	2015	2016	2017	2018 (1)	Function
					General government administration
					Commissioner of the revenue
32,967	33,276	33,466	33,591	*	Real estate number of parcels
3,950	3,914	3,867	3,847	*	Land use number of parcels
70,800	74,556	75,741	77,413	*	PPTRA qualifying vehicles
					County attorney (6)
9	13	13	-	*	Total litigation files opened
-	-	351	390	*	Active open litigation cases
					Finance
17,971	17,071	17,247	17,290	*	Vendor checks issued
					Human resources
9,125	9,668	9,065	10,162	*	Employment applications received
526	841	737	840	*	New employees orientated
68,750	43,467	66,835	77,610	*	Payroll annual checks/direct deposits
					Information technology
1,056,552	1,582,195	1,199,765	210,985	*	Website hits (7)
					Treasurer
63,486	64,548	64,550	65,655	*	Real estate bills mailed
64,910	66,643	68,310	69,726	*	Personal property bills mailed
3,434	3,737	3,576	4,466	*	Dog tags issued
					Judicial administration
					Adult court services
425	450	315	310	*	Average daily caseload
					Circuit court (2)
640	561	687	595	*	Civil cases
1,211	1,123	974	1,150	*	Criminal cases
					Clerk of the circuit court (by calendar year)
10,188	11,986	12,515	11,555	*	Deed book recording
1,927	1,555	1,290	1,348	*	Judgments
1,221	950	1,082	1,085	*	Criminal cases
1,078	1,218	1,417	1,368	*	Concealed weapon permits
					Public safety
					Detention center
6,967	7,441	6,958	6,678	*	Prisoner transports
104	102	91	82	*	Average daily inmate population
					Juvenile detention
50	50	50	50	*	Youth detained
300	300	300	300	*	Child care days
					Juvenile probation
75	110	110	110	*	Probation and paroles per month
1,250	1,200	1,200	1,283	*	Intakes

Table 15

Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year				
Function	**2009**	**2010**	**2011**	**2012**	**2013**
Public safety (continued)					
Fire, rescue, and emergency services					
911 calls for service	13,823	10,653	10,693	27,180	26,553
Hazardous material response	39 calls	22 calls	10 calls	8 calls	20 calls
Emergency Response - EMS	6,880	6,664	7,187	7,032	7,187
Emergency Response - Fire	4,146	3,935	4,420	3,931	3,938
Sheriff (8)					
Traffic summonses issued	11,361	9,075	8,183	7,224	6,992
Misdemeanor arrests	2,068	2,159	2,499	3,082	2,283
Felony arrests	850	790	882	1,068	930
Civil papers served	17,365	15,732	16,572	15,667	15,364
Calls for service	58,015	59,031	59,448	66,260	71,048
Animal control calls for service	3,936	3,396	3,501	3,765	3,177
Joint communications					
Telephone calls processed	176,009	170,553	157,299	158,821	158,493
Dispatch actions performed	776,786	810,569	793,509	857,133	886,108
Calls for service	99,211	104,980	101,786	110,305	133,542
Public works					
Environmental services - convenience sites					
Trash - tons	17,607	18,495	16,963	17,307	17,702
Recycled materials - tons (4)	2,824	2,858	2,564	2,413	2,446
Resident visits	597,580	555,266	509,204	512,827	523,106
General services					
Facility work orders completed	8,580	8,620	7,979	8,499	8,405
Fleet vehicles/small engines	759	770	665	641	618
Preventive maintenance schedule	1,216	1,513	1,699	1,891	2,009
Health and welfare					
Children's Services Act (CSA)					
Congregate care (3)	-	35	25	26	28
Foster care - therapeutic, specialized, regular (3)	-	82	56	71	81
Community based services	153	138	146	104	155
Special Education Day Placements	27	36	35	27	29
SPED Wraps	11	14	8	52	26
Social services					
Adoption assistance	29	24	34	33	42
Long term care screenings	101	107	122	102	102

(1) Operating indicators for the current year-end will not be available until the publication of the subsequent year's budget. Therefore, no FY2018 information is available.
(2) Circuit court data based on calendar year.
(3) As of FY2009, CSA revised reporting categories.
(4) Updated Recycled Materials - Tons rate in FY2016 to reflect correct statistic.
(5) Transfer station operations began in FY2016.
(6) As of FY2016, County Attorney revised reporting categories.
(7) As of FY2017, Information Technology utilized a new method of website tracking.
(8) As of FY2017, the Sheriff's Office utilized a new method for reporting categories.

Sources: Fauquier County Adopted Budgets; Fauquier County Departments; Fauquier County School Board Superintendent's Annual Reports
* Unavailable

Fiscal Year					
2014	2015	2016	2017	2018 (1)	Function
					Public safety (continued)
					Fire, rescue, and emergency services
24,196	27,607	26,593	24,845	*	911 calls for service
25 calls	7 calls	10 calls	6 calls	*	Hazardous material response
7,230	7,533	7,706	4,551	*	Emergency Response - EMS
3,964	4,386	4,648	2,655	*	Emergency Response - Fire
					Sheriff (8)
6,864	5,952	6,077	7,734	*	Traffic summonses issued
2,345	1,937	1,811	1,184	*	Misdemeanor arrests
1,089	1,028	937	504	*	Felony arrests
21,548	19,342	14,412	13,528	*	Civil papers served
65,565	68,577	24,099	23,997	*	Calls for service
3,116	2,589	2,532	2,497	*	Animal control calls for service
					Joint communications
160,078	157,410	141,730	144,256	*	Telephone calls processed
912,691	921,379	914,143	962,493	*	Dispatch actions performed
116,948	114,435	111,563	118,344	*	Calls for service
					Public works
					Environmental services - convenience sites
17,841	17,608	19,368	19,653	*	Trash - tons
2,654	2,634	2,878	3,039	*	Recycled materials - tons (4)
527,506	526,812	578,393	589,987	*	Resident visits
					General services
8,500	7,542	8,500	8,210	*	Facility work orders completed
725	800	817	915	*	Fleet vehicles/small engines
2,000	2,029	2,000	2,610	*	Preventive maintenance schedule
					Health and welfare
					Children's Services Act (CSA)
45	65	51	28	*	Congregate care (3)
112	75	75	78	*	Foster care - therapeutic, specialized, regular (3)
196	195	196	194	*	Community based services
35	46	52	50	*	Special Education Day Placements
13	20	10	8	*	SPED Wraps
					Social services
44	59	68	79	*	Adoption assistance
135	136	141	115	*	Long term care screenings

Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year				
Function	**2009**	**2010**	**2011**	**2012**	**2013**
Parks, recreation, and cultural					
Library					
Materials cataloged/processed	13,483	12,701	13,642	16,443	11,562
Periodicals cataloged/processed	7,882	7,590	3,423	3,514	3,455
Library patron visits	277,461	278,078	255,009	265,770	264,436
Parks and recreation					
Park attendance	513,813	739,564	714,352	791,948	729,807
Shelter rentals	232	249	283	334	336
Education					
Per pupil expenditures	10,935	10,804	11,284	11,014	11,746
High school completion rate	94%	90%	91%	93%	96%
SAT scores	1,535	1,528	1,532	1,537	1,532
Federal subsidized meals program	19.8%	22.2%	21.6%	24.9%	23.4%
Community development					
Tourism e-newsletter distribution	*	7,120	8,260	15,296	22,640
Rezoning/comp plans	14	10	8	7	4
Preliminary/final subdivisions	6	2	12	3	5
Building permits issued	1,366	1,000	881	1,021	1,493
Building plans reviewed	1,289	1,134	1,225	1,103	1,288
Land disturbing permits issued	38	42	114	82	109
Marketing response to website (7)	165,212	160,420	168,446	169,088	191,150
Other funds					
Environmental services					
Residents using the landfill	5,456	6,404	3,714	2,615	2,581
Total tons recycled	24,677	18,337	20,274	21,980	24,470
Solid waste - tons to the landfill	73,027	64,366	53,454	52,245	52,749
Solid waste - tons to the transfer station (5)	-	-	-	-	-
Recycling rate	32%	35%	39%	44%	43%
Fleet maintenance					
Internal service fund county users	46	42	46	42	40
Internal service fund non-county users	26	22	26	12	12
Total vehicles serviced	5,016	5,300	5,016	5,908	5,471

(1) Operating indicators for the current year-end will not be available until the publication of the subsequent year's budget. Therefore, no FY2018 information is available.
(2) Circuit court data based on calendar year.
(3) As of FY2009, CSA revised reporting categories.
(4) Updated Recycled Materials - Tons rate in FY2016 to reflect correct statistic.
(5) Transfer station operations began in FY2016.
(6) As of FY2016, County Attorney revised reporting categories.
(7) As of FY2017, Information Technology utilized a new method of website tracking.
(8) As of FY2017, the Sheriff's Office utilized a new method for reporting categories.

Sources: Fauquier County Adopted Budgets; Fauquier County Departments; Fauquier County School Board Superintendent's Annual Reports
* Unavailable

Fiscal Year					
2014	2015	2016	2017	2018 (1)	Function
					Parks, recreation, and cultural
					Library
11,981	11,014	11,892	13,090	*	Materials cataloged/processed
3,336	3,387	3,208	3,154	*	Periodicals cataloged/processed
261,090	266,496	259,773	253,182	*	Library patron visits
					Parks and recreation
667,485	789,325	850,526	894,230	*	Park attendance
357	343	356	369	*	Shelter rentals
					Education
11,920	12,173	12,479	12,567	*	Per pupil expenditures
97%	95%	97%	97%	*	High school completion rate
1,549	1,546	1,569	1,125	*	SAT scores
24.8%	24.3%	24.7%	27.2%	*	Federal subsidized meals program
					Community development
39,578	44,217	50,407	54,400	*	Tourism e-newsletter distribution
12	8	70	9	*	Rezoning/comp plans
20	2	1	1	*	Preliminary/final subdivisions
1,583	1,544	1,458	1,782	*	Building permits issued
1,446	1,312	1,490	1,898	*	Building plans reviewed
111	230	281	390	*	Land disturbing permits issued
217,750	225,588	232,355	48,720	*	Marketing response to website (7)
					Other funds
					Environmental services
1,877	1,630	1,705	1,757	*	Residents using the landfill
25,240	17,011	15,756	19,942	*	Total tons recycled
52,588	47,957	5,821	7,994	*	Solid waste - tons to the landfill
-	-	44,962	43,635	*	Solid waste - tons to the transfer station (5)
43%	40%	43%	41%	*	Recycling rate
					Fleet maintenance
42	46	46	45	*	Internal service fund county users
12	12	15	13	*	Internal service fund non-county users
6,000	6,031	6,500	6,073	*	Total vehicles serviced

COUNTY OF FAUQUIER, VIRGINIA

Table 16

Capital Asset Statistics by Function
Last Ten Fiscal Years

	Fiscal Year									
Function	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Judicial administration										
Detention center capacities	56	56	56	56	56	56	56	56	56	56
Public safety										
Fire and rescue companies	11	11	11	11	11	11	11	11	10	10
Public works (1)										
Active vehicles	260	271	287	263	270	277	454	494	362	386
County owned buildings	57	57	57	57	57	57	57	57	64	66
Sq. ft. in buildings	396,744	396,744	396,744	396,744	396,744	396,744	455,883	540,986	422,325	436,067
Parks, recreation, and cultural										
Libraries	3	3	3	3	3	3	3	3	3	3
Volumes	211,950	211,562	214,029	208,313	208,691	210,698	210,356	210,933	207,989	210,181
Parks and recreation facilities	32	35	35	35	35	35	35	36	35	38
Land acres	732	825	885	899	932	932	886	890	892	909
Water acres	113	113	116	116	110	110	115	115	115	116
Trails (miles)	12.75	13	14	14	14	20	20	20	20	25
Fields	71	59	63	63	58	58	57	57	57	57
Boats	33	34	35	58	35	36	34	34	34	40
Shelters	15	19	19	19	21	21	19	19	18	19
Swimming pools	2	2	2	2	2	2	2	2	2	2
Education										
Elementary schools										
Buildings	11	11	11	11	11	11	11	11	11	11
Sq. ft. in buildings	717,016	717,016	717,016	717,016	717,016	717,016	717,016	717,016	717,016	717,016
Capacity	6,095	6,095	6,095	6,095	6,095	6,176	6,176	6,176	6,176	6,176
Middle schools										
Buildings	5	5	5	5	5	5	5	5	5	5
Sq. ft. in buildings	514,110	514,110	514,110	514,110	514,110	514,110	514,110	514,110	514,110	514,110
Capacity	3,183	3,183	3,183	3,183	3,183	3,045	3,194	3,194	3,194	3,194
High schools										
Buildings	3	3	3	3	3	3	3	3	3	3
Sq. ft. in buildings	742,272	742,272	742,272	742,272	817,163	834,710	848,210	848,210	848,210	848,210
Capacity	4,500	4,500	4,500	4,500	4,554	4,342	4,342	4,342	4,342	4,364
Alternative schools										
Buildings	1	1	1	1	1	1	1	1	1	1
Sq. ft. in buildings	17,547	17,547	17,547	19,563	19,563	19,563	19,563	19,563	19,563	19,563
Capacity	191	191	191	191	191	191	191	220	220	220
Number of school buses	174	180	184	178	181	182	170	179	179	173
Airport										
Miles of runways	0.96	0.96	0.96	0.96	0.96	0.96	0.95	0.95	0.95	0.95
Number of hangars	10	10	10	10	10	11	11	11	11	11

Sources: Fauquier County Administration; Fauquier County Fleet Operations; Fauquier County Parks & Recreation; Fauquier County General Services; Fauquier County Department of Fire, Rescue and Emergency Management; Fauquier County Public Schools

(1) The County implemented a new methodology for better calculating public works statistical data in FY2017.

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

To the Honorable Members of the Board of Supervisors
County of Fauquier, Virginia
Warrenton, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns,* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Fauquier, Virginia, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County of Fauquier, Virginia's basic financial statements, and have issued our report thereon dated November 16, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
November 16, 2018

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

To the Honorable Members of the Board of Supervisors
County of Fauquier, Virginia
Warrenton, Virginia

Report on Compliance for Each Major Federal Program

We have audited the County of Fauquier, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Fauquier, Virginia's major federal programs for the year ended June 30, 2018. County of Fauquier, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the County of Fauquier, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

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

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

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

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

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
November 16, 2018

COUNTY OF FAUQUIER, VIRGINIA

Schedule of Expenditures of Federal Awards
Primary Government and Discretely Presented Component Unit
For the Period Ended June 30, 2018

Federal Granting Agency/Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures	Amounts Provided to Subrecipients
Primary Government:				
DEPARTMENT OF AGRICULTURE:				
Direct payments:				
Rural Business Development Grant	10.351	Not Applicable	$ 6,417	$ -
Passed through Virginia Polytechnic Institute and State University:				
Beginning Farmer and Rancher Development Program	10.311	545930-19998	4,114	4,114
Passed through the Commonwealth of Virginia:				
Department of Social Services				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	10118,50118,40118	538,399	-
Total Department of Agriculture			548,930	4,114
DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
Passed through the Commonwealth of Virginia:				
Department of Social Services:				
Promoting Safe and Stable Families	93.556	950117	655	-
Temporary Assistance for Needy Families	93.558	400118	262,695	-
Temporary Assistance for Needy Families	93.558	CVS-16-056-16	70,922	-
Refugee and Entrant Assistance _State Administered Programs	93.566	500118	554	-
Low-Income Home Energy Assistance	93.568	600418	28,856	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	760118	42,747	-
Chafee Education and Training Vouchers Program (ETV)	93.599	9160117	548	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	900118	722	-
Foster Care-Title IV-E	93.658	1100118	589,939	-
Adoption Assistance	93.659	1120118	573,707	-
Social Services Block Grant	93.667	1000117	274,534	-
Chafee Foster Care Independence Program	93.674	9150117	3,043	-
Children's Health Insurance Program	93.767	540118	23,711	-
Medical Assistance Program	93.778	1200118	553,775	-
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	CVS-16-056-16	10,000	-
Total Department of Health and Human Services			2,436,408	-
DEPARTMENT OF HOMELAND SECURITY:				
Direct payments:				
Staffing Adequate Fire and Emergency Response (SAFER)	97.083	Not Applicable	294,933	-
Passed through the Commonwealth of Virginia:				
Department of Emergency Services:				
Emergency Management Performance Grants	97.042	EMP-2017-EP-00006	17,725	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-03-VA-4262-PW-00120	7,437	-
Total Department of Homeland Security			320,095	-
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
Direct payments:				
Continuum of Care Program	14.267	Not Applicable	4,100	4,100
Passed through the Commonwealth of Virginia:				
Department of Housing and Community Development:				
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	14-22	64,349	64,349
Total Department of Housing and Urban Development			68,449	68,449
DEPARTMENT OF JUSTICE:				
Direct payments:				
Bulletproof Vest Partnership Program	16.607	Not Applicable	9,799	-
Passed through the Commonwealth of Virginia:				
Department of Criminal Justice Services				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	17-I1217LO16	1,146	-
Crime Victim Assistance	16.575	17-A3423SA15	206,534	-
Juvenile Justice and Delinquency Prevention	16.540	18-B3406JJ13	20,450	-
Virginia Department of the Police				
Internet Crimes Against Children Task Force Program (ICAC)	16.800	Unknown	1,020	-
Total Department of Justice			$ 238,949	$ -

Schedule of Expenditures of Federal Awards
Primary Government and Discretely Presented Component Unit
For the Period Ended June 30, 2018

Federal Granting Agency/Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures	Amounts Provided to Subrecipients
DEPARTMENT OF TRANSPORTATION:				
Direct payments:				
Airport Improvement Program	20.106	Not Applicable	$ 1,938,743	$ -
Passed through the Commonwealth of Virginia:				
Department of Transportation:				
Highway Planning and Construction	20.205	UPC 91228	494	-
	20.205	UPC 91227	1,470	-
	20.205	UPC 102828	249,756	-
Total Highway Planning and Construction			251,720	-
Department of Motor Vehicles:				
State and Community Highway Safety	20.600	SC-2017-57105-6754	5,516	-
State and Community Highway Safety	20.600	FSC-2018-58124-8124	7,865	-
Total State and Community Highway Safety			13,381	-
Alcohol Open Container Requirements	20.607	154AL-2017-57101-6750	2,178	-
Alcohol Open Container Requirements	20.607	154AL-2018-58114-8114	28,148	-
Total Alcohol Open Container Requirements			30,326	-
Total Department of Transportation			2,234,170	-
DEPARTMENT OF THE TREASURY				
Direct Payments:				
Secret Service Task Force	21.000	Not Applicable	5,933	-
Total Department of the Treasury			5,933	-
NATIONAL ENDOWMENT FOR THE ARTS				
Passed through the Commonwealth of Virginia:				
Commission for the Arts				
Promotion of the Arts Partnership Agreements	45.025	18-0394	500	-
Total National Endowment for the Arts			500	-
Total Expenditures of Federal Awards - Primary Government			5,853,434	72,563
Component Unit - School Board:				
DEPARTMENT OF AGRICULTURE:				
Child Nutrition Cluster:				
Department of Education:				
School Breakfast Program	10.553	APE40253	455,278	-
Department of Education:				
National School Lunch Program	10.555	APE40254	1,484,881	-
Department of Agriculture and Consumer Services:				
National School Lunch Program - Commodities	10.555	Not Applicable	321,575	-
Total National School Lunch Program			1,806,456	-
Total Child Nutrition Cluster			2,261,734	-
Total Department of Agriculture			2,261,734	-
DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
Direct Payments:				
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	Not Applicable	26,832	-
Total Department of Health and Human Services			26,832	-
DEPARTMENT OF DEFENSE:				
Direct Payments:				
Junior ROTC Program	12.000	Not Applicable	71,392	-
Mathematical Sciences Grants	12.901	Not Applicable	83,109	-
Total Department of Defense			154,501	-
DEPARTMENT OF EDUCATION:				
Passed through the Commonwealth of Virginia:				
Department of Education:				
Title I Grants to Local Educational Agencies	84.010	APE42901	864,926	-
Special Education Cluster (IDEA):				
Special Education_Grants to States (IDEA, Part B)	84.027	APE30710, APE60180, APE61110	2,560,025	-
Special Education_Preschool Grants (IDEA Preschool)	84.173	APE62521	55,297	-
Total Special Education Cluster (IDEA)			2,615,322	-
Career and Technical Education -- Basic Grants to States	84.048	APE61095, APE61159	113,259	-
English Language Acquisition State Grants	84.365	APE60509, APE60512	61,918	-
Supporting Effective Instruction State Grant	84.367	APE61480	208,600	-
Student Support and Academic Enrichment Program	84.424	APE60281	24,613	-
Total Department of Education			3,888,638	-
Total Expenditures of Federal Awards - Component Unit - School Board			6,331,705	-
Total Expenditures of Federal Awards - Reporting Entity			$ 12,185,139	$ 72,563

Notes to Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2018

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Fauquier, Virginia under programs of the Federal Government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Title 2, Code of Federal Regulations, Part 200 (2 CFR 200))* . Because the Schedule presents only a selected portion of operations of the County of Fauquier, Virginia, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of the County of Fauquier, Virginia.

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Title 2, Code of Federal Regulations, Part 200 (2 CFR 200)* , wherein certain types of expenditures are not allowable, or are limited as to reimbursement.

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

(3) The County did not elect to use the 10% de minimus indirect cost rate.

Note 3- Food Donation

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

Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:		
Primary government:		
General Fund	$	3,680,529
Capital Projects Fund		251,945
Debt Service Fund		396,950
Other Governmental Funds		278,680
Airport Fund		1,938,743
Total primary government		6,546,847
Component Unit – School Board:		
School General Fund		4,069,971
School Nutrition Fund		2,261,734
Total component unit school board		6,331,705
Total federal revenues per basic financial statements		12,878,552
Reconcile Federal revenues to expenditures		
Less: Federal expenditures from the prior fiscal year for which the associated revenue became available in the current fiscal year.		(56,376)
Less: Payments in Lieu of Taxes		(2,778)
Less: Federal Tax Credit Subsidy on QSCB Bond		(396,950)
Less: Memo of Understanding with Homeland Security Investigations		(22,978)
Less: Contribution from the Department of Defense, Readiness and Environmental Protection Integration Program to offset the cost of Purchase Development Rights purchased in fiscal years 2014 and 2015.		(214,331)
Total reconciling items		(693,413)
Total expenditures reimbursed by federal revenues		12,185,139
Total federal expenditures per the Schedule of Expenditures of Federal Awards	$	12,185,139

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Noncompliance material to financial statements noted?	No

Federal Awards

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

Identification of major programs:

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

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

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Prior Year Findings

There are no prior year findings to report.

FAUQUIER COUNTY
1759
VIRGINIA