COUNTY OF FAUQUIER, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2015

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, 2015

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November 17, 2015

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, 2015. 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, 2015 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements 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 0.9% since 2006 (last ten years), and 0.8% since 2011 (last five years), to the current level of 67,512. 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.

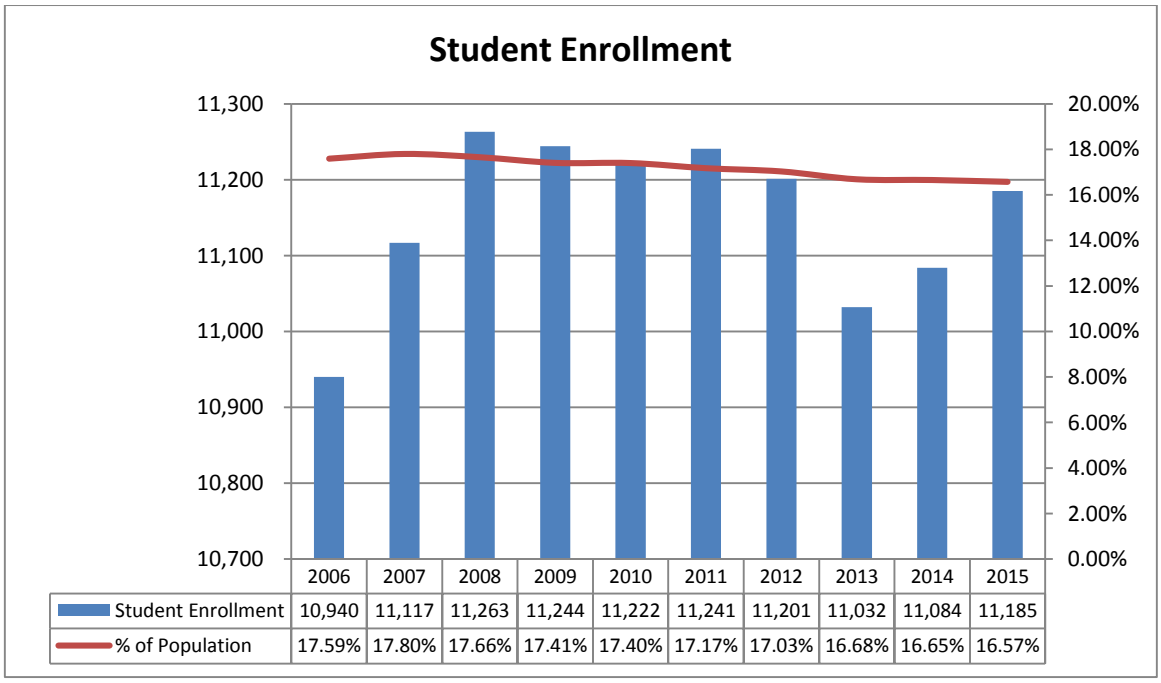
The County provides a full range of services to its residents, including education, public safety, court services, solid waste disposal, community and economic development, parks and recreational activities, public libraries, social services, and general administration. All resources required to support 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 established in 2010. Additionally, as of the end of the current fiscal year, FCPS had begun the process of updating the strategic plan, with a new strategic plan set for adoption very early in the new fiscal year.

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.



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Student Enrollment	10,940	11,117	11,263	11,244	11,222	11,241	11,201	11,032	11,084	11,185
% of Population	17.59%	17.80%	17.66%	17.41%	17.40%	17.17%	17.03%	16.68%	16.65%	16.57%

The combined enrollment of FCPS as of June 2015 totaled 11,185 students. The FCPS High School Completion Rate as of June 2014 is 99.31%, with 77.4% of graduates seeking higher education. The above

chart shows student enrollment (Data Source - Table 13) which grew between fiscal years 2006 and 2008 to its ten-year peak of 11,263 students, and 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 increased each year by an average of 77 students per year.

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

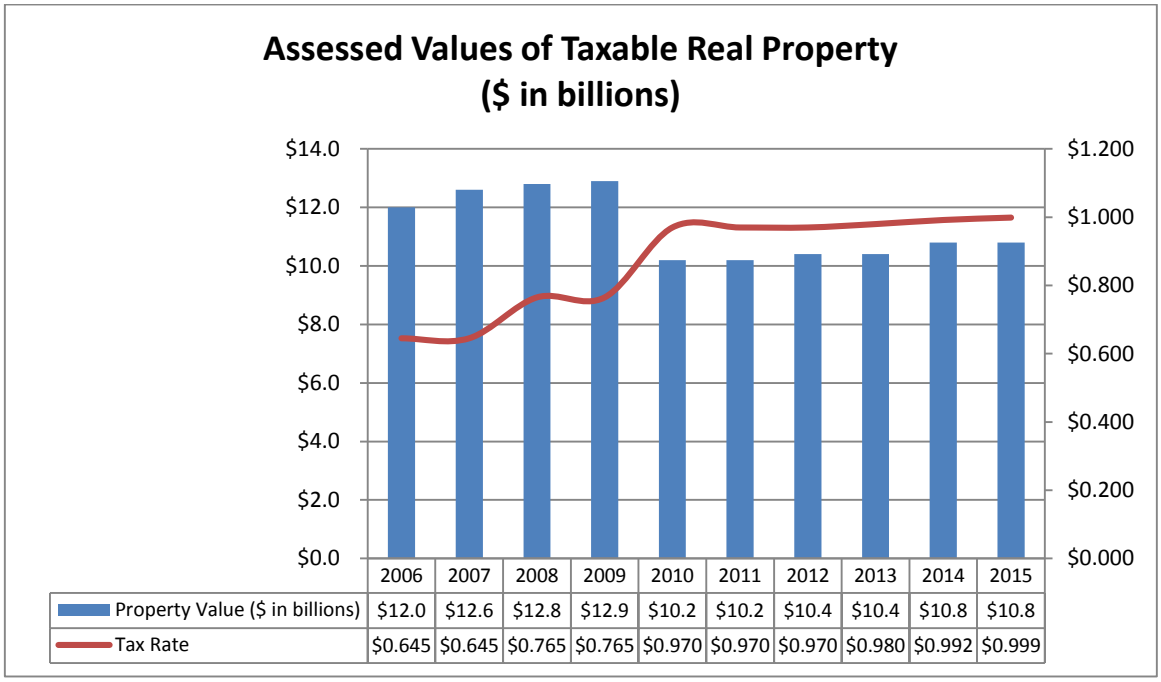
Fauquier County's housing economy, after having been significantly impacted by the turmoil in the national housing market in comparison to the unprecedented growth that characterized the region in the early part of the last decade, is showing signs of a measured recovery from those dramatic losses. After 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 recently shown slow but steady signs of improvement and continues to be impacted by a recovering, yet still challenging, economic environment.

The County's real estate valuation is reassessed on a quadrennial basis. The most recent reassessment was conducted in 2013, effective January 1, 2014, and resulted in an overall increase in assessed values of 0.94% from previous levels. In addition to the improvement in assessed values, increased values from new construction during the fiscal year contributed to a 4.9% increase in overall taxable real property values from a four-year average of $10.3 billion from 2010 to 2013 to $10.8 billion in 2014 and 2015.

The current assessed values show varying trends among different classes of property, with residential and commercial values up by 1.2% and 1.0%, respectively, while agricultural values were up just 0.6%, and public service values fell by 1.7% compared with the prior year. This decline was less impactful since the class of real estate affected represents approximately 6.0% of the total assessed values of property in the County, while the classes of property for which values increased represent about 94.0% of total assessed values of property in the County.

These trends demonstrate the slow and methodical nature of the economic recovery in the housing market since 2010. In fact, the annualized growth rate of total assessed values of all taxable real estate in the County has been 1.26% since the low point in 2010.

The slow rate of growth in assessed values over the past six years, coupled with increasing costs of services, necessitated an increase the real property tax rate to 99.9 cents per $100 in assessed value, up from 99.2 cents per $100 in assessed value in 2014; this rate increase was necessary to ensure that the County received sufficient revenue to maintain services and meet its obligations. The graph below shows varying property values and corresponding tax rates for the last ten years.



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Property Value ($ in billions)	$12.0	$12.6	$12.8	$12.9	$10.2	$10.2	$10.4	$10.4	$10.8	$10.8
Tax Rate	$0.645	$0.645	$0.765	$0.765	$0.970	$0.970	$0.970	$0.980	$0.992	$0.999

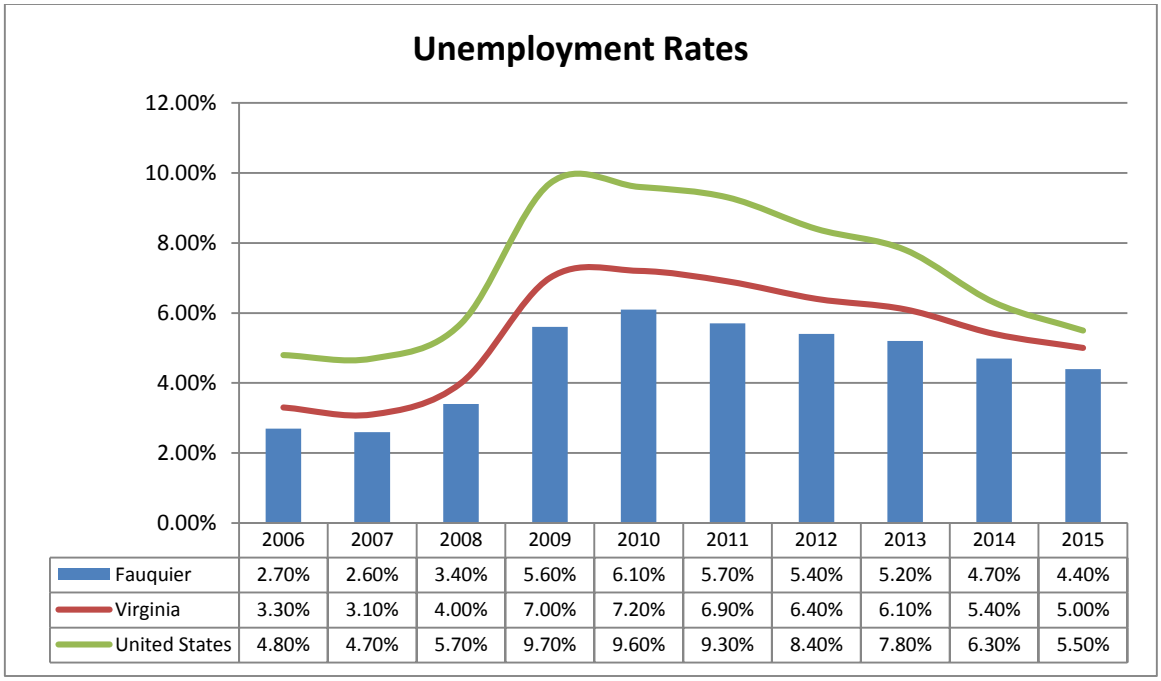
The total direct personal property tax rate declined slightly from the prior year, while property values increased 4.5%. Since the low point in 2010, the recovery rate for personal property has been more vigorous than that of real property, at an annualized increase of 3.4% per year.

The collection rate for property tax levies, within the fiscal year of the levy, increased slightly in fiscal year 2015 to 99.04% from 98.43% in fiscal year 2014.

Several key economic indicators show that the County's economy has exhibited signs of improvement from the recent downturn of the mid-to-late 2000's. Community development fees were up 9% in 2015 over the prior year totals. County sales tax collections continue to experience year-over-year increases, up 6.2% in 2015. Median home sale prices improved, and were 3.6% higher than the previous year, while the decline in foreclosure listings and short sale listings continued during the year. Additionally, the number of new business licenses issued during 2015 was up 17% from 2014.

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 2015, 53.7% of the County's total population participated in the labor force (36,230 out of 67,512), and 95.6% of the civilian labor force was employed (34,636 out of 36,230).

The County's unemployment rate is 4.4% as of June 2015. This figure is below last year's rate of 4.7%, and marks the fifth straight year of improvement since 2010. Additionally, the County unemployment rate continues to be below Virginia's unemployment rate of 5.0% as well as the National unemployment rate of 5.5%, 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 slow recovery from the recent economic downturn of 2009 through 2011.



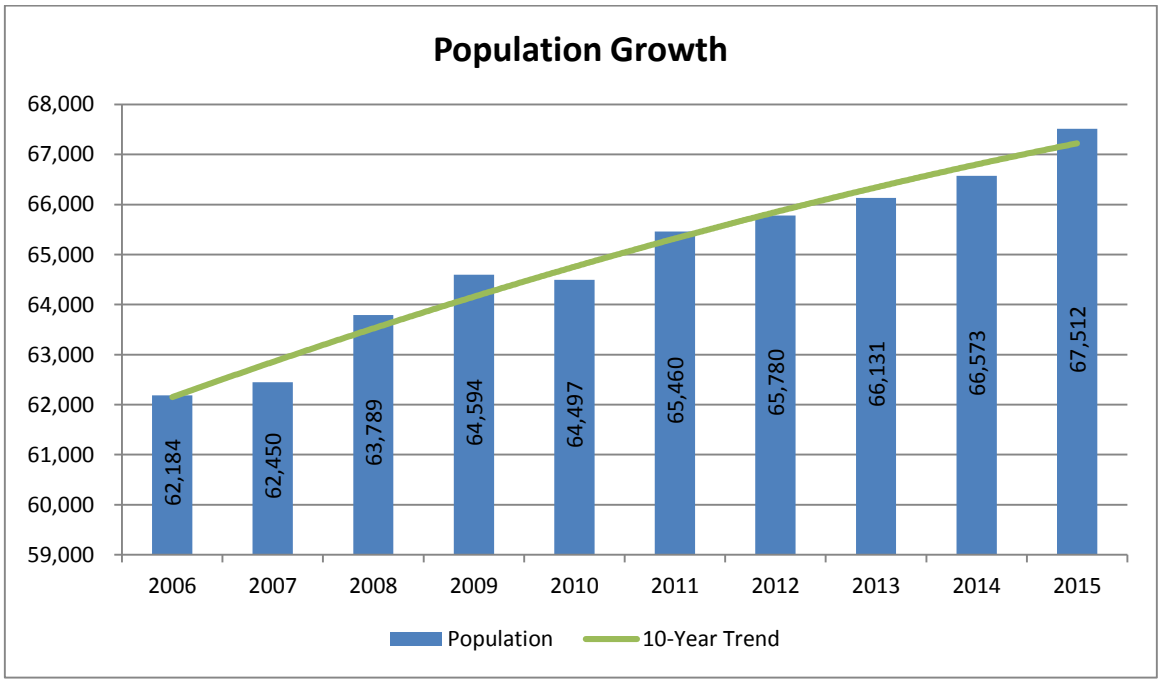
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Fauquier	2.70%	2.60%	3.40%	5.60%	6.10%	5.70%	5.40%	5.20%	4.70%	4.40%
Virginia	3.30%	3.10%	4.00%	7.00%	7.20%	6.90%	6.40%	6.10%	5.40%	5.00%
United States	4.80%	4.70%	5.70%	9.70%	9.60%	9.30%	8.40%	7.80%	6.30%	5.50%

Source: U.S. Bureau of Labor Statistics - June, 2015 (not seasonally adjusted)

According to 2011 data obtained from the Virginia Employment Commission (originally produced by the U.S. Census Bureau, Center for Economic Studies, LEHD), approximately 76.5% of the County's employed workers commute to work outside the County. About half of these commuters are traveling to Fairfax, Prince William, and Loudoun Counties.

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 8.6%, with an average annual growth

rate of about 0.9%, though there is a high degree of fluctuation in the rate from year to year. However, the rate of growth has slowed more recently, with the average annual growth rate over the past five years decreasing to 0.8%.

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 93% 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 newly approved Tourism, Technology, and Defense Production Zones. In fiscal year 2015, there were 135 new startup firms in the County.

Below are additional highlights of economic development benefits during 2015:

- Continued implementation of the Comprehensive Economic Development strategy that was presented to the Board of Supervisors in June 2014, illustrating a strategic approach in the pursuit of job creation and tax base expansion.
- George Mason University's Mason Enterprise Center, continues to thrive and reached full capacity during 2015. Additional office space has been leased to meet the demand from Fauquier entrepreneurs. Through this partnership, George Mason University brings its experience and extensive network of business counselors to the new facility in Warrenton.
- The County has expanded its business incubator initiative by opening two new Business Enterprise Centers. The new centers will provide resources to entrepreneurs in Marshall and at Vint Hill.
- The County established Defense Industry Production Zones in all Service Districts to promote and attract defense/government contractors to locate in Fauquier County.
- 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 first Wine Competition in 2015 and attracted more than 250 attendees. Plans for the upcoming year include expansion of the competition to accommodate a larger number of visitors.
- The Micro-Loan program has been implemented and made its first small business loan. 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 Board of Supervisors accepted the infrastructure report recommendations for the Warrenton-Fauquier Airport that would supply the necessary infrastructure to support the Airport's future expansion and a significant amount of commercial and industrial development.
- Infrastructure report recommendations for the Marshall Service District continued.

- A collaborative project with colleges, universities, Fauquier County Public Schools, Fauquier County Department of Human Resources, and employers to address workforce needs of the community continued.
- A construction trades program for high school students has been established in joint cooperation with Fauquier County Public Schools, Virginia Polytechnic Institute & State University, and local contracting business partners.
- 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.
- New businesses locating in the County received economic development incentives; Vadata, Inc. locating within a Technology Zone with five-year projected investment of over $150 million and Wort Hog Brewing Company located in the Town of Warrenton in a Tourism Zone creating over 15 jobs with estimated five-year investment of over $2.7 mil.
- Services to our local veterans continues to be expanded. A Memorandum of Understanding with Marine Corps Base Quantico is pending final approval by the Department of the Navy. This will enable Fauquier County to provide services to transitioning Marines.
- Fauquier Health Foundation's endowment of $150 million continues to award grants to various local non-profits and government agencies. An expected $52.8 million in capital investment is expected over the next ten years.

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 25 vineyards and wineries in the County, 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 the following industry sectors: 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 a bond rating of AA+ from both Fitch Ratings and Standard & Poor's. These ratings were most recently reviewed by both Fitch Ratings and Standard & Poor's in January 2014 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.

Fund Structure Revisions

Fiscal year 2015 marked the fifth year of a significant revision to the County's fund structure. These changes included the creation of a debt service fund and the establishment of asset replacement funds for the general government and the school division.

The Debt Service Fund was established to serve as a repository for the funding of principal and interest costs on outstanding debt. Prior to its establishment, most debt service expenses were appropriated to the General Fund and the School Operating Fund. Utilizing a single debt service fund facilitates the tracking of total debt service requirements over time.

The establishment of the County and School asset replacement funds provides a vehicle for the financing of major maintenance and systems replacement, renovations and major asset replacements, principally

through the accumulation of cash funding and various grants. The asset replacement funds help mitigate the volume of debt financing and allow the Capital Improvement Program to focus on long-range facility requirements.

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 six-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 2016-2020 capital budget for new County and School projects totals approximately $180.2 million. These projects include:

- $31.1 million for school system projects;
- $46.1 million for parks, recreation, and cultural projects;
- $34.6 million for public safety projects including fire and rescue, the Sheriff's Office, and joint communications system;
- $24.2 million for utility projects;
- $6.4 million for development of the Stafford Site; and
- $37.8 million for other projects including environmental services and general government administration.

The adopted CIP includes $12.5 million in cash funding (6.9% 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 fiscal year 2016 Capital Improvement Fund budget totals $1.2 million (cash funding) for various projects, including on-going parks and recreation projects and an airport development study.

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 adopted a fund balance management policy for the County's General Fund in fiscal year 2003. The policy, which was subsequently updated in fiscal year 2011, sets the minimum level of unassigned fund balance required for the General Fund at not less than ten percent (10%) of General Fund revenues, providing for enhanced financial planning and stability.

The Board of Supervisors established a debt referendum policy in 2001, updated in 2009, to encourage public participation in the decision-making process relating to major construction projects due to the potential effects on the County's credit rating, debt availability, tax rates, and the annual operating budget. The policy requires projects costing 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. A Revenue Committee convenes monthly 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 2015, the County implemented GASB Statements No. 68, No. 69, and No. 71, as applicable. In fiscal year 2016, the County will implement GASB Statements No. 72 and No. 76, as applicable. Additional information relative to the Statements is contained 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, 2014. This was the seventeenth 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 2015. 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
Finance Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

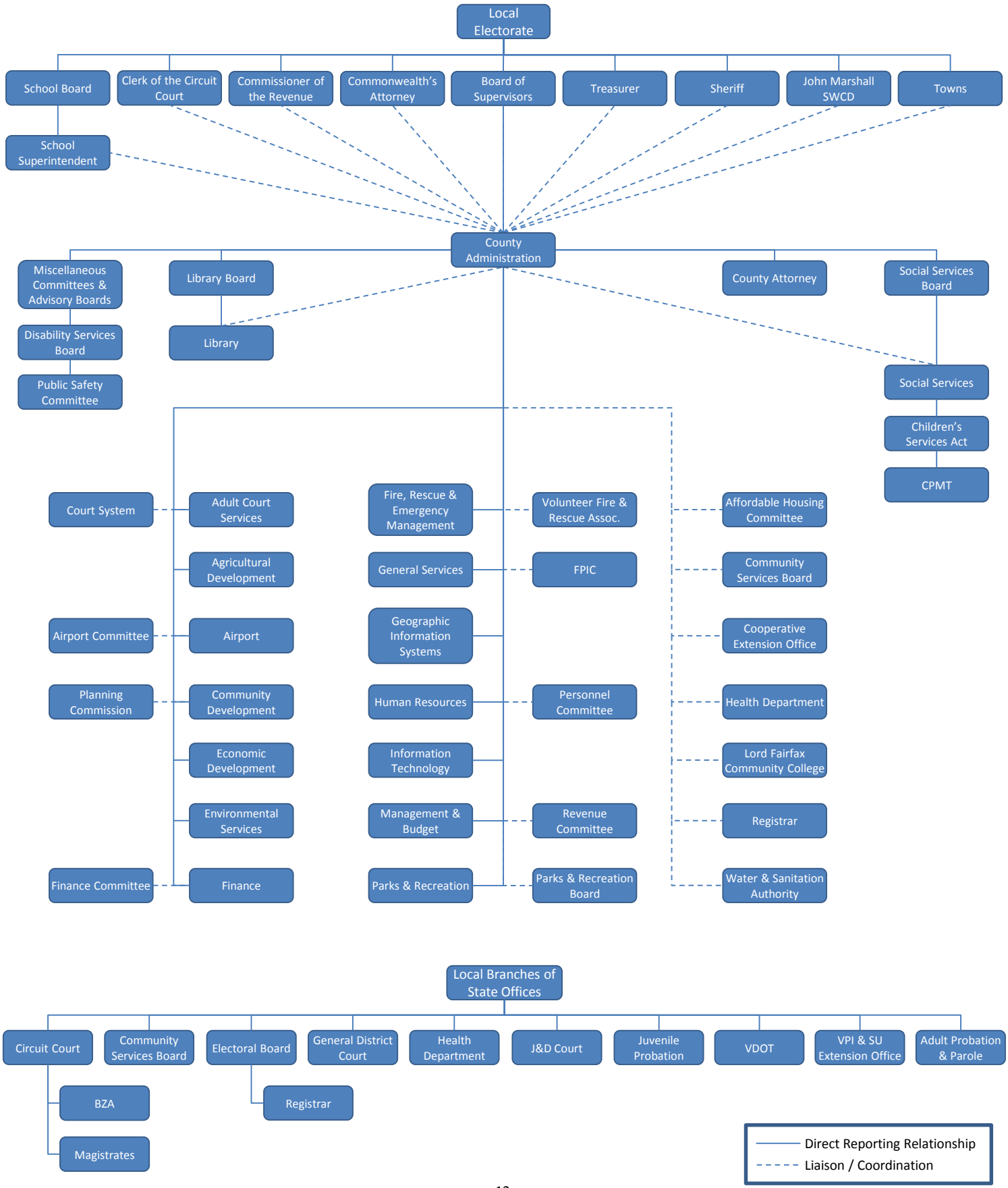
County of Fauquier Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

County of Fauquier, Virginia
Organizational Chart



COUNTY OF FAUQUIER, VIRGINIA
PRINCIPAL OFFICIALS

BOARD OF SUPERVISORS

Chester W. Stribling, Chairman
Christopher N. Granger, Vice-Chairman
Peter B. Schwartz
D. Lee Sherbeyn
R. Holder Trumbo, Jr.

COUNTY ADMINISTRATION

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

COUNTY SCHOOL BOARD

Sheryl Wolfe, Chairman
Brian Gorg, Vice-Chairman
Raymond E. Bland
Donna Grove
Maureen Riordan

SCHOOL ADMINISTRATION

David Jeck, Ed.D., Superintendent
Sandra P. Mitchell, Associate Superintendent for Instruction
Janice Bourne, Assistant Superintendent for Administration
Frank Finn, Assistant Superintendent for Special Education & Student Services

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 ..... Charlie Ray Fox, Jr.

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 ..... Jonathan S. Lynn

FAUQUIER COUNTY
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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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Fauquier, Virginia, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General 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 2015, the County adopted new accounting guidance, GASB Statement Nos. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and 71*, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules related to pension and OPEB funding, and budgetary comparison information on pages 19-34, 117-121, and 122 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The 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.

Other Information (continued)

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, 2015, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Fauquier, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
November 16, 2015

FAUQUIER COUNTY
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VIRGINIA

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, 2015. We encourage readers to read this discussion and analysis in conjunction with the transmittal letter in the Introductory Section of this report and the County's financial statements, which follow this discussion and analysis.

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

FISCAL YEAR 2015 FINANCIAL HIGHLIGHTS

- The reporting entity, which includes the School Board component unit, had positive net position of $75.7 million at June 30, 2015, which represents an increase of $6.4 million, or 9.2% from June 30, 2014.

- The total cost of the County's programs or governmental activities, was $164.6 million, an increase of $0.2 million, or 0.1% from the prior year's cost of $164.4 million. Total revenues for governmental activities increased $1.0 million or 0.6% to $176.9 million from the prior year.

- Net position of the County's governmental activities increased by $11.5 million from the prior year, as compared to an increase of $10.0 million in fiscal year 2014.

- At June 30, 2015, the County had $102.9 million ($98.3 million in unpaid principal balance and $4.6 million in premium) of long-term debt outstanding. This includes $93.2 million of School Board general obligation bonds and $3.1 million of capital leases related to assets on the books of the total reporting entity, $6.6 million of certificates of participation (including premiums; See Table 6). In addition, the County has $2.3 million in deferred charges on refundings.

- The County's business-type activities (the Airport and Landfill) had a combined positive net position of $4.4 million, which is a decrease of $2.8 million from the prior year. Revenues decreased by $0.7 million due mainly to decreases in charges for fuel in the Airport Fund and decreases in recycling and tipping fees in the Landfill fund and decreased transfers from the general fund.

- The School Board component unit had positive net position of $66.1 million at June 30, 2015, which represents a decrease of $2.3 million, or 3.5% from the prior year. Revenues, including the County contribution, totaled $137.2 million, an increase of $1.0 million from the prior year, and expenses totaled $139.5 million, a decrease of 0.5% from the prior year. The increase in revenue was due primarily to an increase in the County contribution to the School Board component unit.

- As of June 30, 2015, the County governmental funds reported combined fund balances of $40.9 million, a decrease of $1.4 million from the prior year. The County's general fund had a total fund balance of $22.2 million at June 30, 2015. Of the general fund balance, $3.4 million, or 15.3% was assigned fund balance, $17.0 million, or 76.6% is unassigned fund balance, and the remaining was nonspendable, restricted, and committed fund balance. The unassigned fund balance, or ten percent of general operating revenues, is set aside for emergency needs as approved by the Board of Supervisors. Refer to Note 13 for details regarding the various components of fund balance.

- General fund revenues were $1.2 million over the amended budget. Expenditure savings of $4.4 million were the result of $1.3 million savings in the contribution to the School Board component unit and $3.1 million in savings from County Departments.

- Fauquier County implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions- an amendment of GASB Statement No. 27* in the current fiscal year. With this new reporting change, the County is required to report deferred outflows of resources, net pension liability, deferred inflows of resources, and pension expense related to pension plans administered by the Virginia Retirement System and the School Board is required to report its proportionate share of these items for the VRS Teacher Retirement Plan. A restatement to the record the effects of the new reporting guidance decreased beginning net position of the reporting entity by $135 million. Fiscal year 2014 balances have been restated to allow for comparability with the current year.

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 2014 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 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 - Other Post-Employment Benefits Program and Virginia Retirement System (Exhibit 13)
- the Schedule of Components of and Changes in the Net Pension Liability and Related Ratios (Exhibit 14)
- the Schedule of the School Board's Proportionate share of the Net Pension Liability - Teacher Retirement Plan (Exhibit 15)

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, liabilities, and deferred inflows 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 are deducted from the balance of assets and deferred outflows, 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 shows how the County's net position changed during the fiscal year. All of the current year's revenues and expenses are shown in this statement, regardless of when cash is received or paid. The Statement of Activities presents expenses before revenues to emphasize that the government's 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; 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 of Fauquier County are intended to be self-supporting and include the Landfill and Recycling activities and Airport 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 expenses for particular purposes. The County has three kinds of funds:

- Governmental Funds – Most of the County's basic services are included in governmental funds, which focus on (1) 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, and 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, 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 two 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 and the Airport 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 OPEB 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 $75.7 million at June 30, 2015. Net position increased from the prior year by $6.4 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	
	2015	2014*	2015	2014*	2015	2014*	2015	2014*
Assets:								
Current and other assets	$ 60.1	$ 60.1	$ 5.9	$ 3.1	$ 66.0	$ 63.2	85.5	$ 82.6
Capital assets	70.4	70.6	23.0	24.0	93.4	94.6	282.3	287.4
Net Pension Asset	-	-	-	-	-	-	1.8	0.0
Total assets	130.5	130.7	28.9	27.1	159.4	157.8	369.6	370.0
Deferred outflows of resources:								
Deferred charge on refundings	2.3	2.1	0.3	-	2.6	2.1	2.6	2.1
Pension contributions subsequent to measurement date	3.1	3.4	0.1	0.1	3.2	3.5	13.4	12.2
Total deferred outflows of resources	5.4	5.5	0.4	0.1	5.8	5.6	16.0	14.3
Liabilities:								
Other liabilities	8.1	10.1	0.9	0.7	9.0	10.8	24.3	26.5
Long-term liabilities	109.5	117.6	23.7	18.9	133.2	136.5	137.7	140.9
Net pension liability	7.4	14.5	0.2	0.4	7.6	14.9	122.4	147.3
Total liabilities	125.0	142.2	24.8	20.0	149.8	162.2	284.4	314.7
Deferred inflows of resources:								
Revenue advances	0.4	0.3	-	-	0.4	0.3	0.5	0.3
Pension	5.3	-	0.1	-	5.4	-	25.0	0.0
Total deferred inflows of resources	5.7	0.3	0.1	-	5.8	0.3	25.5	0.3
Net position:								
Net investment in capital assets	66.9	67.1	19.3	20.4	86.2	87.5	183.8	180.8
Restricted	6.0	6.1	-	1.9	6.0	8.0	6.0	8.0
Unrestricted (deficit)	(67.7)	(79.5)	(14.9)	(15.1)	(82.6)	(94.6)	(114.1)	(119.5)
Total net position	$ 5.2	$ (6.3)	$ 4.4	$ 7.2	$ 9.6	$ 0.9	$ 75.7	$ 69.3

Table 1 may differ from Exhibit 1 due to rounding.
**Restated from prior year (See Note 1).*

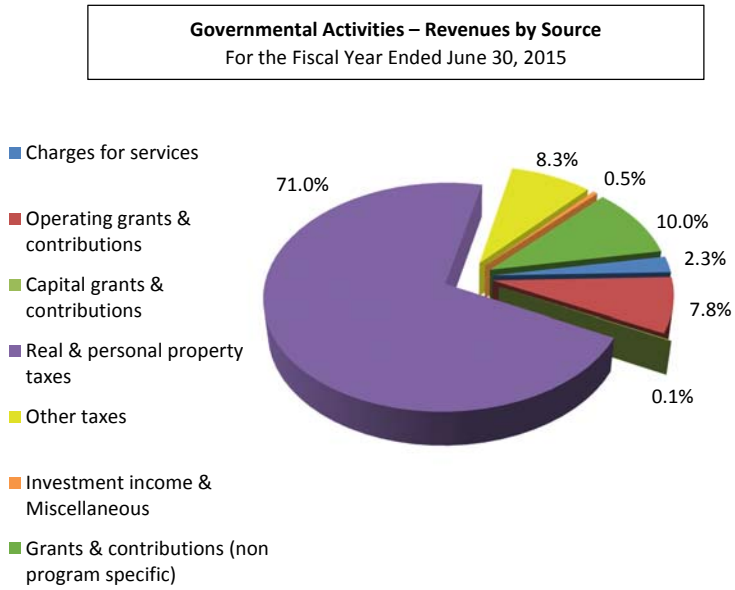
The Primary Government: The primary government had net position of $9.6 million at June 30, 2015 which reflects an increase of $8.7 million from the prior year. The largest portion of net position, $86.2 million, represents the County's investment in capital assets (e.g., land, buildings, and equipment) 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 $76.6 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 two 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, 2015 was $99.9 million (which includes $4.6 million in premium). Refer to Note 7 and Note 8 for further details regarding long-term obligations and commitments.

Business-Type Activities: Business-type activities had a combined net position of $4.4 million at June 30, 2015, which consisted of positive net position of $9.3 for the Airport Fund and negative net position of $4.9 million for the Landfill Fund. The largest portion of net position, $19.3 million, reflects investment in capital assets, net of depreciation and outstanding debt. The unrestricted net position for business-type activities at June 30, 2015 was a deficit of $14.9 million, which reflects an increase of 1.3% from the deficit of $15.1 million from the prior year. The unrestricted deficit for the airport and the landfill does not mean 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 $12.3 million compared to a decrease of $11.5 million in fiscal year 2014.

Revenues from governmental activities for FY 2015 totaled $176.9 million, an increase of $1.0 million from fiscal year 2014. Taxes comprised the largest source of revenues, totaling $140.4 million, of which general property taxes account for $125.7 million, or 71.0%, of total revenues. Program revenues (charges for services, operating and capital grants and contributions) generated a total of $18.1 million, or 10.2% of total revenues, while revenues from grants and contributions not restricted to specific programs totaled $17.7 million, or 10.0% of revenues.



Real and personal property tax revenue increased by $4.8 million, or 4.0% primarily attributable to an increase in tax rate for fiscal year 2015 and continued growth in the tax base.

Local sales and tax revenue increased by $0.4 million or 2.8% from the prior year as a result of increasing taxable sales in the County, signifying a recovering economy, while business license tax revenue, taxes on recordation and wills and miscellaneous revenue declined by slightly in the current fiscal year. Miscellaneous revenue declined due to refunding of interest from the Virginia Public School Authority in fiscal year 2014. Non program specific grants and contributions saw an increase of $0.1 million while other revenue fell $0.6 million. Charges for services experienced minimal change from prior year levels.

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, 2015 and 2014.

Table 2

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

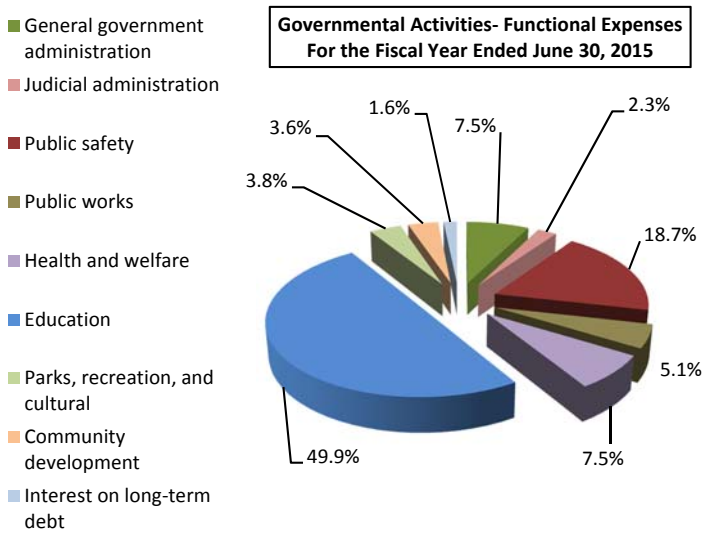
	Governmental Activities		Business-Type Activities		Total Primary Government		Total Reporting Entity Including Component Unit	
	2015	2014*	2015	2014*	2015	2014*	2015	2014*
Revenues								
Program revenues:								
Charges for services	$ 4.1	$ 4.0	$ 4.3	$ 4.9	$ 8.4	$ 8.9	$ 11.7	$ 12.1
Operating grants and contributions	13.8	14.0	0.1	0.1	13.9	14.1	29.8	31.0
Capital grants and contributions	0.2	3.8	-	-	0.2	3.8	0.2	3.8
General revenues:			-	-	-	-	-	-
Real and personal property taxes	125.7	120.9	-	-	125.7	120.9	125.7	120.9
Other taxes	14.7	14.3	-	-	14.7	14.3	14.7	14.3
Other	0.7	1.3	-	0.1	0.7	1.4	1.0	1.7
Grants and contributions	17.7	17.6	-	-	17.7	17.6	52.0	51.5
Contribution to schools	-	-	-	-	-	-	83.3	81.9
Total revenues	176.9	175.9	4.4	5.1	181.3	181.0	318.4	317.2
Expenses								
General government administration	12.4	12.8	-	-	12.4	12.8	12.4	12.8
Judicial administration	3.8	3.8	-	-	3.8	3.8	3.8	3.8
Public safety	30.7	30.1	-	-	30.7	30.1	30.7	30.1
Public works	8.3	8.6	-	-	8.3	8.6	8.3	8.6
Health and welfare	12.5	11.2	-	-	12.5	11.2	12.4	11.2
Education	82.0	80.8	-	-	82.0	80.8	221.5	221.0
Parks, recreation, and cultural	6.3	6.6	-	-	6.3	6.6	6.3	6.6
Community development	5.9	6.2	-	-	5.9	6.2	5.9	6.2
Interest on long-term debt	2.7	4.3	-		2.7	4.3	2.7	4.3
Airport	-	-	2.0	2.0	2.0	2.0	2.0	2.0
Landfill and Recycling	-	-	6.0	6.3	6.0	6.3	6.0	6.3
Total expenses	164.6	164.4	8.0	8.3	172.6	172.7	312.0	312.9
Increase (Decrease) in net position	12.3	11.5	(3.6)	(3.2)	8.7	8.3	6.4	4.3
Transfers	(0.8)	(1.5)	0.8	1.5	-	-	-	-
Change in net position	11.5	10.0	(2.8)	(1.7)	8.7	8.3	6.4	4.3
Beginning net position, restated	(6.3)	(16.3)	7.2	8.9	0.9	(7.4)	69.3	65.0
Ending net position	$ 5.2	$ (6.3)	$ 4.4	$ 7.2	$ 9.6	$ 0.9	$ 75.7	$ 69.3

Table 2 may differ from Exhibit 1 due to rounding.

**Restated from prior year (See Note 1)*

Total expenses for governmental activities for this fiscal year were $164.6 million, an increase of 0.1% from $164.4 million in fiscal year 2014. Education continued to be the County's largest program and highest priority with the County's contribution totaling $82.0 million, or 49.9%, of total expenses. Included in this contribution was about $1.8 million in support of School Board capital projects.

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 $8.3 million in fiscal year 2015. Approximately 75.0% of the costs of these consolidated functions were associated with educational activities so that the portion allocated to the education function is approximately $6.2 million. Recognizing these costs as a function of education increases educational functional expenses to approximately 53.6% of total expenses. Public safety expenses, which total $30.7 million or 18.7%, 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, and judicial administration. 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, 2015 and 2014
($ in millions)

	Total Cost of Services		Net Cost of Services	
	2015	2014*	2015	2014*
General government administration	$ 12.4	$ 12.8	$ 11.9	$ 12.3
Judicial admnistration	3.8	3.8	1.8	1.7
Public safety	30.7	30.1	25.0	24.2
Public works	8.3	8.6	8.1	4.7
Health and welfare	12.5	11.2	5.9	5.1
Education	82.0	80.8	82.0	80.8
Parks, recreation, and cultural	6.3	6.6	5.5	5.0
Community development	5.9	6.2	3.7	4.6
Interest on long-term debt and other	2.7	4.3	2.7	4.2
Total	$ 164.6	$ 164.4	$ 146.6	$ 142.6

Table 1 may differ from Exhibit 3 due to rounding.
**Restated from prior year (See Note 1)*

After recognizing the effect of revenue from these fees, grants, and contributions of $18.0 million, the net cost of governmental activities was $146.6 million, compared to a total cost of $164.6 million.

Business-type activities: Business-type activities are generally intended to be 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, decreased by 13.7% from the prior year to $4.4 million. This decrease is due primarily to declines in charges for services in both the Airport and Landfill funds; tipping fees in the Landfill fund were down 13.7%, while recycling revenues were down 18.2% from the prior year. Fuel sales in the Airport fund dipped 9.5% from the prior year as the cost of goods saw reductions based primarily in the falling market value of the underlying commodity. Total expenses for business-type activities were $8.0 million, a decrease of 3.6%, or $0.3 million, from the prior year. The decrease is primarily reflective of a decrease in Landfill contractual services of $0.3 million and payroll costs for the Landfill decreased by $0.1 million, while personnel costs at the Airport remained flat.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Governmental Funds: As of June 30, 2015, the County's governmental funds reported a combined ending fund balance of $40.9 million (Exhibit 3), a decrease of $1.4 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 $9.1 million, a decrease of $0.9 million from the prior year. Expenditures in the capital projects fund decreased $1.8 million from the prior fiscal year due to decreased expenditures for the renovation of Fauquier High School which was completed in fiscal year 2015 offset by increased capital outlay for parks, recreational, and cultural projects. Revenues decreased by $3.5 million primarily due to contributions received to support the Vint Hill Public Street network project received in the prior year. The project was in its beginning stages in fiscal year 2014 and in progress during fiscal year 2015.

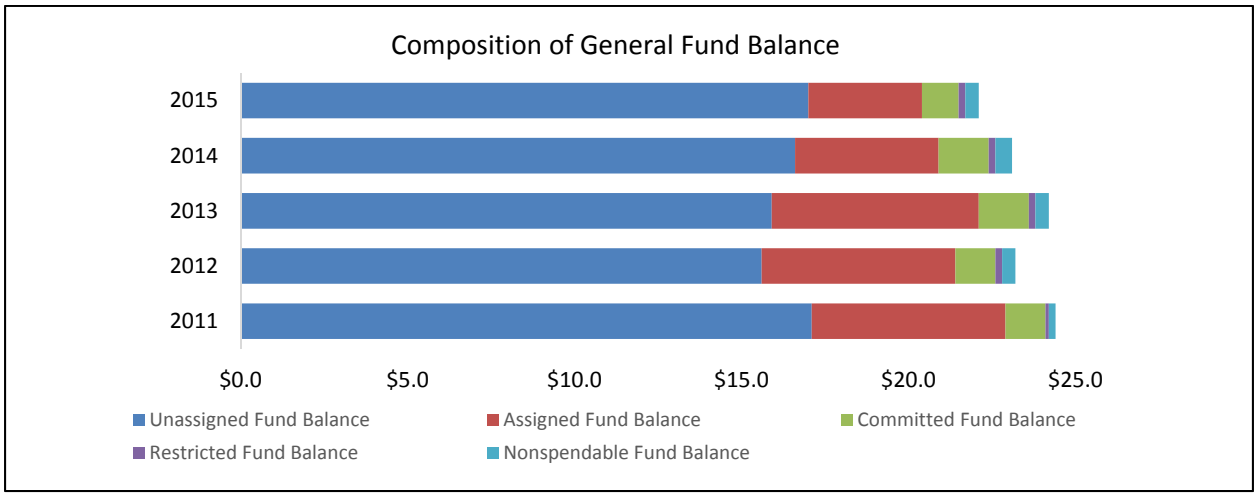
- The Debt Service fund reported a total fund balance of $0.9 million, an increase of $0.3 million from the prior year. During fiscal year 2015, the Debt Service Fund expensed $13.3 million in debt principal and interest payments service payments of which $11.3 million was related to School projects previously funded with bond proceeds from the issuance of general obligation bonds and other debt obligations.

- The Fire and Rescue Fund, which is reported as a major fund in the current fiscal year, reported a total fund balance of $4.8 million, an increase of $0.6 million from the prior fiscal year. Revenues increased by $0.2 million, or 4.8% from the prior year due primarily to increased tax revenue, insurance recoveries and miscellaneous revenues. Expenditures increased by 6.8% primarily due to increased personnel costs, contractual service costs, and capital contributions to volunteer companies.

- Other Nonmajor Governmental funds, reported a decrease of $0.5 million in fund balance over prior year. Revenues increased by $1.1 million mainly due to increases in general property taxes of $0.6 million, proffers and donations to the library fund of $0.3 million and revenue from the state for to support conservation easements of $0.3 million. Expenditures in the non major funds increased due mainly to capital outlay for replacements of assets in the Asset Replacement fund.

- The General Fund had a fund balance of $22.2 million, a decrease of 3.9%, or $0.9 million from the prior year's fund balance of $23.1 million. This decrease in fund balance is mostly attributable to total expenditures and transfers to other funds to support capital projects, debt service, and asset replacement exceeding general fund revenues. In addition, the General Fund contributed $81.2 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 $17.0 million (Exhibit 3). This represents 10.0% of general operating revenues budgeted for the coming year in the General Fund. This ten percent 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 chart below depicts the composition of the County's General Fund balance for the last five fiscal years.



The Board of Supervisors adopted a resolution setting the minimum fund balance target for the General Fund of 10.0% of the subsequent year's General Fund revenues. Unless the Board Supervisors determines to retain fund balance in the General Fund above the minimum target, amounts in excess of the target will be transferred to the construction reserve account in the Capital Projects Fund for future capital needs, contributed to the School Board component unit, or appropriated in the County's General Fund in the subsequent years.

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 Years Ended June 30, 2015 and 2014
($ in millions)

	Original Budget	Amended Budget	Actual
Revenues			
Taxes	$ 132.4	$ 132.4	$ 134.3
Other	3.7	3.8	4.1
Intergovernmental	28.5	30.8	29.8
Total revenues	164.6	167.0	168.2
Expenditures	152.5	157.7	153.3
Excess (deficiency) of revenues over (under) expenditures	12.1	9.3	14.9
Other financing sources (uses)			
Transfers in	1.7	1.7	2.1
Transfers out	(15.1)	(17.8)	(17.8)
Total other financing sources (uses)	(13.4)	(16.1)	(15.7)
Change in fund balance	$ (1.3)	$ (6.8)	$ (0.8)

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 transfers and adjustments to support revised priorities and account code restructuring.

Final amended budget revenues exceeded the original budget by $2.4 million, primarily due to budget increases from state and federal funding sources. Actual revenues were $1.2 million over the amended budget due mainly to increased taxes and other fees collected. Actual expenditures for the General Fund totaled $153.3 million or $4.4 million less than the amended budget. Of this difference, $1.3 million less than budgeted was transferred to the School Board component unit and $3.1 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, and 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 to 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)

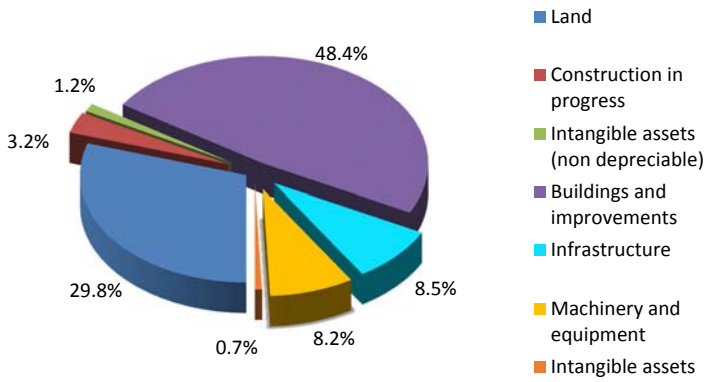
	Governmental Activities		Business-Type Activities		Total Primary Government		Total Reporting Entity Including Component Unit	
	2015	2014*	2015	2014*	2015	2014*	2015	2014*
Land	$ 20.9	$ 20.9	$ 8.1	$ 8.0	$ 29.0	$ 28.9	$ 34.1	$ 34.0
Construction In progress	2.2	1.5	0.6	4.8	2.8	6.3	3.1	42.4
Intangible assets (non depreciable)	0.9	0.9	0.2	0.2	1.1	1.1	1.1	1.0
Buildings and improvements	53.1	52.7	20.0	15.3	73.1	68.0	329.2	286.1
Infrastructure	14.2	14.2	11.5	11.6	25.7	25.8	30.9	30.9
Machinery and equipment	17.0	15.4	3.2	2.6	20.2	18.0	42.4	39.8
Intangible assets (depreciable)	1.5	1.4	-	-	1.5	1.4	1.7	1.7
Total Capital Assets	109.8	107.0	43.6	42.5	153.4	149.5	442.5	435.9
Less: Accumulated depreciation/amortization	(39.4)	(36.4)	(20.6)	(18.5)	(60.0)	(54.9)	(160.2)	(148.5)
Net capital assets	$ 70.4	$ 70.6	$ 23.0	$ 24.0	$ 93.4	$ 94.6	$ 282.3	$ 287.4

Table 5 may differ from Note 7 due to rouding.

As of June 30, 2015, the total reporting entity had net capital assets of $282.3 million in capital assets, a decrease of $5.1 million from the prior year. This decrease is due primarily to additions to capital assets and construction in progress of $9.3 million, offset by depreciation expense of $14.4 million for the reporting entity.

For governmental activities, the County's investment in non-depreciable assets totaled $24.0 million, while depreciable assets totaled $46.3 million (net of depreciation). Total net capital assets for governmental activities decreased by $0.2 million, or 0.3% from the prior year to $70.4 million. The decrease is due to depreciation expense for governmental activities exceeding additions of capital assets in the current year. During fiscal year, the following additions were made to capital assets:

Governmental Activities - Net Capital Assets at June 30, 2015



- Governmental activity additions include $2.4 million in machinery and equipment, $0.2 million in buildings, improvements, and infrastructure, and $1.0 million to existing projects.

- Business activity additions were primarily related to $1.2 million in additions. These additions were primarily related to the acquisition of equipment for a transfer station at the landfill and continued work on landfill expansion projects. In addition, a landfill cell was completed and transferred from construction in progress to building and improvements.

- The School Board component unit had additions of $4.3 million which included the acquisition of school buses under a lease financing arrangement and improvements to school buildings and facilities. In addition, the completed Fauquier High School renovation project was transferred from construction in progress to buildings and improvements in fiscal year 2015.

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

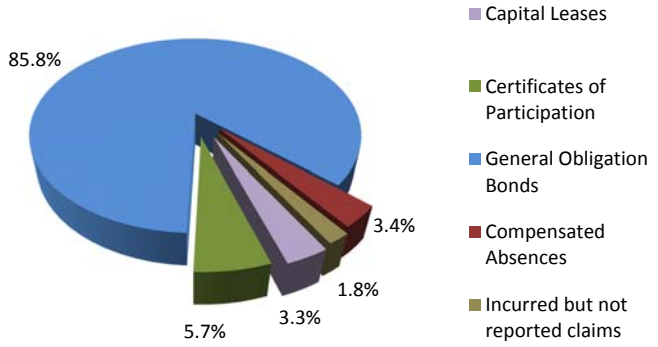
County of Fauquier
Summary of Changes in Long Term Obligations
($ in millions)

	July 1, 2014	Net Increase (Decrease)	June 30, 2015
Governmental Activities:			
Capital leases	$ 2.9	0.2	$ 3.1
Certificates of participation	6.90	(0.30)	$ 6.6
General obligation Bonds	101.50	(8.30)	$ 93.2
Compensated absences	4.20	0.30	$ 4.5
Incurred but not reported claims (IBNR)	2.10	-	$ 2.1
Total long-term obligations	117.60	(8.10)	$ 109.5
Business-Type Activities:			
Revenue bonds	5.40	4.20	$ 9.6
Compensated absences	0.10	-	$ 0.1
Landfill closure and post closure	13.40	0.60	$ 14.0
Total long-term obligations	18.90	4.80	$ 23.7
Total long-term obligations	$ 136.5	$ (3.3)	$ 133.2

Table 6 may differ from Note 8 due to rounding.

Governmental Activities - Long-Term Obligations
As of June 30, 2015

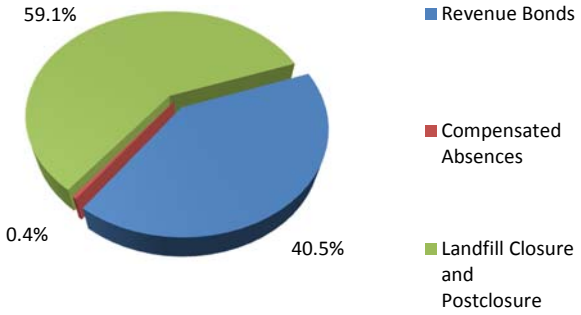
As of June 30, 2015, the County's governmental activities had long-term obligations totaling $109.5 million, of which $102.9 represents indebtedness related to capital leases, certificates of participation and issuances of bonds. This represents a decrease of $8.1 million, or 6.9% in long term obligations from the prior year. The net decrease is due primarily to the following activities during the fiscal year:



General Obligation Bonds issued to support School Board related projects represent the largest category of debt (including premium) with 85.8% of the County's total governmental obligations.

- On August 28, 2014, the County borrowed $9.1 million through a direct loan to advance refund $8.4 million of outstanding principal on the Series 2006 General Obligation Bonds.
- On February 27, 2015, the County entered into Series 2015 capital lease for $0.4 million to fund the acquisition of school buses for the School Board component unit.
- On April 1, 2015, the County entered into a capital lease for $1.0 to fund the acquisition of AED equipment for use by public safety personnel.
- The County retired $10.4 million ($8.7 million in principal and $1.7 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.

Business-Type Activities - Long-Term Obligations
As of June 30, 2015



As of June 30, 2015, the County's business activities had long term obligations of $23.7 million, a $4.8 million or 25.4% increase from the prior year. The increase is due primarily to the following debt related activities:

- On May 28, 2015, the Landfill enterprise fund participated in the Virginia Resources Authority pool to issue $7.1 million of Series 2015A revenue bonds. This amount included refunding of $3.0 million on the Series 2012A Virginia Resources Authority Revenue Bond.
- The Landfill closure and post closure liability increased by $0.6 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 six-month unemployment rate for the County of Fauquier in June 2015 was 4.4%, down 0.3% from June 2014. This compares favorably to the State's average rate of 5.0% and the National average rate of 5.5%.

- According to the Weldon Cooper Center for Public Service, Fauquier County's population was estimated to be 67,512, an increase of 1.4% over the prior year. Population estimates for the last ten years are provided in Table 13 of the Statistical Section of this report.

- The enrollment in public schools increased in fiscal year 2015 by 0.9% from 11,084 to 11,185. School enrollment for the last ten years is provided in Table 13, Statistical Section of this report.

- The latest available per capita personal income for Fauquier County was $56,814 as of 2013, compared to $48,956 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 13 of the Statistical Section of this report.

- The County Civilian Labor Force decreased by 1.5% from 36,770 to 36,230 as of fiscal year 2015. County Civilian Labor Workforce numbers for the last ten years are provided in Table 13 of the Statistical Section of this report.

Fiscal Year 2016 Budget and Rates

- For fiscal year 2016, the adopted budget for the General Fund is $171.3 million, an increase of 2.2% from fiscal year 2015. Revenues are comprised primarily of general property taxes at 70.4%, other local taxes at 8.5%, permits, privilege fees and regulatory licenses at 0.9%, State assistance at 15.9%, Federal assistance at 1.2%, use of money at 0.2%, and other revenues at 3.0%.

- In fiscal year 2016, the County's contribution to the School Board component unit is $92.8 million which includes the County's contribution to the School Board's operating fund of $82.1 million and $10.7 million contributed to the debt service fund for school related debt. Support to the Schools represents 54.2% of the General Fund appropriations not including the allocation of shared services, which represents an additional 4.0% of local support. The percentage of General Fund appropriations supporting Schools is 1.1% more than fiscal year 2015.

- Public safety accounts for 14.5% of appropriations in fiscal year 2016, the second largest component of budgeted expenditures. Public safety volunteers are partially funded by a dedicated real property tax of $0.045 per $100 of assessed value. This tax partially supports County and volunteer fire and rescue operations.

- The tax rate for real property increased to $0.999 per $100 of assessed value for tax year 2015 which is to support fiscal year 2016. 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

Exhibit 1
Page 1 of 2

Statement of Net Position
June 30, 2015

	Primary Government			Component Unit
	Governmental Activities	**Business-Type Activities**	**Total**	**School Board**
Assets				
Cash and cash equivalents	$ 36,527,837	$ 2,294,076	$ 38,821,913	$ 16,212,933
Cash and cash equivalents - restricted	6,897,438	5,743,607	12,641,045	5,000
Receivables, net of allowance for uncollectibles:				
Taxes, including penalties	3,410,730	-	3,410,730	-
Accounts	1,741,541	426,644	2,168,185	167,558
Internal balances	2,571,905	(2,571,905)	-	-
Inventories	252,879	27,182	280,061	122,874
Prepaid items	984,314	-	984,314	2,536
Investments	3,995,820	-	3,995,820	-
Due from other governmental units	3,756,528	6,906	3,763,434	2,870,394
Net pension asset	-	-	-	1,842,850
Capital assets (non-depreciable/non-amortizable):				
Land	20,960,294	8,059,127	29,019,421	5,052,116
Construction in progress	2,230,673	613,013	2,843,686	279,721
Intangible assets	853,884	203,638	1,057,522	-
Capital assets (depreciable/amortizable):				
Buildings and improvements	53,059,894	20,035,797	73,095,691	256,134,094
Infrastructure	14,188,219	11,549,745	25,737,964	5,204,865
Machinery and equipment	17,002,694	3,246,698	20,249,392	22,177,598
Intangible assets	1,460,946	-	1,460,946	225,458
Accumulated depreciation/amortization	(39,367,331)	(20,646,814)	(60,014,145)	(100,231,418)
Total capital assets, net	70,389,273	23,061,204	93,450,477	188,842,434
Total assets	130,528,265	28,987,714	159,515,979	210,066,579
Deferred outflows of resources				
Deferred charge on refundings	2,285,222	334,655	2,619,877	-
Pension contributions subsequent to measurement date	3,109,933	89,666	3,199,599	10,136,320
Total deferred outflows of resources	5,395,155	424,321	5,819,476	10,136,320
Liabilities				
Accounts payable	2,915,661	756,350	3,672,011	711,189
Accrued and other liabilities	2,647,603	64,903	2,712,506	14,423,124
Retainage	16,627	-	16,627	3,078
Accrued interest payable	1,767,156	83,622	1,850,778	-
Unearned revenue	22,768	2,280	25,048	118,631
Customer deposits	746,327	-	746,327	-
Noncurrent liabilities:				
Due within one year	10,744,155	224,580	10,968,735	449,886
Due in more than one year	98,757,453	23,488,535	122,245,988	4,048,977
Net pension liability	7,364,083	205,905	7,569,988	114,805,836
Total liabilities	124,981,833	24,826,175	149,808,008	134,560,721
Deferred inflows of resources				
Revenue advances	438,226	-	438,226	-
Items related to measurement of pension liability	5,321,114	148,781	5,469,895	19,569,190
Total deferred inflows of resources	5,759,340	148,781	5,908,121	19,569,190
Net position				
Net investment in capital assets	66,912,078	19,381,379	86,293,457	188,842,434
Restricted for:				
Parks, recreation, and cultural	362,751	-	362,751	-
Public works	27,523	-	27,523	-
Proffers	1,528,432	-	1,528,432	-
Capital projects	3,835,930	-	3,835,930	-
Education	-	-	-	5,000
Unrestricted (deficit)	(67,694,758)	(14,944,300)	(82,639,058)	(122,774,446)
Total net position	$ 5,182,247	$ 4,437,079	$ 9,619,326	$ 66,072,988

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

Reclassifications (See Note 1 - E.15)	Reporting Entity Total	
		Assets
$ -	$ 55,034,846	Cash and cash equivalents
-	12,646,045	Cash and cash equivalents - restricted
		Receivables, net of allowance for uncollectibles:
-	3,410,730	Taxes, including penalties
-	2,335,743	Accounts
-	-	Internal balances
-	402,935	Inventories
-	986,850	Prepaid items
-	3,995,820	Investments
-	6,633,828	Due from other governmental units
-	1,842,850	Net pension asset
		Capital assets (non-depreciable/non-amortizable):
-	34,071,537	Land
-	3,123,407	Construction in progress
-	1,057,522	Intangible assets
		Capital assets (depreciable/amortizable):
-	329,229,785	Buildings and improvements
-	30,942,829	Infrastructure
-	42,426,990	Machinery and equipment
-	1,686,404	Intangible assets
-	(160,245,563)	Accumulated depreciation/amortization
-	282,292,911	Total capital assets, net
-	369,582,558	Total assets
		Deferred outflows of resources
-	2,619,877	Deferred charge on refundings
-	13,335,919	Pension contributions subsequent to measurement date
-	15,955,796	Total deferred outflows of resources
		Liabilities
-	4,383,200	Accounts payable
-	17,135,630	Accrued and other liabilities
-	19,705	Retainage
-	1,850,778	Accrued interest payable
-	143,679	Unearned revenue
-	746,327	Customer deposits
		Noncurrent liabilities:
-	11,418,621	Due within one year
-	126,294,965	Due in more than one year
-	122,375,824	Net pension liability
-	284,368,729	Total liabilities
		Deferred inflows of resources
-	438,226	Revenue advances
-	25,039,085	Items related to measurement of pension liability
-	25,477,311	Total deferred inflows of resources
		Net position
(91,258,540)	183,877,351	Net investment in capital assets
		Restricted for:
-	362,751	Parks, recreation, and cultural
-	27,523	Public works
-	1,528,432	Proffers
-	3,835,930	Capital projects
-	5,000	Education
91,258,540	(114,154,964)	Unrestricted (deficit)
$ -	$ 75,692,314	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, 2015

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	$ 12,413,433	$ 84,459	$ 432,727	$ -
Judicial administration	3,821,911	649,606	1,342,796	-
Public safety	30,694,266	1,251,234	4,457,986	-
Public works	8,270,407	-	37,710	182,464
Health and welfare	12,452,676	-	6,581,968	-
Education	81,999,731	-	-	-
Parks, recreation, and cultural	6,302,270	598,233	227,087	2,826
Community development	5,947,344	1,459,245	751,078	-
Interest on long-term debt	2,741,174	-	-	-
Total governmental activities	164,643,212	4,042,777	13,831,352	185,290
Business-type activities:				
Airport	2,023,113	685,894	119,018	-
Landfill and recycling	5,990,480	3,614,670	17,576	-
Total business-type activities	8,013,593	4,300,564	136,594	-
Total primary government	172,656,805	8,343,341	13,967,946	185,290
Component unit				
School Board	139,471,783	3,402,127	15,910,673	-
Total component unit	$ 139,471,783	$ 3,402,127	$ 15,910,673	$ -

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:
$ (11,896,247)	$ -	$ (11,896,247)	$ -	$ (11,896,247)	General government administration
(1,829,509)	-	(1,829,509)	-	(1,829,509)	Judicial administration
(24,985,046)	-	(24,985,046)	-	(24,985,046)	Public safety
(8,050,233)	-	(8,050,233)	-	(8,050,233)	Public works
(5,870,708)	-	(5,870,708)	-	(5,870,708)	Health and welfare
(81,999,731)	-	(81,999,731)	-	(81,999,731)	Education
(5,474,124)	-	(5,474,124)	-	(5,474,124)	Parks, recreation, and cultural
(3,737,021)	-	(3,737,021)	-	(3,737,021)	Community development
(2,741,174)	-	(2,741,174)	-	(2,741,174)	Interest on long-term debt
(146,583,793)	-	(146,583,793)	-	(146,583,793)	Total governmental activities
					Business-type activities:
-	(1,218,201)	(1,218,201)		(1,218,201)	Airport
-	(2,358,234)	(2,358,234)		(2,358,234)	Landfill and recycling
-	(3,576,435)	(3,576,435)		(3,576,435)	Total business-type activities
(146,583,793)	(3,576,435)	(150,160,228)			Total primary government
					Component unit
			(120,158,983)	(120,158,983)	School Board
			(120,158,983)	(120,158,983)	Total component unit
					General revenues:
125,741,425	-	125,741,425	-	125,741,425	General property taxes
8,024,703	-	8,024,703	-	8,024,703	Local sales and use taxes
1,658,205	-	1,658,205	-	1,658,205	Consumers' utility taxes
1,353,040	-	1,353,040	-	1,353,040	Business and professional taxes
1,870,836	-	1,870,836	-	1,870,836	Motor vehicle taxes
1,514,756	-	1,514,756	-	1,514,756	Taxes on recordation and wills
259,151	-	259,151	-	259,151	Other local taxes
-	-	-	83,276,115	83,276,115	Contribution from primary government
301,739	1,057	302,796	65	302,861	Investment income
389,682	43,989	433,671	272,457	706,128	Miscellaneous
17,705,302	-	17,705,302	34,296,769	52,002,071	Grants and contributions not restricted to specific programs
(790,828)	790,828	-	-	-	Transfers
158,028,011	835,874	158,863,885	117,845,406	276,709,291	Total general revenues and transfers
11,444,218	(2,740,561)	8,703,657	(2,313,577)	6,390,080	Change in net position
(6,261,971)	7,177,640	915,669	68,386,565	69,302,234	Net position - beginning, restated
$ 5,182,247	$ 4,437,079	$ 9,619,326	$ 66,072,988	$ 75,692,314	Net position - ending

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

FAUQUIER COUNTY
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FUND FINANCIAL STATEMENTS

FAUQUIER COUNTY
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COUNTY OF FAUQUIER, VIRGINIA

Exhibit 3

Balance Sheet
Governmental Funds
June 30, 2015

	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	$ 13,977,277	$ 5,261,822	$ 886,092	$ 4,730,358	$ 1,862,668	$ 26,718,217
Cash and cash equivalents - restricted	210,291	3,848,081	-	-	2,839,066	6,897,438
Receivables, net of allowance for uncollectibles:						
Taxes, including penalties	3,239,412	-	-	150,959	20,359	3,410,730
Accounts	1,000,992	65,372	-	69,732	227,457	1,363,553
Due from other funds	2,539,017	-	-	-	-	2,539,017
Inventories	50,162	-	-	-	-	50,162
Prepaid items	179,560	512,481	-	168,138	-	860,179
Investments	3,995,820	-	-	-	-	3,995,820
Due from other governmental units	3,533,231	217,107	-	-	6,190	3,756,528
Advances to other funds	32,888	-	-	-	-	32,888
Total assets	28,758,650	9,904,863	886,092	5,119,187	4,955,740	49,624,532
Total assets and deferred outflows of resources	28,758,650	9,904,863	886,092	5,119,187	4,955,740	49,624,532
Liabilities						
Accounts payable	1,876,898	237,140	-	180,385	223,197	2,517,620
Accrued liabilities	1,585,256	-	-	2,536	6,687	1,594,479
Retainage	-	12,151	-	-	4,476	16,627
Other liabilities	624,494	396,098	-	-	-	1,020,592
Unearned revenue	22,368	-	-	-	400	22,768
Escrows	-	-	-	-	746,327	746,327
Total liabilities	4,109,016	645,389	-	182,921	981,087	5,918,413
Deferred inflows of resources						
Revenue advances	416,950	-	-	16,810	4,466	438,226
Unavailable revenue	2,060,943	120,014	-	100,377	81,906	2,363,240
Total deferred inflows of resources	2,477,893	120,014	-	117,187	86,372	2,801,466
Total liabilities and deferred inflows of resources	6,586,909	765,403	-	300,108	1,067,459	8,719,879
Fund balances						
Nonspendable	426,775	512,481	-	168,138	-	1,107,394
Restricted	210,291	3,835,930	-	-	2,098,674	6,144,895
Committed	1,119,654	4,791,049	-	4,650,941	795,049	11,356,693
Assigned	3,383,573	-	886,092	-	994,558	5,264,223
Unassigned	17,031,448	-	-	-	-	17,031,448
Total fund balances	22,171,741	9,139,460	886,092	4,819,079	3,888,281	40,904,653
Total liabilities, deferred inflows of resources, and fund balances	$ 28,758,650	$ 9,904,863	$ 886,092	$ 5,119,187	$ 4,955,740	$ 49,624,532

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, 2015

Total fund balances - governmental funds	$	**40,904,653**
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:		
Capital assets used in governmental activities are not current financial resources and therefore not reported in the governmental funds (excludes $32,448 related to internal service fund assets).		
Non-depreciable/non-amortizable assets:		
Land	20,960,294	
Intangible Assets	853,884	
Construction in progress	2,230,673	
Subtotal non-depreciable assets	24,044,851	
Depreciable/amortizable assets:		
Buildings and improvements	52,710,894	
Infrastructure	14,188,219	
Equipment	16,544,842	
Intangible assets	1,460,946	
Less: Accumulated depreciation/amortization	(38,592,927)	
Subtotal depreciable assets	46,311,974	70,356,825
Unavailable taxes, grant revenue, 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.		
Unavailable tax revenue	2,083,084	
Uunavailable grant	211,563	
Unavailable EMS ambulance billing revenue	68,593	2,363,240
Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.		(1,767,156)
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.		
Assets		
Current assets	10,514,460	
Capital assets	806,852	
Less: Accumulated depreciation	(774,404)	
Deferred outflows of resources	64,256	
Liabilities	(2,841,940)	
Deferred inflows of resources	(105,022)	7,664,202
Certain liabilities, arbitrage, and installment payments for capital assets, are not recognized as expenditures in the fund statements, but are deferred in the government-wide statements.		-
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.		
Capital leases	(2,971,971)	
Lease certificates of participation issued for utility projects	(5,900,000)	
Long term commitments (see Note 9)	-	
General obligation bonds issued for schools	(89,386,000)	
Premium on bonds payable - School Board	(4,097,763)	
Premium on bonds payable - Primary government	(528,864)	
Deferred charge on refunding	2,285,222	
Compensated absences (excludes $113,861 for internal service funds).	(4,350,986)	
Net pension liability (excludes $145,343 for internal service funds.	(7,218,740)	
Deferred inflows related to pensions (excludes $105,022 for internal service funds).	(5,216,092)	(117,385,194)
Contributions to the agent multiple employer plan in the current year are recognized as expenditures in the fund statements, but are recognized as deferred outflows of resources in the government wide statements.		
Contributions to the Virginia Retirement System (excludes $64,256 for internal service funds).		3,045,677
Net position of governmental activities	$	**5,182,247**

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, 2015

	General Fund	Capital Projects Fund	Debt Service Fund	Fire and Rescue Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
General property taxes	$ 119,620,040	$ -	$ -	$ 4,776,560	$ 1,188,007	$ 125,584,607
Other local taxes	14,680,691	-	-	-	-	14,680,691
Permits, privilege fees, and regulatory licenses	1,532,066	-	-	-	-	1,532,066
Fines and forfeitures	465,431	-	-	-	-	465,431
Revenue from use of money and property	272,774	157	-	7,953	4,114	284,998
Charges for services	987,140	-	-	-	1,407,093	2,394,233
Gifts and donations	31,862	-	-	-	484,114	515,976
Recovered costs	434,804	-	-	133,994	-	568,798
Miscellaneous revenue	356,779	-	3,117	29,684	102	389,682
Intergovernmental:						
Commonwealth of Virginia	27,026,945	128,025	-	248,348	348,950	27,752,268
Federal Government	2,790,898	57,265	393,975	-	-	3,242,138
Total revenues	168,199,430	185,447	397,092	5,196,539	3,432,380	177,410,888
Expenditures						
Current operating:						
General government administration	12,190,628	-	-	-	-	12,190,628
Judicial administration	3,749,075	-	-	-	-	3,749,075
Public safety	24,677,329	-	-	4,398,722	519,687	29,595,738
Public works	7,415,638	580,529	-	-	10,750	8,006,917
Health and welfare	12,594,333	-	-	-	-	12,594,333
Education	81,209,453	1,753,087	376,930	-	-	83,339,470
Parks, recreation, and cultural	5,810,538	218,730	-	-	28,498	6,057,766
Community development	4,963,054	-	-	-	1,329,874	6,292,928
Nondepartmental	738,963	-	-	-	-	738,963
Capital outlay	-	449,673	-	-	3,022,541	3,472,214
Debt service:						
Principal retirement	-	-	8,767,748	-	-	8,767,748
Interest charges	-	-	4,554,692	-	-	4,554,692
Issuance costs	-	-	111,700	-	-	111,700
Fiscal charges	-	-	9,150	-	-	9,150
Total expenditures	153,349,011	3,002,019	13,820,220	4,398,722	4,911,350	179,481,322
Excess (deficiency) of revenues over (under) expenditures	14,850,419	(2,816,572)	(13,423,128)	797,817	(1,478,970)	(2,070,434)
Other financing sources (uses)						
Transfers in	2,098,403	2,012,189	13,253,280	-	3,442,041	20,805,913
Transfers (out)	(17,847,619)	(100,000)	(971,719)	(201,713)	(2,475,690)	(21,596,741)
Issuance of debt	-	-	1,386,719	-	-	1,386,719
Issuance of refunding bonds	-	-	9,101,000	-	-	9,101,000
Payment to bond escrow agent	-	-	(9,025,300)	-	-	(9,025,300)
Total other financing sources (uses)	(15,749,216)	1,912,189	13,743,980	(201,713)	966,351	671,591
Net change in fund balances	(898,797)	(904,383)	320,852	596,104	(512,619)	(1,398,843)
Fund balances - beginning	23,070,538	10,043,843	565,240	4,222,975	4,400,900	42,303,496
Fund balances - ending	$ 22,171,741	$ 9,139,460	$ 886,092	$ 4,819,079	$ 3,888,281	$ 40,904,653

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, 2015

Net change in fund balances - total governmental funds		**$ (1,398,843)**
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. This is the amount by which the depreciation exceeded capital outlays in the current year.		
Capital outlays	3,672,064	
Depreciation expense (less $10,347 for internal service funds)	(3,842,989)	(170,925)
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.		(8,853)
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	2,363,239	
Less prior year's unavailable revenue	(2,368,506)	(5,267)
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.		2,739,745
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	(1,386,719)	
Less debt proceeds from refunding	(9,101,000)	
Add payment to bond agent	9,025,300	
Add debt principal repayment	8,767,748	
Add amortization of bond payable premiums	1,762,520	
Less amortization of deferred loss on refunding	(477,723)	8,590,126
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The following is a summary of items supporting this adjustment:		
Less current year's arbitrage liability	-	
Add prior year's arbitrage liability	28	
Less current year's compensated absences (excludes $8,707 for internal service fund)	(4,350,986)	
Add prior year's compensated absences	4,084,540	
Less current year's accrued interest payable	(1,767,157)	
Add prior year's accrued interest payable	2,305,000	
Less current year's net pension liability (excludes $145,343 for internal service funds)	(7,218,740)	
Add prior year's net pension liability (excludes $286,031 for internal service funds)	14,206,228	
Less current year's deferred inflow related to pensions (excludes $105,022 for internal service funds)	(5,216,092)	
Add prior year's deferred inflow related to pensions	-	2,042,821
Governmental funds report current year contributions to the Virginia Retirement System as expenditures. In the statement of activities, current year contributions are reported as deferred outflow of resources.		
Add current year contributions to the Virginia Retirement System (excludes $64,256 for internal service funds).	3,045,677	
Less prior year contributions to the Virginia Retirement System (excludes $68,260 for internal service funds).	(3,390,263)	(344,586)
Change in net position of governmental activities		**$ 11,444,218**

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

COUNTY OF FAUQUIER, VIRGINIA

Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
General Fund
Fiscal Year Ended June 30, 2015

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
General property taxes	$ 118,040,821	$ 118,040,821	$ 119,620,040	$ 1,579,219
Other local taxes	14,320,000	14,320,000	14,680,691	360,691
Permits, privilege fees, and regulatory licenses	1,268,195	1,270,195	1,532,066	261,871
Fines and forfeitures	457,850	457,850	465,431	7,581
Revenue from use of money and property	346,149	346,149	272,774	(73,375)
Charges for services	1,083,622	1,107,446	987,140	(120,306)
Gifts and donations	1,500	49,077	31,862	(17,215)
Recovered costs	200,937	273,733	434,804	161,071
Miscellaneous revenue	340,456	341,956	356,779	14,823
Intergovernmental:				
Commonwealth of Virginia	26,466,822	27,969,381	27,026,945	(942,436)
Federal Government	2,023,401	2,833,151	2,790,898	(42,253)
Total revenues	164,549,753	167,009,759	168,199,430	1,189,671
Expenditures				
Current operating:				
General government administration:				
Legislative:				
Board of supervisors	277,430	277,430	260,788	16,642
General and financial administration:				
County administrator	739,621	742,502	658,013	84,489
General reassessment	-	37,395	37,395	-
County attorney	676,960	734,292	734,292	-
Independent auditor	148,094	157,650	157,650	-
Commissioner of the revenue	1,372,946	1,412,463	1,412,463	-
Treasurer	1,181,979	1,199,500	1,199,500	-
Information technology	3,552,971	3,505,538	3,444,920	60,618
Human resources	2,404,203	2,375,902	1,963,309	412,593
Finance	1,326,624	1,312,187	1,251,931	60,256
Office of management and budget	414,376	415,620	396,363	19,257
Geographic information systems	302,741	323,937	309,267	14,670
Total general and financial administration	12,120,515	12,216,986	11,565,103	651,883
Board of elections:				
Registrar	415,774	415,774	364,737	51,037
Total general government administration	$ 12,813,719	$ 12,910,190	$ 12,190,628	$ 719,562

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, 2015

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Expenditures (continued)				
Current operating: (continued)				
Judicial administration:				
Courts:				
Circuit court	$ 141,784	$ 141,784	$ 127,731	$ 14,053
General district court	32,685	40,205	40,205	-
Magistrates	87,773	87,773	69,372	18,401
Juvenile and domestic relations district court	17,726	17,726	12,944	4,782
Clerk of the circuit court	1,147,484	1,153,519	1,131,980	21,539
Adult court services	959,731	951,652	951,600	52
Commissioner of accounts	2,400	2,400	2,400	-
Total courts	2,389,583	2,395,059	2,336,232	58,827
Commonwealth's attorney:				
Commonwealth's attorney	1,414,105	1,415,935	1,412,843	3,092
Total judicial administration	3,803,688	3,810,994	3,749,075	61,919
Public safety:				
Law enforcement and traffic control:				
Sheriff	13,079,095	13,204,767	12,966,351	238,416
Joint communications	2,534,319	2,525,880	2,429,244	96,636
Total law enforcement and traffic control	15,613,414	15,730,647	15,395,595	335,052
Emergency services administration:				
Emergency services	6,940,419	7,120,217	7,008,646	111,571
Correction and detention:				
Sheriff	568,328	497,316	462,668	34,648
Northwest regional jail	1,604,901	1,662,776	1,662,776	-
Probation office	4,284	4,284	3,932	352
Juvenile detention and crime control	305,173	305,173	143,712	161,461
Total correction and detention	2,482,686	2,469,549	2,273,088	196,461
Total public safety	25,036,519	25,320,413	24,677,329	643,084
Public works:				
Sanitation and waste removal:				
Solid waste operations	2,653,675	2,652,966	2,504,620	148,346
General buildings and grounds maintenance:				
General services	5,061,740	5,079,399	4,911,018	168,381
Total public works	$ 7,715,415	$ 7,732,365	$ 7,415,638	$ 316,727

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, 2015

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Expenditures (continued)				
Current operating: (continued)				
Health and welfare:				
Health:				
Supplement of local health department	$ 577,945	$ 593,212	$ 577,945	$ 15,267
Welfare:				
Institutional care	421,285	421,285	421,285	-
Social services	5,587,671	6,383,770	6,275,905	107,865
Childrens services act	3,475,024	5,412,411	5,319,198	93,213
Total welfare	9,483,980	12,217,466	12,016,388	201,078
Total health and welfare	10,061,925	12,810,678	12,594,333	216,345
Education:				
Contribution to component unit – School Board	80,798,708	82,482,611	81,146,098	1,336,513
Community colleges	63,355	63,355	63,355	-
Total education	80,862,063	82,545,966	81,209,453	1,336,513
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation	3,657,086	3,806,060	3,533,094	272,966
Library:				
Public library	2,221,093	2,277,444	2,277,444	-
Total parks, recreation, and cultural	5,878,179	6,083,504	5,810,538	272,966
Community development:				
Planning and community development:				
Community development	4,053,218	4,145,041	3,844,911	300,130
Planning	148,886	148,886	129,091	19,795
Economic development	506,522	839,439	634,340	205,099
Agriculture development	62,574	124,996	74,351	50,645
Total planning and community development	4,771,200	5,258,362	4,682,693	575,669
Environmental management:				
Soil and water conservation district	147,581	154,971	154,971	-
Cooperative extension program:				
VPI extension	134,652	134,652	125,390	9,262
Total community development	$ 5,053,433	$ 5,547,985	$ 4,963,054	$ 584,931

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, 2015

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Expenditures (continued)				
Current operating: (continued)				
Nondepartmental:				
Nondepartmental operations	$ 1,250,883	$ 962,346	$ 738,963	$ 223,383
Total expenditures	152,475,824	157,724,441	153,349,011	4,375,430
Excess (deficiency) of revenues over (under) expenditures	12,073,929	9,285,318	14,850,419	5,565,101
Other financing sources (uses)				
Transfers in	1,679,324	1,679,324	2,098,403	419,079
Transfers (out)	(15,093,691)	(17,799,070)	(17,847,619)	(48,549)
Total other financing sources (uses)	(13,414,367)	(16,119,746)	(15,749,216)	370,530
Net change in fund balances	(1,340,438)	(6,834,428)	(898,797)	5,935,631
Fund balances - beginning	22,731,910	15,593,030	23,070,538	7,477,508
Fund balances - ending	$ 21,391,472	$ 8,758,602	$ 22,171,741	$ 13,413,139

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 8
Page 1 of 2

Statement of Net Position
Proprietary Funds
June 30, 2015

	Business-Type Activities – Enterprise Funds			Governmental Activities
	Airport Fund	Landfill and Recycling Fund	Total	Internal Service Funds
Assets				
Current assets:				
Cash and cash equivalents	$ -	$ 2,294,076	$ 2,294,076	$ 9,809,620
Cash and cash equivalents - restricted	-	5,743,607	5,743,607	-
Receivables, net of allowance for uncollectibles	44,876	291,601	336,477	377,988
Inventories	27,182	-	27,182	202,717
Prepaid items	-	-	-	124,135
Due from other governmental units	6,906	-	6,906	-
Total current assets	78,964	8,329,284	8,408,248	10,514,460
Noncurrent assets:				
Receivables, net of allowance for uncollectibles	90,167	-	90,167	-
Capital assets (non-depreciable/non-amortizable):				
Land	6,612,678	1,446,449	8,059,127	-
Construction in progress	4,385	608,628	613,013	-
Intangible assets	203,638	-	203,638	-
Capital assets (depreciable/amortizable):				
Buildings and improvements	2,977,276	17,058,521	20,035,797	349,000
Infrastructure	10,695,439	854,306	11,549,745	-
Machinery and equipment	348,953	2,897,745	3,246,698	457,852
Accumulated depreciation/amortization	(11,356,387)	(9,290,427)	(20,646,814)	(774,404)
Total capital assets, net	9,485,982	13,575,222	23,061,204	32,448
Total noncurrent assets	9,576,149	13,575,222	23,151,371	32,448
Total assets	9,655,113	21,904,506	31,559,619	10,546,908
Deferred outflows of resources				
Deferred charge on refunding	-	334,655	334,655	-
Pension contributions subsequent to measurement date	13,758	75,908	89,666	64,256
Total deferred outflows of resources	13,758	410,563	424,321	64,256
Total assets and deferred outflows of resources	$ 9,668,871	$ 22,315,069	$ 31,983,940	$ 10,611,164

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, 2015

	Business-Type Activities – Enterprise Funds			Governmental Activities Internal Service Funds
	Airport Fund	Landfill and Recycling Fund	Total	
Liabilities				
Current liabilities:				
Accounts payable	$ 14,027	$ 742,323	$ 756,350	$ 398,041
Accrued and other liabilities	13,480	51,423	64,903	32,532
Accrued interest payable	-	83,622	83,622	-
Due to other funds	210,671	2,328,346	2,539,017	-
Unearned revenue	2,280	-	2,280	-
Current portion of compensated absences	1,133	7,714	8,847	11,386
Current portion of incurred but not reported claims	-	-	-	538,041
Current portion of long-term bonds payable	-	215,733	215,733	-
Total current liabilities	241,591	3,429,161	3,670,752	980,000
Noncurrent liabilities:				
Accrued closure and postclosure liability	-	13,977,948	13,977,948	-
Advances from other funds	32,888	-	32,888	-
Noncurrent portion of compensated absences	10,197	69,425	79,622	102,475
Noncurrent portion of incurred but not reported claims	-	-	-	1,614,122
Noncurrent portion of long-term bonds payable	-	9,430,965	9,430,965	-
Net pension liability	31,038	174,867	205,905	145,343
Total noncurrent liabilities	74,123	23,653,205	23,727,328	1,861,940
Total liabilities	315,714	27,082,366	27,398,080	2,841,940
Deferred inflows of resources				
Items related to measurement of pension liability	22,427	126,354	148,781	105,022
Total deferred inflows of resources	22,427	126,354	148,781	105,022
Total liabilities and deferred inflows of resources	338,141	27,208,720	27,546,861	2,946,962
Net position				
Net investment in capital assets	9,485,982	9,895,397	19,381,379	32,448
Unrestricted (deficit)	(155,252)	(14,789,048)	(14,944,300)	7,631,754
Total net position	9,330,730	(4,893,651)	4,437,079	7,664,202
Total liabilities, deferred inflows of resources, and net position	$ 9,668,871	$ 22,315,069	$ 31,983,940	$ 10,611,164

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 9

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

	Business-Type Activities – Enterprise Funds			Governmental Activities Internal Service Funds
	Airport Fund	Landfill and Recycling Fund	Total	
Operating revenues				
Charges for services	$ 299,855	$ 2,985,340	$ 3,285,195	$ 31,304,644
Recycling revenues	-	629,330	629,330	-
Miscellaneous revenue	12,395	24,594	36,989	191,872
Fuel	386,039	-	386,039	-
Total operating revenues	698,289	3,639,264	4,337,553	31,496,516
Operating expenses				
Cost of goods sold	309,194	-	309,194	-
Personal services	218,035	1,024,205	1,242,240	689,570
Fringe benefits	44,472	376,971	421,443	220,438
Claims and benefits paid	-	-	-	20,612,054
Premiums	-	-	-	2,641,481
Contractual services	152,337	2,604,784	2,757,121	1,495,742
Other operating expenses	138,108	342,068	480,176	2,770,288
Contribution to OPEB	-	-	-	325,691
Landfill closure and postclosure liability	-	596,699	596,699	-
Depreciation	1,154,006	1,006,538	2,160,544	10,347
Pension expense	6,961	39,215	46,176	32,595
Total operating expenses	2,023,113	5,990,480	8,013,593	28,798,206
Operating income (loss)	(1,324,824)	(2,351,216)	(3,676,040)	2,698,310
Nonoperating revenues				
Interest income	-	1,057	1,057	16,741
Gain on disposal of capital asset	-	7,000	7,000	24,694
Operating grants - Commonwealth of Virginia	22,670	17,576	40,246	-
Operating grants - Federal Government	96,348	-	96,348	-
Total nonoperating revenues	119,018	25,633	144,651	41,435
Income (loss) before transfers	(1,205,806)	(2,325,583)	(3,531,389)	2,739,745
Transfers in	62,697	728,131	790,828	-
Change in net position	(1,143,109)	(1,597,452)	(2,740,561)	2,739,745
Net position - beginning, restated	10,473,839	(3,296,199)	7,177,640	4,924,457
Net position - ending	$ 9,330,730	$ (4,893,651)	$ 4,437,079	$ 7,664,202

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 10

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

	Business-Type Activities – Enterprise Funds			Governmental Activities
	Airport Fund	Landfill and Recycling Fund	Total	Internal Service Funds
Cash Flow from Operating Activities				
Receipts from customers and users	$ 696,833	$ 3,707,727	$ 4,404,560	$ 31,676,897
Payment to suppliers and other operating activities	(563,197)	(2,764,726)	(3,327,923)	(27,570,033)
Payment to employees (including fringes)	(276,163)	(1,468,878)	(1,745,041)	(951,970)
Contribution to OPEB	-	-	-	(325,691)
Net cash provided by (used for) operating activities	(142,527)	(525,877)	(668,404)	2,829,203
Cash Flow from Noncapital Financing Activities				
Transfers in	62,697	728,131	790,828	-
Repayment of interfund obligation	(34,691)	-	(34,691)	-
Due to other funds	-	2,232,258	2,232,258	-
Operating grants	129,854	17,576	147,430	-
Net cash provided by noncapital financing activities	157,860	2,977,965	3,135,825	-
Cash Flow from Capital and Related Financing Activities				
Acquisition and construction of capital assets	(15,333)	(1,196,593)	(1,211,926)	(7,451)
Principal paid on debt	-	(3,602,362)	(3,602,362)	-
Proceeds from revenue bond	-	7,473,311	7,473,311	-
Proceeds from disposal of capital assets	-	7,000	7,000	24,694
Interest and other fiscal cost on debt	-	27,371	27,371	-
Net cash provided by (used for) capital and related financing activities	(15,333)	2,708,727	2,693,394	17,243
Cash Flow from Investing Activities				
Interest income	-	1,057	1,057	16,741
Net cash provided by investing activities	-	1,057	1,057	16,741
Net increase (decrease) in cash and cash equivalents	-	5,161,872	5,161,872	2,863,187
Cash and cash equivalents - beginning of the year	-	2,875,811	2,875,811	6,946,433
Cash and cash equivalents - end of the year	-	8,037,683	8,037,683	9,809,620
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
Cash flows from operations:				
Operating income (loss)	(1,324,824)	(2,351,216)	(3,676,040)	2,698,310
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	1,154,006	1,006,538	2,160,544	10,347
Changes in operating assets and liabilities:				
(Increase) decrease in receivables	(2,944)	68,463	65,519	367,048
Increase in incurred but not reported claims	-	-	-	36,922
Decrease in inventory	31,100	-	31,100	16,309
Decrease in deferred outflows of resources	818	6,218	7,036	4,004
Decrease in prepaid items	-	-	-	4,605
Increase (decrease) in accounts payable	5,342	182,126	187,468	(294,971)
Increase in landfill closure and postclosure liability	-	596,699	596,699	-
Increase in unearned revenue	1,488	-	1,488	-
Increase in accrued liabilities	101	8,206	8,307	22,294
(Decrease) in net pension liability	(30,041)	(169,265)	(199,306)	(140,688)
Increase in deferred inflows of resources	22,427	126,354	148,781	105,022
Net cash provided by (used for) operating activities	$ (142,527)	$ (525,877)	$ (668,404)	$ 2,829,203

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 11

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	Other Postemployment Benefit Plans Fund	Agency Funds
Assets		
Cash and cash equivalents	$ -	$ 706,955
Cash in custody of others	-	130,527
Investments at fair value:		
Investment in pooled funds	3,736,436	-
Receivables, net of allowance for uncollectibles:		
Accounts	-	10,249
Total assets and deferred outflows of resources	3,736,436	847,731
Liabilities		
Accrued liabilities	-	12,640
Amounts held for clients/others	-	835,091
Total liabilities and deferred inflows of resources	-	$ 847,731
Net Position		
Held in trust for OPEB benefits	3,736,436	
Total net position	3,736,436	
Total liabilities and net position	$ 3,736,436	

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 12

Statement of Changes in Fiduciary Net Position
Other Postemployment Benefit Plans Fund
Fiscal Year Ended June 30, 2015

		Other Postemployment Benefit Plans Fund
Additions		
Contribution for beneficiary	$	325,691
Investment income		74,735
Less investment related expenses		(4,372)
Total additions		396,054
Deductions		
Total deductions		-
Change in net position		396,054
Net position - beginning		3,340,382
Net position - ending	$	3,736,436

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

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, 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. Primary sources of revenues 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. 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, 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. *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 (government 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.

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, liabilities, 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 revenues to be available if they are collected within two months of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service

expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

The County 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 report 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 and the Landfill and Recycling Fund.

The County reports the following nonmajor fund types:

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

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, Affordable Housing Fund, and Vint Hill Transportation 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. 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 and the Landfill and Recycling 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 Fund, Special Welfare Fund, Detention Center Fund, and Service to Outside Agencies 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 Vint Hill Transportation Special Revenue 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 County Administrator 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 and Implementation committees, when applicable. Staff is granted authority to carry forward budgets for unexpended grants, encumbrances, and capital project budgets as part of the year-end closeout. A public hearing is required for supplemental appropriations in excess of 1.00% of the total

appropriation as specified in Section 15.2-2507 of the *Code of Virginia*. All requests for supplemental appropriations and transfers between CIP projects require Board of Supervisors' approval upon recommendation by the Finance Committee, as applicable.

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, 2015, there were no departments in which expenditures exceeded appropriations.

3. Deficit fund balance/net position

As of June 30, 2015, there were no funds with deficit fund balance. As of June 30, 2015 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 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 accounts" 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 reflect fair value.

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.

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

Inventory is valued at cost using the first-in, first-out method. Inventories of governmental funds, the component unit, certain internal service funds, and enterprise funds consist of expendable supplies held for consumption. The costs are recorded as expenditures when purchased rather than when consumed. Reported inventories for governmental funds and the component unit are classified as nonspendable fund balance as these funds are not in spendable form.

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

On September 24, 2008, the County agreed to contribute a total of $938,000 to the Fauquier Society for the Prevention of Cruelty to Animals (SPCA) for the construction and secured use of a new intake building in exchange for the SPCA's impound and care for all animals turned in by residents of the County, in accordance with section 3.2-6546 of the *Code of Virginia*, as amended, and all pertinent County Ordinances. This contribution is a 15 year prepayment of $62,268 annual rent and constitutes approximately two thirds of the cost of construction of the intake building. As of the end of FY 2015, the unamortized prepaid balance is $512,481. With the execution of the agreement by the County, the SPCA executed a lease authorizing the County to use the intake building for a period of 15 years for the purpose of performing its animal control functions pursuant to section 3.2-6546 of the *Code of Virginia*.

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

Governmental activities include the unspent proceeds of bond issuance that are 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 $5,000 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 estimated fair market 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 $225,725 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, 2015 are:

Primary government

General Fund	$	465,222
Capital Projects Fund		689,197
Total primary government encumbrances	$	1,154,419

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(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has two items that qualify for reporting in this

category. One is the 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. The other item is comprised of contributions to the pension plan made during the current year and subsequent to the net pension asset or liability measurement date, which will be recognized as a reduction of the net pension asset or liability next fiscal year. For more detailed information, see Note 11.

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(s) and so 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 liability 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 investments. For more detailed information on these items, see Note 11.

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 (i.e., 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 (i.e., 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 (i.e., 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 the level of unassigned fund balance at ten percent of general operating revenues. The ten percent level 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.

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 $91,258,540 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. Pensions

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. Prior Period Adjustment

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

In fiscal year 2015, the County implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27*, effective for periods beginning after June 15, 2014.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The chart below summarizes adjustments for implementation of GASB Statement No. 68:

	Governmental Activities		
	As Reported at 6/30/2014	GASB 68 Adjustment	Restated at 6/30/2014
Revenues and Transfers In	174,430,826	-	174,430,826
Expenses and Transfers Out	163,357,981	(3,458,523)	159,899,458
Change in Net Position	11,072,845	3,458,523	14,531,368
Beginning Net Position	(6,301,081)	(14,492,258)	(20,793,339)
Ending Net Position	4,771,764	(11,033,735)	(6,261,971)

	Business Type Activities		
	As Reported at 6/30/2014	GASB 68 Adjustment	Restated at 6/30/2014
Revenues and Transfers In	6,546,338	-	6,546,338
Expenses and Transfers Out	8,246,520	(96,702)	8,149,818
Change in Net Position	(1,700,182)	96,702	(1,603,480)
Beginning Net Position	9,186,331	(405,211)	8,781,120
Ending Net Position	7,486,149	(308,509)	7,177,640

	Component Unit - School Board		
	As Reported at 6/30/2014	GASB 68 Adjustment	Restated at 6/30/2014
Revenues and Transfers In	136,285,837	-	136,285,837
Expenses and Transfers Out	136,557,041	(8,735,410)	127,821,631
Change in Net Position	(271,204)	8,735,410	8,464,206
Beginning Net Position	192,307,030	(132,384,671)	59,922,359
Ending Net Position	192,035,826	(123,649,261)	68,386,565

	Total Reporting Entity		
	As Reported at 6/30/2014	GASB 68 Adjustment	Restated at 6/30/2014
Revenues and Transfers In	317,263,001	-	317,263,001
Expenses and Transfers Out	308,161,542	(12,290,635)	295,870,907
Change in Net Position	9,101,459	12,290,635	21,392,094
Beginning Net Position	195,192,280	(147,282,140)	47,910,140
Ending Net Position	204,293,739	(134,991,505)	69,302,234

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Governmental accounting standards board (GASB) statements

The County has implemented the following GASB Statement in fiscal year 2015:

Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27*, effective for periods beginning after June 15, 2014. This Statement improves accounting and financial reporting by state and local governments for pensions, and improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. It also establishes accounting and reporting requirements related to defined benefit and contribution pension plans provided to state and local government employees through plans that meet the requirements outlined in the Statement and also for non-employer contributing entities that have a legal obligation to contribute directly to such plans.

Statement No. 69, *Government Combinations and Disposals of Government Operations*, effective for periods beginning after December 15, 2013. This Statement establishes specific accounting and financial standards and disclosure requirements related to government combinations and disposals of government operations. Prior to this Statement, governments accounted for these transactions by relying on accounting and financial reporting guidance intended for the business environment, generally APB Opinion No 16, Business Combinations.

Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date- an amendment of GASB Statement 68*, effective for periods beginning after June, 15, 2014 and to be implemented simultaneously with the provisions of Statement 68. This statement amends Statement 68 to require that at transition, a government must recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. This statement eliminates the potential significant understatement of the restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual basis financial statements of employers and nonemployer contributing entities.

The County will implement the following GASB Statement in fiscal year 2016:

Statement No. 72, *Fair Value Measurement and Application*, effective for periods beginning after June 15, 2015. This Statement improves accounting and financial reporting for state and local governments by enhancing comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position.

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, effective for periods beginning after June 15, 2015. This Statement improves accounting and financial reporting for state and local governments by (1) raising the category of GASB Implementation Guides in the GAAP hierarchy, thus providing the opportunity for broader public input on implementation guidance; (2) emphasizing the importance of analogies to authoritative literature when the accounting treatment for an event is not specified in authoritative GAAP; and (3) requiring the consideration of consistency with the GASB Concepts Statements when evaluating accounting treatments specified in nonauthoritative literature. As a result, governments will apply financial reporting guidance with less variation, which will improve the usefulness of financial statement information for making decisions and assessing accountability and enhance the comparability of financial statement information among governments.

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 and component unit's OPEB trust fund are participants 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 and component unit's shares in this pool are reported on the face of the OPEB trust fund statements as found in Exhibit 11 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 5.0% 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, 2015. 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, 2015:

	Fair Value	Weighted Average Maturity (in years)
Money Market/Money Market Mutual Funds:		
Pooled Investments:		
State Treasurer's Local Government Investment Pool (LGIP)	$ 32,769,140	0.0027
U.S. Government Agency Securities	3,995,820	4.1344
Demand deposit account	29,537,332	0.0027
Restricted Investments:		
Virginia State Non-Arbitrage Program (SNAP)	5,756,206	0.0027
U.S. Government Agency Securities	1,493	0.0685
Total Investment	$ 72,059,991	0.2318

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 of other political subdivisions and 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, 2015, 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	45%
Virginia State Non-Arbitrage Program (SNAP)	100%	AAA	8%
Demand deposit account	50%	AAA	38%
U.S. Government Agency Securities	100%	AAA	6%
Certificates of deposit	25%	-	3%
			100%

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

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

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, 2015:

Primary Government	
Governmental Activities:	
General Fund:	
Grant and contractual obligations	$ 210,291
Total General Fund	210,291
Capital Projects Fund:	
General Obligation Bond proceeds	14,092
Restricted donations	43,917
Performance bonds	396,097
Vint Hill EDA revenue sharing	3,381,824
Retainage	12,151
Total Capital Projects Fund	3,848,081
Other Governmental Funds:	
Parks, recreation, and cultural donations	197,447
Proffers	2,066,860
Stormwater management	174,256
Library	165,303
Marshall Electric Light and Business Improvement District	27,299
Vint Hill Transportation	207,900
Total Other Governmental Funds	2,839,065
Total Governmental Activities Restricted Cash and Investments	6,897,437
Business-Type Activities:	
Landfill and Recycling Fund:	
Revenue bond proceeds	5,743,607
Total Business-Type Activities Restricted Cash and Investments	5,743,607
Total Primary Government Restricted Cash and Investments	12,641,044
Component unit - School Board	
School General Fund:	
Grant funds	5,000
Total Restricted Cash and Investments	$ 12,646,044

NOTE 3 – RECEIVABLES

Receivables at June 30, 2015, consist of the following:

Primary Government

	General Fund	Capital Projects Fund	Fire and Rescue Fund	Nonmajor Governmental Funds	Business-Type Activities - Enterprise	Internal Service Funds	Total
Property taxes	$ 5,072,747	$ -	$ 237,975	$ 31,970	$ -	$ -	$ 5,342,692
Accounts	1,000,992	65,372	69,732	686,104	1,183,955	377,988	3,384,143
Due from other funds	2,539,017	-	-	-	-	-	2,539,017
Due from other governmental units	3,533,231	217,107	-	6,190	6,906	-	3,763,434
Advances to other funds	32,888	-	-	-	-	-	32,888
Gross receivables	12,178,875	282,479	307,707	724,264	1,190,861	377,988	15,062,174
Less allowance for uncollectibles:							
Property taxes	(1,833,335)	-	(87,016)	(11,611)	-	-	(1,931,962)
Accounts	-	-	-	(458,647)	(757,311)	-	(1,215,958)
Total allowance for uncollectibles	(1,833,335)	-	(87,016)	(470,258)	(757,311)	-	(3,147,920)
Net receivables	$ 10,345,540	$ 282,479	$ 220,691	$ 254,006	$ 433,550	$ 377,988	$ 11,914,254
Total current receivables	$ 10,312,652	$ 282,479	$ 220,691	$ 254,006	$ 343,383	$ 377,988	$ 11,791,199
Total noncurrent receivables	32,888	-	-	-	90,167	-	123,055
Total receivables	$ 10,345,540	$ 282,479	$ 220,691	$ 254,006	$ 433,550	$ 377,988	$ 11,914,254

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. 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	$ 2,083,084	$	$ 421,509	$ 2,504,593
Intergovernmental revenue	211,563		16,717	228,280
EMS ambulance billing revenue	68,593	-	-	68,593
Parks and recreation facility rentals	-	22,768	-	22,768
Business Type				
Airport hangar deposits	-	2,280	-	2,280
Total	$ 2,363,240	$ 25,048	$ 438,226	$ 2,826,514

NOTE 3 – RECEIVABLES (CONTINUED)

Component unit – School Board

	School General Fund	School Asset Replacement Fund	Total
Accounts	$ 166,515	$ 1,043	$ 167,558
Due from other governmental units	2,870,394	-	2,870,394
Net receivables	$ 3,036,909	$ 1,043	$ 3,037,952

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	$ 29,268
School Nutrition Fund	89,363
Total unearned revenue	$ 118,631

NOTE 4 – INTERFUND RECEIVABLES AND PAYABLES

The following is a summary of interfund obligations as of June 30, 2015:

Current:

Due to / from other funds

Receivable Fund	Payable Fund	Amount
General Fund	Airport Fund	$ 210,671
General Fund	Landfill & Recycling Fund	2,328,346
Total		$ 2,539,017

Noncurrent:

Advances from / to other funds

Receivable Fund	Payable Fund	Amount
General Fund	Airport Fund	$ 32,888
Total		$ 32,888

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; however, $32,888 of the Airport Fund interfund obligation is considered to be long-term in the General Fund – Fund Balance.

NOTE 5 – INTERFUND TRANSFERS

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

	Transfers in:					
Transfers out:	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Enterprise Funds	Total
General Fund	$ -	$ 2,012,189	$ 12,674,280	$ 2,370,322	$ 790,828	$ 17,847,619
Capital Projects Fund	-	-	-	100,000	-	100,000
Debt Service Fund	-	-	-	971,719	-	971,719
Fire and Rescue Fund	201,713	-	-	-	-	201,713
Other Governmental Funds	1,896,690	-	579,000	-	-	2,475,690
Total	$ 2,098,403	$ 2,012,189	$ 13,253,280	$ 3,442,041	$ 790,828	$ 21,596,741

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, 2015:

	Primary Government	Component Unit School Board
Commonwealth of Virginia:		
Local sales tax	$ 1,408,692	$ -
State sales tax	-	2,122,100
Shared expenses	478,181	-
Comprehensive services	595,268	-
Miscellaneous grants	932,718	4,966
Airport grants	1,990	-
Federal Government:		
School fund grants	-	743,328
Airport grants	4,916	-
Other federal grants	341,669	-
Total	$ 3,763,434	$ 2,870,394

NOTE 7 – CAPITAL ASSETS

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

	Balance July 1, 2014	Additions	Deletions	Transfers	Balance June 30, 2015
Primary government – governmental activities					
Capital assets (non-depreciable/non-amortizable):					
Land	$ 20,873,378	$ 86,916	$ -	$ -	$ 20,960,294
Intangible assets	853,884	-	-	-	853,884
Construction in progress	1,498,787	994,519	-	(262,633)	2,230,673
Total capital assets (non-depreciable/non-amortizable)	23,226,049	1,081,435	-	(262,633)	24,044,851
Capital assets (depreciable/amortizable):					
Buildings and improvements	52,690,158	218,561	-	151,175	53,059,894
Infrastructure	14,188,219	-	-	-	14,188,219
Machinery and equipment	15,428,513	2,379,518	(893,686)	88,349	17,002,694
Intangible assets	1,437,837	-	-	23,109	1,460,946
Total capital assets (depreciable/amortizable)	83,744,727	2,598,079	(893,686)	262,633	85,711,753
Less accumulated depreciation/amortization for:					
Buildings and improvements	(17,435,044)	(1,524,008)	-	-	(18,959,052)
Infrastructure	(7,240,188)	(940,043)	-	-	(8,180,231)
Machinery and equipment	(10,856,982)	(1,279,247)	884,833	-	(11,251,396)
Intangible assets	(866,614)	(110,038)	-	-	(976,652)
Total accumulated depreciation/amortization	(36,398,828)	(3,853,336)	884,833	-	(39,367,331)
Total capital assets (depreciable/amortizable), net	47,345,899	(1,255,257)	(8,853)	262,633	46,344,422
Governmental activities capital assets, net	$ 70,571,948	$ (173,822)	$ (8,853)	$ -	$ 70,389,273

	Balance July 1, 2014	Additions	Deletions	Transfers	Balance June 30, 2015
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	4,810,119	553,820	-	(4,755,311)	608,628
Total capital assets (non-depreciable/non-amortizable)	6,256,568	553,820	-	(4,755,311)	2,055,077
Capital assets (depreciable/amortizable):					
Buildings and improvements	12,303,210	-	-	4,755,311	17,058,521
Infrastructure	854,306	-	-	-	854,306
Machinery and equipment	2,299,067	642,773	(44,095)	-	2,897,745
Total capital assets (depreciable/amortizable)	15,456,583	642,773	(44,095)	4,755,311	20,810,572
Less accumulated depreciation/amortization for:					
Cell improvements	(4,100,666)	(529,464)	-	-	(4,630,130)
Buildings and improvements	(1,873,861)	(261,115)	-	-	(2,134,976)
Infrastructure	(591,806)	(37,500)	-	-	(629,306)
Machinery and equipment	(1,761,651)	(178,459)	44,095	-	(1,896,015)
Total accumulated depreciation/amortization	(8,327,984)	(1,006,538)	44,095	-	(9,290,427)
Total capital assets (depreciable/amortizable), net	7,128,599	(363,765)	-	4,755,311	11,520,145
Landfill and Recycling Fund capital assets, net	$ 13,385,167	$ 190,055	$ -	$ -	$ 13,575,222

NOTE 7 – CAPITAL ASSETS (CONTINUED)

	Balance July 1, 2014	Additions	Deletions	Transfers	Balance June 30, 2015
Primary government – business-type activities (continued)					
Airport Fund:					
Capital assets (non-depreciable/non-amortizable):					
Land	$ 6,612,678	$ -	$ -	$ -	$ 6,612,678
Construction in progress	-	4,385	-	-	4,385
Intangible assets	192,690	10,948	-	-	203,638
Total capital assets (non-depreciable/non-amortizable)	6,805,368	15,333	-	-	6,820,701
Capital assets (depreciable/amortizable):					
Buildings and improvements	2,977,276	-	-	-	2,977,276
Infrastructure	10,695,439	-	-	-	10,695,439
Machinery and equipment	348,953	-	-	-	348,953
Total capital assets (depreciable/amortizable)	14,021,668	-	-	-	14,021,668
Less accumulated depreciation/amortization for:					
Buildings and improvements	(1,292,625)	(109,568)	-	-	(1,402,193)
Infrastructure	(8,717,675)	(1,028,804)	-	-	(9,746,479)
Machinery and equipment	(192,081)	(15,634)	-	-	(207,715)
Total accumulated depreciation/amortization	(10,202,381)	(1,154,006)	-	-	(11,356,387)
Total capital assets, (depreciable/amortizable), net	3,819,287	(1,154,006)	-	-	2,665,281
Airport Fund capital assets, net	10,624,655	(1,138,673)	-	-	9,485,982
Total business-type activities capital assets, net	$ 24,009,822	$ (948,618)	$ -	$ -	$ 23,061,204

	Balance July 1, 2014	Additions	Deletions	Transfers	Balance June 30, 2015
Component unit – School Board					
Capital assets (non-depreciable/non-amortizable):					
Land	$ 5,052,116	$ -	$ -	$ -	$ 5,052,116
Construction in progress	35,970,546	2,025,036	-	(37,715,861)	279,721
Total capital assets (non-depreciable/non-amortizable)	41,022,662	2,025,036	-	(37,715,861)	5,331,837
Capital assets (depreciable/amortizable):					
Buildings and improvements	218,147,655	674,575	-	37,311,864	256,134,094
Infrastructure	5,204,865	-	-	-	5,204,865
Machinery and equipment	21,647,465	1,712,066	(1,585,930)	403,997	22,177,598
Intangible assets	225,458	-	-	-	225,458
Total capital assets (depreciable/amortizable)	245,225,443	2,386,641	(1,585,930)	37,715,861	283,742,015
Less accumulated depreciation/amortization for:					
Buildings and improvements	(75,234,771)	(6,837,395)	-	-	(82,072,166)
Infrastructure	(1,894,117)	(238,612)	-	-	(2,132,729)
Machinery and equipment	(16,132,566)	(1,245,040)	1,576,541	-	(15,801,065)
Intangible assets	(225,458)	-	-	-	(225,458)
Total accumulated depreciation/amortization	(93,486,912)	(8,321,047)	1,576,541	-	(100,231,418)
Total capital assets, (depreciable/amortizable), net	151,738,531	(5,934,406)	(9,389)	37,715,861	183,510,597
School Board capital assets, net	$ 192,761,193	$ (3,909,370)	$ (9,389)	$ -	$ 188,842,434

NOTE 7 – CAPITAL ASSETS (CONTINUED)

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	$	523,715
Judicial administration		224,138
Public safety		1,911,300
Public works		164,248
Health and welfare		15,168
Parks, recreation, and cultural		976,843
Community development		37,924
Total governmental activities	$	3,853,336
Primary government – business-type activities		
Landfill and Recycling Fund	$	1,006,538
Airport Fund		1,154,006
Total business-type activities	$	2,160,544
Component unit – School Board	$	8,321,047

Reconciliation of net investment in capital assets:

	Primary Government			
	Governmental Activities	Business-Type Activities	Component Unit - School Board	Reporting Entity Total
Total capital assets	$ 70,389,273	$ 23,061,204	$ 188,842,434	$ 282,292,911
Long-term obligations applicable to capital assets:				
Capital leases	2,971,971	-	-	2,971,971
Revenue Bonds	-	8,510,000	-	8,510,000
General obligation school bonds	-	-	89,386,000	89,386,000
Premium on bonds payable	528,864	1,136,698	4,097,763	5,763,325
Deferred amount on refunding	(23,640)	(334,655)	(2,225,223)	(2,583,518)
Less unspent proceeds as of June 30, 2015	-	(5,632,218)	-	(5,632,218)
Subtotal long-term obligations applicable to capital assets	3,477,195	3,679,825	91,258,540	98,415,560
Net investment in capital assets	$ 66,912,078	$ 19,381,379	$ 97,583,894	$ 183,877,351

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:
On August 28, 2014 the County of Fauquier, Virginia issued $9,101,000 in refunding bonds with Carter Bank & Trust, Series 2014 with an effective interest rate of 2.500%. The Series 2014 bonds were issued to refund $8,400,000 of General Obligaton Bonds, Series 2006. The bonds will be repaid in various installments beginning January 1, 2015 to July 1, 2026. As a result, the refunded bonds are considered to be defeased in substance and the liability for those bonds has been removed from the financial statements. The reacquisition price exceeded the carrying amount of the old debt by $701,000. The advance refunding reduced the total debt service payments over the next 12 years by $628,325 and resulted in an economic gain of $542,980. At June 30, 2015 the defeased bonds had balances outstanding of $8,400,000.

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
2016	$ 1,320,154	$ 80,923	$ 405,000	$ 280,722	$ 7,315,000	$ 3,794,069
2017	1,364,601	35,397	420,000	260,781	7,397,000	3,442,664
2018	58,460	4,746	440,000	239,694	7,334,000	3,125,413
2019	59,513	3,694	460,000	217,331	7,141,000	2,842,955
2020	60,584	2,622	485,000	193,791	7,242,000	2,546,843
2021-2025	108,659	1,952	1,745,000	674,810	32,817,000	8,543,010
2026-2030	-	-	1,945,000	239,030	16,565,000	3,671,535
2031-2034	-	-	-	-	3,575,000	425,495
Total	$ 2,971,971	$ 129,334	$ 5,900,000	$ 2,106,159	$ 89,386,000	$ 28,391,984

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

	Balance July 1, 2014	Additions	Retirements	Balance June 30, 2015	Amount Due Within One Year
General long-term obligations:					
Capital leases	$ 2,848,000	$ 1,386,720	$ 1,262,748	$ 2,971,972	$ 1,320,154
Certificates of participation	6,285,000	-	385,000	5,900,000	405,000
General obligation bonds	95,805,000	9,101,000	15,520,000	89,386,000	7,315,000
Premium on bonds payable	6,389,147	-	1,762,520	4,626,627	719,475
Compensated absences	4,189,694	3,610,241	3,335,089	4,464,846	446,485
Incurred but not reported claims	2,115,241	36,922	-	2,152,163	538,041
Total general long-term obligations	$ 117,632,082	$ 14,134,883	$ 22,265,357	$ 109,501,608	$ 10,744,155

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, 2015 were as follows:

	Balance July 1, 2014	Additions	Retirements	Balance June 30, 2015	Amount Due Within One Year
Deferred amount on refunding	$ (2,137,646)	$ (625,300)	$ (477,724)	$ (2,285,222)	$ (401,574)

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

Details of long-term obligations are as follows:

	Amount Outstanding	Amount Due Within One Year
Capital Leases:		
$3,565,000 Refunding Bond Series 2009B, issued November 19, 2009, to fund public safety radios maturing annually beginning April 1, 2010 through October 1, 2016, with interest payable semiannually at rates from 3.03% to 5.125%.	$ 1,285,000	$ 630,000
$1,566,000 SCBA Equipment Lease Series 2011, issued June 24, 2011, due in semiannual installments beginning July 15, 2012 through July 15, 2016, with interest payable semiannually at 1.96%.	645,000	319,000
$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%.	398,984	54,341
$971,719 AED Equipment Lease Series 2015, issued April 1, 2015, due in annual installments beginning June 30, 2015 through June 30, 2017 with interest payable annually at 2.96%.	642,988	316,813
Total Capital Leases	2,971,972	1,320,154
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%.	1,265,000	190,000
$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%.	4,635,000	215,000
Total Certificates of Participation	5,900,000	405,000
General Obligation Bonds:		
$9,000,000 Virginia Public School Authority Bonds 1996A, issued November 14, 1996, maturing annually beginning July 15, 1997 through July 15, 2016 with interest payable semiannually at rates from 5.10% to 6.10%.	900,000	450,000
$3,500,000 Virginia Public School Authority Bonds, Series 1997B, issued November 20, 1997, maturing annually beginning July 15, 1998 through July 15, 2017, with interest payable semiannually at rates from 4.35% to 5.35%.	$ 525,000	$ 175,000

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

	Amount Outstanding	Amount Due Within One Year
General Obligation Bonds (continued):		
$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%.	$ 875,000	$ 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%.	1,355,000	230,000
$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%.	2,240,000	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%.	5,220,000	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%.	1,850,000	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%.	6,325,000	575,000
$39,615,000 General Obligation Bond, Series 2006, issued October 11, 2006, maturing annually from July 1, 2007 through July 1, 2026, with interest payable semiannually at rates from 4.125% to 5.00%.	4,000,000	2,000,000
$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%.	22,140,000	1,705,000
$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.	9,100,000	300,000
$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%.	$ 13,260,000	$ 105,000

	Amount Outstanding	Amount Due Within One Year
General Obligation Bonds (continued):		
$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%.	$ 9,295,000	$ 335,000
$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%.	3,200,000	110,000
$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%	9,101,000	70,000
Total General Obligation Bonds	89,386,000	7,315,000
Premium on bonds payable	4,626,627	719,475
Compensated absences	4,464,846	446,485
Incurred but not reported claims	2,152,163	538,041
Total governmental activities long-term obligations	$ 109,501,608	$ 10,744,155

PRIMARY GOVERNMENT

Business-type activities:

On May 28, 2015 the County of Fauquier, Virginia issued $3,130,000 in refunding bonds with the Virginia Resources Authority, Series 2015A with an effective interest rate of 3.805%. The Series 2015A bonds were issued to refund $3,005,000 of Infrastructure and State Moral Obligation Revenue Bonds, Series 2012A. The bonds will be repaid in various installments beginning October 1, 2015 to October 1, 2039. As a result, the refunded bonds are considered to be defeased in substance and the liability for those bonds has been removed from the financial statements. The reacquisition price exceeded the carrying amount of the old debt by $125,000. The advance refunding removed burdensome rate covenant provisions stipulated by the previous issuance, and extended the repayment term from nine years to 25 years which more closely matches the economic life of the associated asset, and therefore, provided significant annual cash-flow savings to the Landfill Fund; however, the refunding increased the total debt service payments by $1,641,139 and resulted in an economic loss of $281,254. At June 30, 2015 the defeased bonds had balances outstanding of $3,005,000.

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

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

Fiscal Year	Revenue Bonds Principal	Revenue Bonds Interest
2016	$ 130,000	$ 359,635
2017	215,000	376,291
2018	230,000	366,263
2019	240,000	355,044
2020	250,000	344,063
2021-2025	1.450.000	1.519.137
2026-2030	1,835,000	1,121,210
2031-2035	2,020,000	708,123
2036-2040	2,140,000	251,676
Total	$ 8,510,000	$ 5,401,442

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

	Balance July 1, 2014	Additions	Retirements	Balance June 30, 2015	Amount Due Within One Year
Business-type activities long-term obligations:					
Revenue bonds	$ 4,785,000	$ 7,130,000	$ 3,405,000	$ 8,510,000	$ 130,000
Premium on bonds payable	656,094	677,966	197,362	1,136,698	85,733
Compensated absences	86,797	95,203	93,531	88,469	8,847
Landfill closure and postclosure liability	13,381,249	596,699	-	13,977,948	-
Total business-type activities long-term obligations	$ 18,909,140	$ 8,499,868	$ 3,695,893	$ 23,713,115	$ 224,580

	Balance July 1, 2014	Additions	Retirements	Balance June 30, 2015	Amount Due Within One Year
Deferred amount on refunding	$ -	$ (334,655)	$ -	$ (334,655)	$ (20,886)

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%.	$ 1,380,000	$ 50,000
$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%.	7,130,000	80,000
Total Revenue Bonds	8,510,000	130,000
Premium on bonds payable	1,136,698	85,733
Compensated absences	88,469	8,847
Landfill closure and postclosure liability	13,977,948	-
Total business-type activities long-term obligations	$ 23,713,115	$ 224,580

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, 2015:

	Balance July 1, 2014	Additions	Retirements	Balance June 30, 2015	Amount Due Within One Year
General long-term obligations:					
Compensated absences	$ 4,375,743	$ 5,097,820	$ 4,974,700	$ 4,498,863	$ 449,886
Total general long-term obligations	$ 4,375,743	$ 5,097,820	$ 4,974,700	$ 4,498,863	$ 449,886

Details of long-term obligations are as follows:

	Amount Outstanding	Amount Due Within One Year
Compensated absences	$ 4,498,863	$ 449,886
Total component unit long-term obligations	$ 4,498,863	$ 449,886

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, 2015, $31,729,000 of outstanding debt is considered defeased.

NOTE 9 – COMMITMENTS

A. Long-term USDA

Fauquier County provides annual operating and capital contributions for 11 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
2016	$ 243,742	$ 693,716
2017	253,688	683,770
2018	264,041	673,417
2019	274,817	662,641
2020	286,034	651,424
2021-2025	1,615,189	3,072,101
2026-2030	1,973,156	2,714,134
2031-2035	2,410,744	2,276,546
2036-2040	2,945,722	1,741,568
2041-2045	3,599,839	1,087,451
2046-2050	2,891,533	336,408
2051	269,935	10,123
Total	$ 17,028,440	$ 14,603,299

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

	Balance July 1, 2014	Additions	Retirements	Balance June 30, 2015	Amount Due Within One Year
General long-term commitments:					
USDA Notes	$ 17,262,628	$ -	$ 234,188	$ 17,028,440	$ 243,742

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%.	$ 2,681,567	$ 41,838
$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%.	927,481	13,057
$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%.	2,726,196	39,316
$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%.	1,612,214	23,251
$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%.	3,520,907	50,773
$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%.	5,560,075	75,507
Total long-term commitments	$ 17,028,440	$ 243,742

B. Construction commitments

At June 30, 2015, the County has several major projects in its capital projects fund under construction which are summarized below. These balances are included in the committed balance for the Capital Projects Fund.

Project Name	Contractor	Contract Amount	Expended to Date	Balance
Larry Weeks Pool	Nvblu Inc	$ 94,260	$ 89,520	$ 4,740
Winchester Sidewalks	Toro Concrete	255,893	69,551	186,341
Total		$ 350,153	$ 159,071	$ 191,081

Commitments and contingent liabilities

Federal programs in which the County and School Board participate were audited in accordance with the provisions of the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and

NOTE 9 – COMMITMENTS (CONTINUED)

Non-Profit Organizations. Pursuant to the provisions of this circular, all major programs and certain other 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 – 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 $13,977,948 reported as landfill closure/postclosure care liability at June 30, 2015, represents the cumulative amount reported based on the use of 100% of the estimated capacity of the old landfill, the use of 70.47% of the estimated capacity of the new landfill, and the closure costs for the Construction and Demolition Recycling facility of $28,088. The County will recognize the remaining estimated cost of closure and postclosure care of $3,311,951 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 2015. 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. While the old landfill has reached 100% capacity, the County's intention is to partially reclaim capacity through mining a significant portion of the landfill recyclable Construction and Demolition materials. The County expects to add 10-20 years of disposal capacity and defer closure of the old landfill area by approximately 20-30 years. 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 11 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN AND POSTEMPLOYMENT BENEFITS

A. Plan descriptions

Agent Multiple Employer Pension 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 Pension 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/2014-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 or their employer is paying contributions into 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.

NOTE 11 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN AND POSTEMPLOYMENT BENEFITS (CONTINUED)

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

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 Contributions	Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.
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 at age 50 with at least 30 years of creditable service. **Political subdivisions hazardous duty employees:** Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.
Earliest Reduced Retirement Eligibility	**VRS:** Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service. **Political subdivisions hazardous duty employees:** 50 with at least five years of creditable service.
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. 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.
Hybrid Opt-In Election	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 will be paying the full 5% by 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: S**ame 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. 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 higher of 4% of creditable compensation or average final compensation. · The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. 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. Actuarial Assumptions

The net pension liabilities for Fauquier County and the Fauquier County School Board Retirement Plans were measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

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

	Fauquier County	School Board	
	Retirement Plan	Non-professional Retirement Plan	VRS Teacher Retirement Plan
Inflation	2.5%	2.5%	2.5%
Salary increases, including inflation	3.5% – 5.35%	3.5% – 5.35%	3.5% – 5.95%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*	7.0%, net of pension plan investment expense, including inflation*	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.

	Fauquier County and School Board Non-professional Plans	VRS Teacher Retirement Plan
Mortality rates:	14% of deaths are assumed to be service related	
Largest 10 – Non-LEOS:		
Pre-Retirement:		
RP-2000 Employee Mortality Table Projected with Scale AA to 2020	Males set forward 4 years and feMales set back 2 years	Males set forward 3 years and feMales set back 5 years
Post-Retirement:		
RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with	Males set forward 1 year	Males set back 2 years and feMales set back 3 years
Post-Disablement:		
RP-2000 Disability Life Mortality Table Projected to 2020	Males set back 3 years and no provision for future mortality improvement	Males set back 1 year and no provision for future mortality improvement
All Others (Non 10 Largest) – Non-LEOS:		
Pre-Retirement:		
RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with	Males set forward 4 years and feMales set back 2 years	
Post-Retirement:		
RP-2000 Combined Mortality Table Projected with Scale AA to 2020	Males set forward 1 year	
Post-Disablement:		
RP-2000 Disability Life Mortality Table Projected to 2020	Males set back 3 years and no provision for future mortality improvement	

C. Long-Term Expected Rate of Return

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

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

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

D. 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 and the member rate. Through the fiscal year ending June 30, 2018, the rates contributed by the County and School Board for the County Retirement Plan, the School Board Non- Professional Retirement, and the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers and school divisions 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.

E. Employees Covered by the Benefit Terms

As of the June 30, 2013 actuarial valuation, the following employees were 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	215	109
Inactive members entitled to but not yet receiving benefits		
Vested	108	34
Non-vested	216	194
Active elsewhere in the VRS	212	100
Total inactive members	536	328
Active Members	580	355
Total	1,331	792

F. 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 divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

Fauquier County: The County's contractually required contribution rate for the year ended June 30, 2015 was 15.06% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013 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 contributions rates as a percentage of the annual covered payroll to the agent multiple employer plan for employees of the governmental activates and business type activities of Fauquier County.

	Governmental Activities		Business Type Activities		Total
	County	Fleet Maintenance	Airport	Landfill	Fauquier County
Annual Covered Payroll	$ 32,030,162	644,783	$ 137,565	776,166	$ 33,588,676
Employer contribution rates	10.06%	10.06%	10.06%	10.06%	10.06%
Employee contribution rates	5.00%	5.00%	5.00%	5.00%	5.00%
Total contribution rates	15.06%	15.06%	15.06%	15.06%	15.06%
Contributions recognized, June 30, 2015	$ 3,045,677	64,256	$ 13,758	75,908	$ 3,199,599
Contributions recognized, June 30, 2014	$ 3,390,263	68,260	$ 14,576	$ 82,126	$ 3,555,225

School Board: The contractually required contribution rate for the year ended June 30, 2015 was 11.47% of covered employee compensation for Non-professional School Employee Retirement Plan. Each school division's contractually required contribution rate for the Teacher Retirement Plan for the year ended June 30, 2015 was 14.50% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. The actuarial rate for the Teacher Retirement Plan was 18.20%. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Based on provisions of §51.1-145 of the *Code of Virginia*, the contributions funded 79.69% of the actuarial rate for the year ended June 30, 2015. Contributions from the school division to the Non Professional Employee Retirement Plan and the Teacher Retirement Plan are outlined in the following table:

	School Board		
	Non-professional Retirement Plan	Teacher Retirement Plan	Total School Board
Annual Covered Payroll	$ 7,685,393	$ 71,522,996	79,208,389
Employer contribution rates	6.47%	14.50%	-
Employee contribution rates	5.00%	5.00%	-
Total contribution rates	11.47%	19.50%	-
Contributions recognized, June 30, 2015	$ 428,328	$ 9,707,992	$ 10,136,320
Contributions recognized, June 30, 2014	$ 634,627	$ 8,100,783	$ 8,735,410

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

Fauquier County: Total pension liability, fiduciary net position, net pension liability, pension expense, and deferred outflows and deferred inflows related to pension have been allocated to Governmental Activities, Business Activities and the Fleet Maintenance Internal Service fund based on the proportionate share of covered payroll applicable to each.

The following tables present 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.

NOTE 11 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN AND POSTEMPLOYMENT BENEFITS (CONTINUED)

Schedule of Changes in the Net Pension Liability
Governmental Activities

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2013	$ 87,341,899	$ 73,135,672	$ 14,206,227
Changes for the Year		-	-
Service Cost	3,495,656	-	3,495,656
Interest	6,008,487	-	6,008,487
Changes of assumptions	-	-	-
Difference between expected and actual experience	-	-	-
Contributions- employer	-	3,390,263	(3,390,263)
Contributions- employee	-	1,459,885	(1,459,885)
Net investment income	-	11,701,810	(11,701,810)
Benefit payments, including refunds of employee contributions	(3,012,755)	(3,012,755)	-
Administrative expense	-	(60,945)	60,945
Other changes	-	617	(617)
Net Changes	6,491,388	13,478,875	(6,987,487)
Balances at June 30, 2014	$ 93,833,287	$ 86,614,547	$ 7,218,740

	1% Decrease 6%	Discount Rate 7%	1% increase 8%
Sensitivity of the Net Pension Liability to changes in discount rate	$ 20,849,817	$ 7,218,740	$ (3,957,717)

Schedule of Changes in the Net Pension Liability
Fleet Maintenance Internal Service Fund

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2013	$ 1,758,561	$ 1,472,530	$ 286,031
	-	-	-
Changes for the Year	-	-	-
Service Cost	70,382	-	70,382
Interest	120,976	-	120,976
Changes of assumptions	-	-	-
Difference between expected and actual experience	-	-	-
Contributions- employer	-	68,260	(68,260)
Contributions- employee	-	29,394	(29,394)
Net investment income	-	235,607	(235,607)
Benefit payments, including refunds of employee contributions	(60,660)	(60,660)	-
Administrative expense	-	(1,227)	1,227
Other changes	-	12	(12)
Net Changes	130,699	271,387	(140,688)
Balances at June 30, 2014	$ 1,889,260	$ 1,743,917	$ 145,343

	1% Decrease 6%	Discount Rate 7%	1% increase 8%
Sensitivity of the Net Pension Liability to changes in discount rate	$ 419,795	$ 145,343	$ (79,686)

Schedule of Changes in the Net Pension Liability
Business Type Activities - Airport

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2013	$ 375,526	$ 314,447	$ 61,079
	-	-	-
Changes for the Year	-	-	-
Service Cost	15,030	-	15,030
Interest	25,833	-	25,833
Changes of assumptions	-	-	-
Difference between expected and actual experience	-	-	-
Contributions- employer	-	14,576	(14,576)
Contributions- employee	-	6,277	(6,277)
Net investment income	-	50,311	(50,311)
Benefit payments, including refunds of employee contributions	(12,952)	(12,953)	1
Administrative expense	-	(262)	262
Other changes	-	3	(3)
Net Changes	27,911	57,952	(30,041)
Balances at June 30, 2014	$ 403,437	$ 372,399	$ 31,038

	1% Decrease 6%	Discount Rate 7%	1% increase 8%
Sensitivity of the Net Pension Liability to changes in discount rate	$ 89,644	$ 31,038	$ (17,016)

Schedule of Changes in the Net Pension Liability
Business Type Activities - Landfill

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2013	$ 2,115,770	$ 1,771,638	$ 344,132
	-	-	-
Changes for the Year	-	-	-
Service Cost	84,679	-	84,679
Interest	145,550	-	145,550
Changes of assumptions	-	-	-
Difference between expected and actual experience	-	-	-
Contributions- employer	-	82,126	(82,126)
Contributions- employee	-	35,364	(35,364)
Net investment income	-	283,465	(283,465)
Benefit payments, including refunds of employee contributions	(72,981)	(72,981)	-
Administrative expense	-	(1,476)	1,476
Other changes	-	15	(15)
Net Changes	157,248	326,513	(169,265)
Balances at June 30, 2014	$ 2,273,018	$ 2,098,151	$ 174,867

	1% Decrease 6%	Discount Rate 7%	1% increase 8%
Sensitivity of the Net Pension Liability to changes in discount rate	$ 505,066	$ 174,867	$ (95,872)

School Board: The following represents 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 Retirement Plan. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School 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, 2014 relative to the total of the actuarially determined contributions for all participating employers. At June 30, 2014, the School Board's proportion was .95944% as compared to .97003% at June 30, 2013.

As the School Board is the fiscal agent for the Mountain Vista Governor's School, whose employees are covered by the VRS Teacher Retirement Plan, a portion of the School Board's share of the total pension liability, plan net position, net pension liability, deferred outflows of resources and deferred inflows of resources as reported by VRS has been attributed to the Mountain Vista Governor's School and are therefore not reported by the School Board.

Schedule of Changes in the Net Pension Liability (Asset)
Non- professional Retirement Plan

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at June 30, 2013	$ 19,186,281	$ 19,118,695	$ 67,586
			-
Changes for the Year			-
Service Cost	790,454		790,454
Interest	1,314,303		1,314,303
Changes of assumptions			-
Difference between expected and actual experience			-
Contributions- employer		634,627	(634,627)
Contributions- employee		367,367	(367,367)
Net investment income		3,029,074	(3,029,074)
Benefit payments, including refunds of employee contributions	(821,036)	(821,036)	-
Administrative expense		(16,035)	16,035
Other changes		160	(160)
Net Changes	1,283,721	3,194,157	(1,910,436)
Balances at June 30, 2014	$ 20,470,002	$ 22,312,852	$ (1,842,850)

Teacher Retirement Plan

Proportionate share (.95944%) of the collective pension liability, fiduciary net position, and net pension liability	394,216,392	279,410,556	114,805,836

Sensitivity of the Net Pension Liability (Asset) to changes in discount rate	1% Decrease 6%	Discount Rate 7%	1% increase 8%
Non-professional Retirement Plan	$ 681,041	$ (1,842,850)	$ (3,952,961)
Teacher Retirement Plan	168,581,663	114,805,836	70,531,596

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

Fauquier County: For the year ended June 30, 2015, the County recognized pension expense as follows:

Governmental Activities		Business Type Activities		
County	Fleet Maintenance	Airport	Landfill	Total Pension Expense
$ 1,618,868	$ 32,595	$ 6,960	$ 39,215	$ 1,697,638

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

	Governmental Activities			
	County		Fleet Maintenance	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	-	$ -	-
Changes in assumptions	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	5,216,092	-	105,022
Contributions subsequent to the measurement date	3,045,677	-	64,256	-
Total	$ 3,045,677	5,216,092	$ 64,256	105,022

	Business Type Activities			
	Airport		Landfill	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	-	$ -	-
Changes in assumptions	-	-	-	-
Net difference between projected and actual earnings	-	22,427	-	126,354
Contributions subsequent to the measurement date	13,758	-	75,908	-
Total	$ 13,758	22,427	$ 75,908	126,354

The County reported $3,199,599 as deferred outflows of resources resulting from contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

	Governmental Activities		Business Type Activities		
Year ended June 30:	County	Fleet Maintenance	Airport	Landfill	Total
2016	$ 1,304,023	$ 26,255	$ 5,607	$ 31,589	$ 1,367,474
2017	1,304,023	26,255	5,607	31,589	1,367,474
2018	1,304,023	26,255	5,607	31,589	1,367,474
2019	1,304,023	26,257	5,606	31,587	1,367,473

School Board: For the year ended June 30, 2015, the School Board recognized pension expense of $72,181 for Non Professional Employee Retirement Plan and $8,970,431 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 June 30, 2013 and June 30, 2014, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and proportionate share of employer contributions.

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

	School Board			
	Non-professional Retirement Plan		Teacher Retirement Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	-	$ -	-
Changes in assumptions	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	1,347,990	-	18,221,200
Contributions subsequent to the measurement date	428,328	-	9,707,992	-
Total	$ 428,328	1,347,990	$ 9,707,992	18,221,200

The School Board reported $428,328 for the Non-professional Employee Retirement Plan and $9,707,992 for the Teacher Retirement Plan as deferred outflows of resources resulting from contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

	School Board		
Year ended June 30:	Non-professional Retirement Plan	Teacher Retirement Plan	Total
2016	$ 336,997	$ 4,555,300	$ 4,892,297
2017	336,997	4,555,300	4,892,297
2018	336,997	4,555,300	4,892,297
2019	336,999	4,555,300	4,892,299

NOTE 11 – VIRGINIA RETIREMENT SYSTEM PENSION PLAN AND POSTEMPLOYMENT BENEFITS (CONTINUED)

I. Postemployment benefits

The School Board provides limited postretirement health and dental benefits, as provided for in Virginia state law, to retirees who have 15 or more years of creditable VRS service. Retirees are granted the option to participate by paying 100% of their monthly health insurance premium to Fauquier County or to the carrier of their choice less $4.00 per month per year of service with no maximum credit. As of the end of fiscal year 2015 there were 371 retirees participating in the health insurance credit program. The plan is financed by payments from the School Board to VRS. The School Board currently participates in the VRS statewide teacher cost-sharing credit pool. The total contributions made by the School Board to the VRS credit program for professional employees of the schools for the three fiscal years ending June 30, 2015, 2014, and 2013 were $729,615, $767,014, and $725,107, respectively.

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM

A. Plan description and provisions

The Fauquier County Government and Public Schools Postretirement Medical Plan is a single-employer defined benefit healthcare plan which offers health insurance for retired employees. The published insurance rates are based primarily on the healthcare usage of active employees. Retirees pay 100% of the published rates. Since retirees use healthcare at a rate much higher than active employees, using these blended rates creates a hidden 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.

General and public safety employees are eligible to retire at age 50 with 15 years of service. School employees must be eligible to retire under the Virginia Retirement System (VRS). Plan participants are eligible for coverage based upon normal retirement at age 65 with 5 years of service or at age 50 with 30 years of service, or early retirement at age 50 with 10 years of service or at age 55 with 5 years of service, in accordance with the eligibility provisions of VRS. The plan is administered by the County and has no separate financial report.

The School Board provides limited postretirement health and dental benefits, as provided for in Virginia state law, to retirees who have 15 or more years of creditable VRS service. Eligible employees receive a retiree health insurance credit for all teachers of $4.00 per month per year of service with no cap. The plan is financed by payments from the School Board to VRS. Additional information on this plan may be found in Note 11, section H.

The County participates in the Virginia OPEB Trust Fund (Trust Fund), an irrevocable trust established for the purpose of accumulating assets to fund postemployment benefits other than pensions.

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

The following is a summary of financial information held in trust for the Other Postemployment Benefits Program:

		Other Postemployment Benefit Plans Fund
Assets		
Investments at fair value:		
Investment in pooled funds	$	3,736,436
Net Position		
Held in trust for OPEB benefits		3,736,436
Total net position	$	3,736,436
Additions		
Contribution for beneficiary	$	325,691
Investment income		74,735
Total additions		400,426
Deductions		
Administrative fees		4,372
Total deductions		4,372
Change in net position		396,054
Net position - beginning		3,340,382
Net position - ending	$	3,736,436

B. Funding policy

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. Coverage ceases when retirees reach the age of 65. Surviving spouses are not allowed to access the plan.

The following valuation data summarizes the counts of membership reflected in this fiscal year's funding:

Retirees and beneficiaries	55
Active employees	1,987

C. Annual OPEB cost and net OPEB obligation (assets)

In accordance with GASB Statement No. 45, an actuarial study was prepared calculating the postemployment healthcare costs as of July 1, 2014. The actuarial valuation estimated the Unfunded Actuarial Accrued Liability (UAAL) at $4,579,506 and an Annual Required Contribution (ARC) of $827,148. The County and School Board have paid $501,457 towards this obligation during fiscal year 2015, the estimated pay as you go cost for OPEB benefits,

and in addition contributed $325,691 to the Trust Fund. The actuarial calculation was based on a 7.5% discount rate and the amortization of the UAAL over 30 years.

The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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

Fiscal Year Ending	Actuarial Valuation Annual OPEB Cost	Percentage of ARC Contributed	Net OPEB Obligation/(Assets)
June 30, 2015	$ 827,148	100%	$ -
June 30, 2014	809,459	100%	-
June 30, 2013	930,551	100%	-

D. Trend information

As of July 1, 2014 the annual healthcare cost trend rate is 7.5%, trending down over the next five years to a rate of 6.4% for future years.

E. Funded status and funding progress

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

The funded status of the Other Postemployment Benefits Program (OPEB) as of July 1, 2014, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio Assets as % of AAL	Annual Covered Payroll	UAAL as a % of Covered Payroll
July 1, 2014	$ 3,340,382	$ 7,919,888	$ 4,579,506	42.2%	$ 96,761,452	4.7%

The schedule of funding progress, presented as required supplementary information following the Notes to the Financial Statements, presents multi-year information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial liabilities for benefits.

F. Actuarial methods and assumptions

Actuarial methods

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

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

In the July 1, 2014 actuarial valuation, the Projected Unit Credit Actuarial Cost Method was used. Under this method the total value of the benefit to which each participant is expected to become entitled is broken down into units, each associated with a year of past or future credited service.

Actuarial assumptions

The actuarial assumptions of the plan as of July 1, 2014 include a discount rate of 7.5%, inflation rate of 3.0%, payroll growth of 3.5%, and an annual healthcare cost trend rate of 7.5%. A total of 35% of active employees with current health care coverage are assumed to continue coverage at retirement. A total of 100% of retirees with current coverage are assumed to elect coverage at retirement. The UAAL is being amortized over thirty years as a level percentage of projected payroll based on an open group.

NOTE 13 – FUND BALANCES

The following is a summary of fund balances as of June 30, 2015:

Primary government

	General Fund	Capital Projects Fund	Debt Service Fund	Fire and Rescue Fund	Other Governmental Funds	Total Governmental Funds
Fund balances:						
Nonspendable:						
Inventories	$ 50,162	$ -	$ -	$ -	$ -	$ 50,162
Prepaid assets	179,560	512,481	-	168,138	-	860,179
Advances to other funds	197,053	-	-	-	-	197,053
Total nonspendable	426,775	512,481	-	168,138	-	1,107,394
Restricted:						
Parks, recreation, and cultural	-	-	-	-	362,750	362,750
Public works	-	-	-	-	415,390	415,390
Proffers	-	-	-	-	1,320,533	1,320,533
Grants	210,291	-	-	-	-	210,291
Capital projects	-	3,835,930	-	-	-	3,835,930
Total restricted	210,291	3,835,930	-	-	2,098,673	6,144,894
Committed:						
Public safety	-	-	-	4,650,941	179,265	4,830,206
Budgeted use of fund balance	1,119,654	-	-	-	-	1,119,654
Purchase development rights	-	-	-	-	615,783	615,783
Capital projects	-	4,791,049	-	-	-	4,791,049
Total committed	1,119,654	4,791,049	-	4,650,941	795,048	11,356,692
Assigned:						
General government administration	1,400,620	-	-	-	-	1,400,620
Public safety	248,828	-	-	-	-	248,828
Public works	37,400	-	-	-	-	37,400
Education	1,336,512	-	-	-	-	1,336,512
Parks, recreation, and cultural	161,479	-	-	-	-	161,479
Community development	198,734	-	-	-	-	198,734
Asset replacement	-	-	-	-	994,558	994,558
Other purposes	-	-	886,092	-	-	886,092
Total assigned	3,383,573	-	886,092	-	994,558	5,264,223
Unassigned	17,031,448	-	-	-	-	17,031,448
Total	$ 22,171,741	$ 9,139,460	$ 886,092	$ 4,819,079	$ 3,888,279	$ 40,904,651

NOTE 13 – 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	$ -	$ -	$ -	$ 122,874	$ 122,874
Prepaid assets	2,536	-	-	-	2,536
Total nonspendable	2,536	-	-	122,874	125,410
Restricted:					
Grants	5,000	-	-	-	5,000
Assigned:					
Other purposes	34,670	3,196,235	626,032	137,926	3,994,863
Total	$ 42,206	$ 3,196,235	$ 626,032	$ 260,800	$ 4,125,273

NOTE 14 – 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.

NOTE 14 – RISK MANAGEMENT (CONTINUED)

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.

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 Delta Dental of Virginia 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 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 $69.18 per person.

The Delta Plans are fully insured by Delta Dental of Virginia. 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. Delta processes claims, from dentists and other dental providers, and pays these claims. The employer is only responsible for the premiums set by Delta Dental of Virginia.

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 liabilities during the past two fiscal years are as follows:

	2014	2015
Unpaid claims, beginning of fiscal year	$ 2,174,275	$ 2,115,241
Incurred claims, (including IBNR)	20,213,617	20,612,054
Claim payments	(20,272,651)	(20,575,132)
Unpaid claims, end of fiscal year	$ 2,115,241	$ 2,152,163

NOTE 15 – 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 fourteen member board consists of four members each from the County of Frederick and the City of Winchester, and three each from the Counties of Clarke and Fauquier. 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 9% of the regional jail's operating expenses, including debt service, totaling $1,662,775 in fiscal year 2015.

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 Industrial Development Authority

The Fauquier County Industrial 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 Board. 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 Industrial 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/Committees/inddevauth/.

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 – Vint Hill Farms, 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 2015, Fauquier County contributed a total of $75,531.

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 2015, Fauquier County contributed a total of $279,472.

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.

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 2015, the Fauquier County School Board contributed a total of $215,136, with $551,286 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 16 – 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
Charlie Ray Fox, Jr., Sheriff	30,000
Above constitutional officers' employees – blanket bond	500,000
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 17 – COMMITMENTS UNDER NONCAPITALIZED LEASES

The County leases the following properties:

Properties	Annual Payments
Lee and John Marshall Street, Corner Parking Lot	$ 6,000
Registrar's Office, 32 Waterloo Street	41,752
Economic Development Office, 35 Culpeper Street	27,162
Reassessment Office, 98 Alexandria Pike	6,710
Mason Enterprise Center, 70 Main Street	54,854

All leases are subject to annual appropriation of rental payments.

NOTE 18 – 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.

REQUIRED SUPPLEMENTARY INFORMATION

FAUQUIER COUNTY
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COUNTY OF FAUQUIER, VIRGINIA

Exhibit 13

Schedule of Funding Progress and Employer Contributions
Other Postemployment Benefits Program and Virginia Retirement System
Fiscal Year Ended June 30, 2015

Other Postemployment Benefits Program

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio Assets as % of AAL	Annual Covered Payroll	UAAL as a % of Covered Payroll
July 1, 2014	$ 3,340,382	$ 7,919,888	$ 4,579,506	42.20%	96,761,452	4.70%
July 1, 2013	2,662,549	7,323,314	4,660,765	36.40%	93,489,326	5.00%
July 1, 2012	2,117,852	8,248,645	6,130,793	25.70%	105,388,943	5.80%
July 1, 2011	1,660,527	8,638,897	6,978,370	19.22%	101,825,066	6.85%
July 1, 2010	1,012,000	7,678,000	6,666,000	13.18%	101,354,844	6.58%
July 1, 2009	488,000	6,544,000	6,056,000	7.46%	102,868,756	5.89%

Historical trend information about these programs is presented above as required supplementary information. This information is intended to help users assess each program's funding status on an on-going basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employee retirement systems.

Virginia Retirement System

Fauquier County:

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 30,2015	$ 3,199,599	$ 3,199,599	$ -	$ 33,588,676	9.53%	-

Component unit – School Board – 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 30,2015	$ 428,328	$ 397,668	$ -	$ 7,685,393	5.17%

Component unit – School Board – 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 30,2015	$ 9,707,992	$ 9,707,992	$ -	$ 71,522,996	13.57%

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

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

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

Largest 10 – non-LEOS: Update mortality table; decrease in rates of service retirement; decrease in rates of disability retirement; and reduce rates of salary increase by 0.25% per year
Largest 10 – LEOS: Update mortality table; decrease in male rates of disability
All others (non 10 largest) – non-LEOS: update mortality table; decrease in rates of service retirement; decrease in rates of disability retirement; and reduce rates of salary increase by 0.25% per year
All others (non 10 largest) – LEOS: update mortality table; decrease in rates of service retirement for females; increase in rates of withdrawal; decrease in male and female rates of disability

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 14

Schedule of Components of and Changes in Net Pension Liability and Related Ratios
Fiscal Year Ended June 30, 2015

Governmental Activities:

		2014
Total pension liability		
Service cost	$	3,566,038
Interest		6,129,463
Changes in benefit terms		-
Differences between expected and actual experience		-
Changes in assumptions		-
Benefit payments, including refunds of employee contributions		(3,073,415)
Net change in total pension liability		6,622,086
Total pension liability – beginning		89,100,460
Total pension liability – ending (a)	$	95,722,546
Plan fiduciary net position		
Contributions – employer		3,458,523
Contributions – employee		1,489,279
Net investment income		11,937,417
Benefit payments, including refunds of employee contributions		(3,073,415)
Administrative expense		(62,172)
Other		629
Net change in plan fiduciary net position		13,750,261
Plan fiduciary net position – beginning		74,608,202
Plan fiduciary net position – ending (b)	$	88,358,463
Political subdivision's net pension liability – ending (a) - (b)		7,364,083
Plan fiduciary net position as a percentage of the total pension liability		92.31%
Covered-employee payroll	$	32,674,945
Political subdivision's net pension liability as a percentage of covered-employee payroll		23%

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 14

Schedule of Components of and Changes in Net Pension Liability and Related Ratios
Fiscal Year Ended June 30, 2015

Business Type Activities:

		2014
Total pension liability		
Service cost	$	99,709
Interest		171,383
Changes in benefit terms		-
Differences between expected and actual experience		-
Changes in assumptions		-
Benefit payments, including refunds of employee contributions		(85,933)
Net change in total pension liability		185,159
Total pension liability – beginning		2,491,296
Total pension liability – ending (a)	$	2,676,455
Plan fiduciary net position		
Contributions – employer		96,702
Contributions – employee		41,641
Net investment income		333,776
Benefit payments, including refunds of employee contributions		(85,934)
Administrative expense		(1,738)
Other		18
Net change in plan fiduciary net position		384,465
Plan fiduciary net position – beginning		2,086,085
Plan fiduciary net position – ending (b)	$	2,470,550
Political subdivision's net pension liability – ending (a) - (b)		205,905
Plan fiduciary net position as a percentage of the total pension liability		92.31%
Covered-employee payroll	$	913,731
Political subdivision's net pension liability as a percentage of covered-employee payroll		23%

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 14

Schedule of Components of and Changes in Net Pension Liability and Related Ratios
Fiscal Year Ended June 30, 2015

Component Unit - School Board - Non-professional:

		2014
Total pension liability		
Service cost	$	790,454
Interest		1,314,303
Changes in benefit terms		-
Differences between expected and actual experience		-
Changes in assumptions		-
Benefit payments, including refunds of employee contributions		(821,036)
Net change in total pension liability		1,283,721
Total pension liability – beginning		19,186,281
Total pension liability – ending (a)	$	20,470,002
Plan fiduciary net position		
Contributions – employer		634,627
Contributions – employee		367,367
Net investment income		3,029,074
Benefit payments, including refunds of employee contributions		(821,036)
Administrative expense		(16,035)
Other		160
Net change in plan fiduciary net position		3,194,157
Plan fiduciary net position – beginning		19,118,695
Plan fiduciary net position – ending (b)	$	22,312,852
Political subdivision's net pension liability – ending (a) - (b)		(1,842,850)
Plan fiduciary net position as a percentage of the total pension liability		109.00%
Covered-employee payroll	$	7,685,393
Political subdivision's net pension liability as a percentage of covered-employee payroll		-24%

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 15

Schedule of the School Board's Proportionate Share of the Net Pension Liability – Teachers Pension Plan
Fiscal Year Ended June 30, 2015

Component Unit - School Board - Professional:

Date	Employer's Proportion of the Net Pension Liability (asset)	Employer's Proportionate Share of the Net Pension Liability (asset)	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
2015	0.95944%	$ 114,805,836	$ 71,522,996	160.52%	70.88%

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 16

Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Fire and Rescue Fund
Fiscal Year Ended June 30, 2015

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
General property taxes	$ 4,751,174	$ 4,751,174	$ 4,776,560	$ 25,386
Revenue from use of money and property	2,000	2,000	7,953	5,953
Recovered costs	-	90,497	133,994	43,497
Miscellaneous revenue	-	2,750	29,684	26,934
Intergovernmental:				
Commonwealth of Virginia	233,032	248,348	248,348	-
Total revenues	4,986,206	5,094,769	5,196,539	101,770
Expenditures				
Current operating:				
Public safety	3,501,451	5,991,624	4,398,722	1,592,902
Total expenditures	3,501,451	5,991,624	4,398,722	1,592,902
Excess (deficiency) of revenues over (under) expenditures	1,484,755	(896,855)	797,817	1,694,672
Other financing sources (uses)				
Transfers (out)	(1,484,755)	(173,617)	(201,713)	(28,096)
Total other financing sources (uses)	(1,484,755)	(173,617)	(201,713)	(28,096)
Net change in fund balances	-	(1,070,472)	596,104	1,666,576
Fund balances - beginning	4,222,975	4,222,975	4,222,975	-
Fund balances - ending	$ 4,222,975	$ 3,152,503	$ 4,819,079	$ 1,666,576

COMBINING AND INDIVIDUAL FUND STATEMENTS

FAUQUIER COUNTY
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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 17
Page 1 of 2

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

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
Revenue from use of money and property	$ -	$ -	$ 157	$ 157
Miscellaneous revenue	65,000	2,831,000	-	(2,831,000)
Intergovernmental:				
Commonwealth of Virginia	886,074	4,029,574	128,025	(3,901,549)
Federal Government	4,566,316	4,987,720	57,265	(4,930,455)
Total revenues	5,517,390	11,848,294	185,447	(11,662,847)
Expenditures				
Current operating:				
Capital projects:				
Public works:				
Landfill Expansion	974,000	974,000	-	974,000
Marshall Main Street	3,042,565	3,042,565	22,620	3,019,945
Winchester Sidewalk	177,616	277,616	78,628	198,988
Catlett/Calverton Sewer	7,128,456	7,128,456	99,267	7,029,189
Brookside Parkway extension	502,213	502,213	1,100	501,113
Vint Hill Public Streets Network	1,259,334	6,791,334	352,982	6,438,352
Mill Run Business Park	-	135,000	25,932	109,068
Second entrance	300,000	300,000	-	300,000
Total public works	13,384,184	19,151,184	580,529	18,570,655
Education:				
Fauquier high school	1,753,300	1,753,300	1,753,087	213
New elementary school #12	31,936	31,936	-	31,936
Total education	1,785,236	1,785,236	1,753,087	32,149
Parks, recreation, and cultural:				
Lord Fairfax Community College	14,066	14,066	-	14,066
Palmer extension	620,035	620,035	58,816	561,219
Woods of Warrenton	549,540	549,540	4,314	545,226
M M Pierce trail project	341,500	341,500	-	341,500
Safe routes to school	521,417	529,417	32,553	496,864
Northern swimming pool	52,293	52,293	-	52,293
Northern sports complex	42,938	42,938	199	42,739
Central sports complex	2,343,150	3,074,554	122,848	2,951,706
Total parks, recreation, and cultural	4,484,939	5,224,343	218,730	5,005,613
Total current operating	$ 19,654,359	$ 26,160,763	$ 2,552,346	$ 23,608,417

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 17
Page 2 of 2

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

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Expenditures (continued)				
Capital outlay:				
General government administration	$ 2,165,820	$ 2,165,820	$ 59,326	$ 2,106,494
Public safety	1,092,837	1,092,837	141,848	950,989
Public works	1,071,922	1,250,611	101,980	1,148,631
Education	227,656	227,656	-	227,656
Parks, recreation, and cultural	429,130	429,130	130,217	298,913
Community development	25,000	25,000	16,302	8,698
Total capital outlay	5,012,365	5,191,054	449,673	4,741,381
Debt service:				
Debt covenant	58,853	58,853	-	58,853
Total debt service	58,853	58,853	-	58,853
Total expenditures	24,725,577	31,410,670	3,002,019	28,408,651
Excess (deficiency) of revenues over (under) expenditures	(19,208,187)	(19,562,376)	(2,816,572)	16,745,804
Other financing sources (uses)				
Transfers in	400,000	1,912,189	2,012,189	100,000
Transfers (out)	(1,060,500)	(1,160,500)	(100,000)	1,060,500
Issuance of debt	5,684,500	5,684,500	-	(5,684,500)
Total other financing sources (uses)	5,024,000	6,436,189	1,912,189	(4,524,000)
Net change in fund balances	(14,184,187)	(13,126,187)	(904,383)	12,221,804
Fund balances - beginning	10,043,843	10,043,843	10,043,843	-
Fund balances - ending	$ (4,140,344)	$ (3,082,344)	$ 9,139,460	$ 12,221,804

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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.

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Exhibit 18

Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Debt Service Fund
Fiscal Year Ended June 30, 2015

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
Miscellaneous revenue	$ -	$ -	$ 3,117	$ 3,117
Intergovernmental:				
Federal Government	394,864	394,864	393,975	(889)
Total revenues	394,864	394,864	397,092	2,228
Expenditures				
Current operating:				
Education	-	400,000	376,930	23,070
Debt service:				
Principal retirement	8,423,000	8,767,750	8,767,748	2
Interest charges	4,638,644	4,645,930	4,554,692	91,238
Issuance costs	-	135,700	111,700	24,000
Fiscal charges	7,500	9,150	9,150	-
Total expenditures	13,069,144	13,958,530	13,820,220	138,310
Excess (deficiency) of revenues over (under) expenditures	(12,674,280)	(13,563,666)	(13,423,128)	140,538
Other financing sources (uses)				
Transfers in	12,674,280	12,674,280	13,253,280	579,000
Transfers (out)	-	(971,719)	(971,719)	-
Issuance of debt	-	1,431,719	1,386,719	(45,000)
Issuance of refunding debt	-	9,101,000	9,101,000	-
Payment to bond escrow agent	-	(9,025,300)	(9,025,300)	-
Total other financing sources (uses)	12,674,280	13,209,980	13,743,980	534,000
Net change in fund balances	-	(353,686)	320,852	674,538
Fund balances - beginning	565,240	565,240	565,240	-
Fund balances - ending	$ 565,240	$ 211,554	$ 886,092	$ 674,538

FAUQUIER COUNTY
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NONMAJOR GOVERNMENTAL FUNDS

The *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 County.

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 *Affordable Housing Fund* is used to account for and report state funding to support the production, preservation, and rehabilitation of housing for families with low to moderate incomes.

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.

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 19
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Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

					Special Revenue
	Asset Replacement Fund	Conservation Easement Service District Fund	Ambulance Revenue Fund	Parks and Recreation Fund	Library Fund
Assets					
Cash and cash equivalents	$ 1,150,528	$ 607,697	$ 100,366	$ 400	$ 469
Cash and cash equivalents - restricted	-	-	-	197,447	165,304
Receivables, net of allowance for uncollectibles:					
Taxes, including penalties	-	20,144	-	-	-
Accounts	73	1,260	220,404	-	-
Prepaid items	-	-	-	-	-
Due from other governmental units	-	6,190	-	-	-
Total assets	1,150,601	635,291	320,770	197,847	165,773
Total assets and deferred outflows of resources	1,150,601	635,291	320,770	197,847	165,773
Liabilities			-		
Accounts payable	151,567	359	69,923	-	469
Accrued liabilities	-	3,698	2,989	-	-
Unearned revenue	-	-	-	400	-
Retainage	4,476	-	-	-	-
Escrows	-	-	-	-	-
Total liabilities	156,043	4,057	72,912	400	469
Deferred inflows of resources					
Revenue advances	-	2,243	-	-	-
Unavailable revenue	-	13,207	68,593	-	-
Total deferred inflows of resources	-	15,450	68,593	-	-
Total liabilities and deferred inflows of resources	156,043	19,507	141,505	400	469
Fund balances					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	197,447	165,304
Committed	-	615,784	179,265	-	-
Assigned	994,558	-	-	-	-
Total fund balances	994,558	615,784	179,265	197,447	165,304
Total liabilities, deferred inflows of resources, and fund balances	$ 1,150,601	$ 635,291	$ 320,770	$ 197,847	$ 165,773

Funds					
Marshall Electric Light and Business Improvement District Fund	Proffer Fund	Stormwater Management Fund	Vint Hill Transportation Fund	Total Nonmajor Governmental Funds	
					Assets
$ 1,064	$ -	$ 2,144	$ -	$ 1,862,668	Cash and cash equivalents
27,299	2,066,859	174,257	207,900	2,839,066	Cash and cash equivalents - restricted
					Receivables, net of allowance for uncollectibles:
215	-	-	-	20,359	Taxes, including penalties
9	-	5,711	-	227,457	Accounts
-	-	-	-	-	Prepaid items
-	-	-	-	6,190	Due from other governmental units
28,587	2,066,859	182,112	207,900	4,955,740	Total assets
28,587	2,066,859	182,112	207,900	4,955,740	Total assets and deferred outflows of resources
					Liabilities
879	-	-	-	223,197	Accounts payable
-	-	-	-	6,687	Accrued liabilities
-	-	-	-	400	Unearned revenue
-	-	-	-	4,476	Retainage
-	746,327	-	-	746,327	Escrows
879	746,327	-	-	981,087	Total liabilities
					Deferred inflows of resources
79	-	2,144	-	4,466	Revenue advances
106	-	-	-	81,906	Unavailable revenue
185	-	2,144	-	86,372	Total deferred inflows of resources
1,064	746,327	2,144	-	1,067,459	Total liabilities and deferred inflows of resources
					Fund balances
-	-	-	-	-	Nonspendable
27,523	1,320,532	179,968	207,900	2,098,674	Restricted
-	-	-	-	795,049	Committed
-	-	-	-	994,558	Assigned
27,523	1,320,532	179,968	207,900	3,888,281	Total fund balances
$ 28,587	$ 2,066,859	182,112	$ 207,900	$ 4,955,740	Total liabilities, deferred inflows of resources, and fund balances

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 20

Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances – Nonmajor Governmental Funds
Fiscal Year Ended June 30, 2015

		Special Revenue			
	Asset Replacement Fund	**Conservation Easement Service District Fund**	**Ambulance Revenue Fund**	**Affordable Housing Fund**	**Parks and Recreation Fund**
Revenues					
General property taxes	$ -	$ 637,697	$ -	$ -	$ -
Revenue from use of money and property	-	-	-	-	434
Charges for services	29,057	-	1,378,036	-	-
Gifts and donations	-	50,000	-	-	7,631
Recovered costs	-	-	-	-	-
Miscellaneous Revenue	-	-	-	102	-
Intergovernmental:					
Commonwealth of Virginia	37,710	311,240	-	-	-
Total revenues	66,767	998,937	1,378,036	102	8,065
Expenditures					
Current operating:					
Public safety	37,710	-	481,977	-	-
Public works	-	-	-	-	-
Parks, recreation, and cultural	-	-	-	-	18,200
Community development	-	1,128,242	-	201,632	-
Capital outlay	3,022,541	-	-	-	-
Total expenditures	3,060,251	1,128,242	481,977	201,632	18,200
Excess (deficiency) of revenues over (under) expenditures	(2,993,484)	(129,305)	896,059	(201,530)	(10,135)
Other financing sources (uses)					
Transfers in	3,234,219	6,190	-	201,632	-
Transfers (out)	(579,000)	-	(1,139,773)	(394,346)	-
Total other financing sources (uses)	2,655,219	6,190	(1,139,773)	(192,714)	-
Net change in fund balances	(338,265)	(123,115)	(243,714)	(394,244)	(10,135)
Fund balances - beginning	1,332,823	738,899	422,979	394,244	207,582
Fund balances - ending	$ 994,558	$ 615,784	$ 179,265	$ -	$ 197,447

Funds						
Library Fund	Marshall Electric Light and Business Improvement District Fund	Proffer Fund	Stormwater Management Fund	Vint Hill Transportation Fund	Total Nonmajor Governmental Funds	
						Revenues
$ -	$ 7,771	$ -	$ 542,539	$ -	$ 1,188,007	General property taxes
269	-	2,980	-	431	4,114	Revenue from use of money and property
-	-	-	-	-	1,407,093	Charges for services
52,335	-	373,120	-	1,028	484,114	Gifts and donations
-	-	-	-	-	-	Recovered costs
-	-	-	-	-	102	Miscellaneous Revenue
						Intergovernmental:
-	-	-	-	-	348,950	Commonwealth of Virginia
52,604	7,771	376,100	542,539	1,459	3,432,380	Total revenues
						Expenditures
						Current operating:
-	-	-	-	-	519,687	Public safety
-	10,750	-	-	-	10,750	Public works
10,298	-	-	-	-	28,498	Parks, recreation, and cultural
-	-	-	-	-	1,329,874	Community development
-	-	-	-	-	3,022,541	Capital outlay
10,298	10,750	-	-	-	4,911,350	Total expenditures
42,306	(2,979)	376,100	542,539	1,459	(1,478,970)	Excess (deficiency) of revenues over (under) expenditures
						Other financing sources (uses)
-	-	-	-	-	3,442,041	Transfers in
-	-	-	(362,571)	-	(2,475,690)	Transfers (out)
-	-	-	(362,571)	-	966,351	Total other financing sources (uses)
42,306	(2,979)	376,100	179,968	1,459	(512,619)	Net change in fund balances
122,998	30,502	944,432	-	206,441	4,400,900	Fund balances - beginning
$ 165,304	$ 27,523	$ 1,320,532	$ 179,968	$ 207,900	$ 3,888,281	Fund balances - ending

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 21

Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Nonmajor Governmental Funds – Asset Replacement Fund
Fiscal Year Ended June 30, 2015

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
Charges for services	$ 39,143	$ 39,143	$ 29,057	$ (10,086)
Recovered costs	2,960	2,960	-	(2,960)
Intergovernmental:				
Commonwealth of Virginia	-	53,569	37,710	(15,859)
Total revenues	42,103	95,672	66,767	(28,905)
Expenditures				
Current operating:				
Capital projects:				
Public safety	-	53,569	37,710	15,859
Total current operating	-	53,569	37,710	15,859
Capital outlay:				
General government administration	602,253	857,967	622,289	235,678
Public safety	839,227	1,818,514	1,808,020	10,494
Public works	857,992	944,710	411,128	533,582
Parks, recreation, and cultural	437,695	437,695	181,104	256,591
Total capital outlay	2,737,167	4,058,886	3,022,541	1,036,345
Total expenditures	2,737,167	4,112,455	3,060,251	1,052,204
Excess (deficiency) of revenues over (under) expenditures	(2,695,064)	(4,016,783)	(2,993,484)	1,023,299
Other financing sources (uses)				
Transfers in	1,333,500	3,234,219	3,234,219	-
Transfers (out)	-	(579,000)	(579,000)	-
Total other financing sources (uses)	1,333,500	2,655,219	2,655,219	-
Net change in fund balances	(1,361,564)	(1,361,564)	(338,265)	1,023,299
Fund balances - beginning	1,332,823	1,332,823	1,332,823	-
Fund balances - ending	$ (28,741)	$ (28,741)	$ 994,558	$ 1,023,299

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, 2015

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
General property taxes	$ 627,483	$ 627,483	$ 637,697	$ 10,214
Gifts and donations	-	50,000	50,000	-
Intergovernmental:				
Commonwealth of Virginia	190,000	592,973	311,240	(281,733)
Total revenues	817,483	1,270,456	998,937	(271,519)
Expenditures				
Current operating:				
Community development	817,483	2,029,713	1,128,242	901,471
Total expenditures	817,483	2,029,713	1,128,242	901,471
Excess (deficiency) of revenues over (under) expenditures	-	(759,257)	(129,305)	629,952
Other financing sources (uses)				
Transfers in	-	6,190	6,190	-
Total other financing sources (uses)	-	6,190	6,190	-
Net change in fund balances	-	(753,067)	(123,115)	629,952
Fund balances - beginning	738,899	738,899	738,899	-
Fund balances - ending	$ 738,899	$ (14,168)	$ 615,784	$ 629,952

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, 2015

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
Charges for services	$ 1,450,000	$ 1,450,000	$ 1,378,036	$ (71,964)
Total revenues	1,450,000	1,450,000	1,378,036	(71,964)
Expenditures				
Current operating:				
Public safety	472,073	481,977	481,977	-
Total expenditures	472,073	481,977	481,977	-
Excess (deficiency) of revenues over (under) expenditures	977,927	968,023	896,059	(71,964)
Other financing sources (uses)				
Transfers (out)	(1,139,773)	(1,139,773)	(1,139,773)	-
Total other financing sources (uses)	(1,139,773)	(1,139,773)	(1,139,773)	-
Net change in fund balances	(161,846)	(171,750)	(243,714)	(71,964)
Fund balances - beginning	422,979	422,979	422,979	-
Fund balances - ending	$ 261,133	$ 251,229	$ 179,265	$ (71,964)

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 24

Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Nonmajor Governmental Funds – Affordable Housing Fund
Fiscal Year Ended June 30, 2015

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
Intergovernmental:				
Federal Government	$ -	$ -	$ 102	$ 102
Total revenues	$ -	$ -	$ 102	$ 102
Expenditures				
Current operating:				
Community development	201,632	201,632	201,632	-
Total expenditures	201,632	201,632	201,632	-
Excess (deficiency) of revenues over (under) expenditures	(201,632)	(201,632)	(201,530)	102
Other financing sources (uses)				
Transfers in	201,632	201,632	201,632	-
Transfers (out)	-	-	(394,346)	(394,346)
Total other financing sources (uses)	201,632	201,632	(192,714)	(394,346)
Net change in fund balances	-	-	(394,244)	(394,244)
Fund balances - beginning	394,244	394,244	394,244	-
Fund balances - ending	$ 394,244	$ 394,244	$ -	$ (394,244)

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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, 2015

	Internal Service Funds		
	Fleet Maintenance Fund	**Health Insurance Fund**	**Total**
Assets			
Current assets:			
Cash and cash equivalents	$ 487,805	$ 9,321,815	$ 9,809,620
Receivables, net of allowance for uncollectibles	30,891	347,097	377,988
Inventories	202,717	-	202,717
Prepaid items	-	124,135	124,135
Total current assets	721,413	9,793,047	10,514,460
Noncurrent assets:			
Capital assets (depreciable):			
Buildings and improvements	349,000	-	349,000
Machinery and equipment	457,852	-	457,852
Accumulated depreciation	(774,404)	-	(774,404)
Total capital assets	32,448	-	32,448
Total noncurrent assets	32,448	-	32,448
Total assets	753,861	9,793,047	10,546,908
Deferred outflow of resources			
Pension contributions subsequent to measurement date	64,256	-	64,256
Total deferred outflow of resources	64,256	-	64,256
Total assets and deferred outflows of resources	818,117	9,793,047	10,611,164
Liabilities			
Current liabilities:			
Accounts payable	86,415	311,626	398,041
Accrued and other liabilities	32,532	-	32,532
Current portion of compensated absences	11,386	-	11,386
Current portion of incurred but not reported claims	-	538,041	538,041
Total current liabilities	130,333	849,667	980,000
Noncurrent liabilities:			
Noncurrent portion of compensated absences	102,475	-	102,475
Noncurrent portion of incurred but not reported claims	-	1,614,122	1,614,122
Net pension liability	145,343	-	145,343
Total noncurrent liabilities	247,818	1,614,122	1,861,940
Total liabilities	378,151	2,463,789	2,841,940
Deferred inflow of resources			
Items related to measurement of pension liability	105,022	-	105,022
Total deferred inflow of resources	105,022	-	105,022
Total liabilities and deferred inflows of resources	483,173	2,463,789	2,946,962
Net position			
Investment in capital assets	32,448	-	32,448
Unrestricted (deficit)	302,496	7,329,258	7,631,754
Total net position	334,944	7,329,258	7,664,202
Total liabilities, deferred inflows of resources, and net position	$ 818,117	$ 9,793,047	$ 10,611,164

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 26

Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
Fiscal Year Ended June 30, 2015

	Internal Service Funds		
	Fleet Maintenance Fund	**Health Insurance Fund**	**Total**
Operating revenues			
Charges for services	$ 3,636,151	$ 27,668,493	$ 31,304,644
Miscellaneous revenue	5,205	186,667	191,872
Total operating revenues	3,641,356	27,855,160	31,496,516
Operating expenses			
Personal services	689,570	-	689,570
Fringe benefits	220,438	-	220,438
Claims and benefits paid	-	20,612,054	20,612,054
Premiums	-	2,641,481	2,641,481
Contractual services	124,496	1,371,246	1,495,742
Other operating expenses	2,572,353	197,935	2,770,288
Contribution to OPEB	-	325,691	325,691
Depreciation	10,347	-	10,347
Pension expense	32,595	-	32,595
Total operating expenses	3,649,799	25,148,407	28,798,206
Operating income (loss)	(8,443)	2,706,753	2,698,310
Nonoperating revenues (expenses)			
Interest income	-	16,741	16,741
Gain on disposal of capital asset	24,694	-	24,694
Total nonoperating revenues	24,694	16,741	41,435
Income (loss)	16,251	2,723,494	2,739,745
Change in net position	16,251	2,723,494	2,739,745
Net position - beginning, restated	318,693	4,605,764	4,924,457
Net position - ending	$ 334,944	$ 7,329,258	$ 7,664,202

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 27

Combining Statement of Cash Flows
Internal Service Funds
Fiscal Year Ended June 30, 2015

	Internal Service Funds		
	Fleet Maintenance Fund	Health Insurance Fund	Total
Cash Flow from Operating Activities			
Receipts from customers and users	$ 3,637,464	$ 28,039,433	$ 31,676,897
Payment to suppliers and other operating activities	(2,672,052)	(24,897,981)	(27,570,033)
Payment to employees (including fringes)	(951,970)	-	(951,970)
Contribution to OPEB	-	(325,691)	(325,691)
Net cash provided by (used for) operating activities	13,442	2,815,761	2,829,203
Cash Flow from Capital and Related Financing Activities			
Acquisition and construction of capital assets	(7,451)	-	(7,451)
Gain on disposal of capital asset	24,694	-	24,694
Net cash provided by capital and related financing activities	17,243	-	17,243
Cash Flow from Investing Activities			
Interest income	-	16,741	16,741
Net cash provided by investing activities	-	16,741	16,741
Net increase in cash and cash equivalents	30,685	2,832,502	2,863,187
Cash and cash equivalents - beginning of the year	457,120	6,489,313	6,946,433
Cash and cash equivalents - end of the year	487,805	9,321,815	9,809,620
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Cash flows from operations:			
Operating income (loss)	(8,443)	2,706,753	2,698,310
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	10,347	-	10,347
Changes in operating assets and liabilities:			
(Increase) decrease in receivables	(3,892)	370,940	367,048
Decrease in inventory	16,309	-	16,309
Decrease in deferred outflows of resources	4,004	-	4,004
Decrease in prepaid items	-	4,605	4,605
Increase (decrease) in accounts payable	8,489	(303,459)	(294,971)
Increase in accrued liabilities	22,294	-	22,294
Increase in incurred but not reported claims	-	36,922	36,922
(Decrease) in net pension liability	(140,688)	-	(140,688)
Increase in deferred inflows of resources	105,022	-	105,022
Net cash provided by (used for) operating activities	$ 13,442	$ 2,815,761	$ 2,829,203

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.

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.

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 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 *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.

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.

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 28

Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2015

	Agency Funds						
	Working Together Fund	Fire and Rescue USDA Debt Service Fund	Volunteer Fire and Rescue Fund	Special Welfare Fund	Detention Center Fund	Service to Outside Agencies Fund	Total
Assets							
Cash and cash equivalents	$ 19,956	$ 419,609	$ 95,683	$ 68,033	$ -	$ 103,674	$ 706,955
Cash in custody of others	-	-	-	-	130,527	-	130,527
Receivables, net of allowance for uncollectibles:							
Accounts	11	-	-	14	-	10,224	10,249
Total assets and deferred outflows of resources	19,967	419,609	95,683	68,047	130,527	113,898	847,731
Liabilities							
Accrued liabilities	-	-	-	-	-	12,640	12,640
Amounts held for clients/others	19,967	419,609	95,683	68,047	130,527	101,258	835,091
Total liabilities and deferred inflows of resources	$ 19,967	$ 419,609	$ 95,683	$ 68,047	$ 130,527	$ 113,898	$ 847,731

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 29

Combining Statement of Changes in Assets and Liabilities **Page 1 of 2**
Agency Funds
Fiscal Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Working Together Fund				
Assets:				
Cash and cash equivalents	$ 18,787	$ 40,082	$ 38,913	$ 19,956
Accounts receivable	8	11	8	11
Total assets and deferred outflows of resources	18,795	40,093	38,921	19,967
Liabilities:				
Amounts held for clients/others	$ 18,795	$ 40,093	$ 38,921	$ 19,967
Fire and Rescue USDA Debt Service Fund				
Assets:				
Cash and cash equivalents	$ 325,863	$ 1,031,204	$ 937,458	$ 419,609
Liabilities:				
Amounts held for clients/others	$ 325,863	$ 1,031,204	$ 937,458	$ 419,609
VFRA Fund				
Assets:				
Cash and cash equivalents	$ -	$ 99,668	$ 3,985	$ 95,683
Liabilities:				
Amounts held for clients/others	$ -	$ 99,668	$ 3,985	$ 95,683
Special Welfare Fund				
Assets:				
Cash and cash equivalents	$ 77,856	$ 52,641	$ 62,464	$ 68,033
Accounts receivable	-	14	-	14
Total assets and deferred outflows of resources	77,856	52,655	62,464	68,047
Liabilities:				
Amounts held for clients/others	$ 77,856	$ 52,655	$ 62,464	$ 68,047
Detention Center Fund				
Assets:				
Cash in custody of others:				
Cash - canteen account	$ 104,400	$ 92,672	$ 79,537	$ 117,535
Cash - inmate accounts	9,003	132,440	134,910	6,533
Cash - work release	4,494	122,200	120,235	6,459
Total assets and deferred outflows of resources	117,897	347,312	334,682	130,527
Liabilities:				
Amounts held for clients/others	$ 117,897	$ 347,312	$ 334,682	$ 130,527

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 29

Combining Statement of Changes in Assets and Liabilities
Agency Funds
Fiscal Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Service to Outside Agencies Fund				
Assets:				
Cash and cash equivalents	$ 108,563	$ 663,569	$ 668,458	$ 103,674
Accounts receivable	8,508	10,224	8,508	10,224
Total assets and deferred outflows of resources	117,071	673,793	676,966	113,898
Liabilities:				
Accrued liabilities	14,170	12,640	14,170	12,640
Amounts held for clients/others	102,901	661,153	662,796	101,258
Total liabilities and deferred inflows of resources	$ 117,071	$ 673,793	$ 676,966	$ 113,898
	-			
Total - All Agency Funds				
Assets:				
Cash and cash equivalents	$ 531,069	$ 1,887,164	$ 1,711,278	$ 706,955
Cash in custody of others	117,897	347,312	334,682	130,527
Accounts receivable	8,516	10,235	8,516	10,249
Total assets and deferred outflows of resources	657,482	2,244,711	2,054,476	847,731
Liabilities:				
Accrued liabilities	14,170	12,640	14,170	12,640
Amounts held for clients/others	643,312	2,232,085	2,040,306	835,091
Total liabilities and deferred inflows of resources	$ 657,482	$ 2,244,725	$ 2,054,476	$ 847,731

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, 2015

	Governmental Funds				
	School General Fund	School Asset Replacement Fund	School Textbook Fund	School Nutrition Fund	Total Governmental Funds
Assets					
Cash and cash equivalents (1)	$ 11,804,506	$ 3,291,625	$ 626,032	$ 490,770	$ 16,212,933
Cash and cash equivalents - restricted (1)	5,000	-	-	-	5,000
Accounts receivable	166,515	1,043	-	-	167,558
Inventories	-	-	-	122,874	122,874
Prepaid assets	2,536	-	-	-	2,536
Due from other governmental units	2,870,394	-	-	-	2,870,394
Total assets and deferred outflows of resources	14,848,951	3,292,668	626,032	613,644	19,381,295
Liabilities					
Accounts payable	615,123	93,355	-	2,711	711,189
Accrued liabilities	14,162,354	-	-	260,770	14,423,124
Retainage payable	-	3,078	-	-	3,078
Unearned revenue	29,268	-	-	89,363	118,631
Total liabilities and deferred inflows of resources	14,806,745	96,433	-	352,844	15,256,022
Fund balances					
Nonspendable	2,536	-	-	122,874	125,410
Restricted	5,000	-	-	-	5,000
Assigned	34,670	3,196,235	626,032	137,926	3,994,863
Total fund balances	42,206	3,196,235	626,032	260,800	4,125,273
Total liabilities, deferred inflows of resources, and fund balances	$ 14,848,951	$ 3,292,668	$ 626,032	$ 613,644	$ 19,381,295

(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, 2015

Total fund balances - discretely presented component unit - School Board		**$ 4,125,273**
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:		
Net pension asset is not a current financial resource and therefore not report in the governmetal funds.		1,842,850
Capital assets used in governmental activities are not current financial resources and therefore not reported in the governmental funds.		188,842,434
Long-term liabilities which are not due and payable in the current year and therefore not reported as liabilities in the governmental funds.		
Compensated absences	(4,498,863)	
Net pension liability	(114,805,836)	
Deferred inflows of resources related to pensions	(19,569,190)	(138,873,889)
Contributions to the agent multiple and cost sharing plans in the current year are recognized as expenditures in the fund statements, but are deferred in the government wide statements.		
Contributions to the Virginia Retirement System		10,136,320
Net position of governmental activities		**$ 66,072,988**

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, 2015

	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	$ -	$ -	$ -	$ 65	$ 65
Charges for services	660,921	-	-	2,741,206	3,402,127
Gifts and donations	11,774	85,792	-	-	97,566
Recovered costs	2,126	195,336	-	201,086	398,548
Miscellaneous revenue	264,651	-	7,806	-	272,457
Intergovernmental:					
Contribution from primary government	81,146,098	376,930	-	-	81,523,028
Commonwealth of Virginia	44,179,279	5,888	466,332	67,621	44,719,120
Federal Government	3,517,887	-	-	1,872,869	5,390,756
Total revenues	129,782,736	663,946	474,138	4,882,847	135,803,667
Expenditures					
Current operating:					
Education	126,207,854	3,098,489	1,078,808	4,943,619	135,328,770
Total expenditures	126,207,854	3,098,489	1,078,808	4,943,619	135,328,770
Excess (deficiency) of revenues over (under) expenditures	3,574,882	(2,434,543)	(604,670)	(60,772)	474,897
Other financing sources (uses)					
Transfers in	-	2,969,225	593,921	-	3,563,146
Transfers (out)	(3,563,146)	-	-	-	(3,563,146)
Total other financing sources (uses)	(3,563,146)	2,969,225	593,921	-	-
Net change in fund balances	11,736	534,682	(10,749)	(60,772)	474,897
Fund balances - beginning	30,470	2,661,553	636,781	321,572	3,650,376
Fund balances - ending	$ 42,206	$ 3,196,235	$ 626,032	$ 260,800	$ 4,125,273

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, 2015

Net change in fund balances - discretely presented component unit - School Board		**$ 474,897**
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.		1,753,087
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	2,658,590	
Depreciation	(8,321,047)	(5,662,457)
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.		(9,388)
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	(4,498,863)	
Add prior year's compensated absences	4,375,743	
Add current year's net pension asset	1,842,850	
Less prior year's net pension asset	-	
Less current year's net pension liability	(114,805,836)	
Add prior year's net pension liability	132,384,670	
Less current year's deferred inflow related to pensions	(19,569,190)	
Add prior year's deferred inflow related to pensions	-	(270,626)
Governmental funds report current year contributions to the Virginia Retirement System as expenditures. In the statement of activities, current year contributions are reported as deferred outflow of resources.		
Add current year contributions to the Virginia Retirement System.	10,136,320	
Less prior year contributions to the Virginia Retirement System.	(8,735,410)	1,400,910
Change in net position of governmental activities		**$ (2,313,577)**

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 34
Page 1 of 4

Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Discretely Presented Component Unit – School Board
Fiscal Year Ended June 30, 2015

	School General Fund			
	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
Charges for services	$ 390,285	$ 504,510	$ 660,921	$ 156,411
Gifts and donations	5,000	31,646	11,774	(19,872)
Recovered costs	1,000	1,000	2,126	1,126
Miscellaneous revenue	216,000	224,250	264,651	40,401
Intergovernmental:				
Contribution from primary government	80,798,708	82,482,611	81,146,098	(1,336,513)
Commonwealth of Virginia	44,820,310	44,655,966	44,179,279	(476,687)
Federal Government	3,652,300	5,331,389	3,517,887	(1,813,502)
Total revenues	129,883,603	133,231,372	129,782,736	(3,448,636)
Expenditures				
Current operating:				
Education:				
Instruction	99,564,172	100,715,009	97,635,844	3,079,165
Administration, attendance, and health	5,316,160	5,341,110	5,165,032	176,078
Public transportation services	9,185,053	9,344,806	9,317,696	27,110
Operation and maintenance services	9,949,252	9,925,472	9,899,790	25,682
Technology	3,738,503	4,341,829	4,189,492	152,337
Total education	127,753,140	129,668,226	126,207,854	3,460,372
Total expenditures	127,753,140	129,668,226	126,207,854	3,460,372
Excess (deficiency) of revenues over (under) expenditures	2,130,463	3,563,146	3,574,882	11,736
Other financing sources (uses)				
Transfers (out)	(2,130,463)	(3,563,146)	(3,563,146)	-
Total other financing sources (uses)	(2,130,463)	(3,563,146)	(3,563,146)	-
Net change in fund balances	-	-	11,736	11,736
Fund balances - beginning	30,470	30,470	30,470	-
Fund balances - ending	$ 30,470	$ 30,470	$ 42,206	$ 11,736

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, 2015

	School Asset Replacement Fund			
	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
Gifts and donations	$ -	$ 75,792	$ 85,792	$ 10,000
Recovered costs	50,000	134,251	195,336	61,085
Miscellaneous revenue	485,500	260,949	-	(260,949)
Intergovernmental:				
Contribution from primary government	-	400,000	376,930	(23,070)
Commonwealth of Virginia	-	5,888	5,888	-
Total revenues	535,500	876,880	663,946	(212,934)
Expenditures				
Current operating:				
Education:				
Instruction	-	155,307	82,711	72,596
Public transportation services	360,000	1,423,284	616,283	807,001
Operation and maintenance services	1,503,155	3,588,363	2,003,435	1,584,928
Technology	-	1,044,155	396,060	648,095
District-wide	535,500	296,549	-	296,549
Total education	2,398,655	6,507,658	3,098,489	3,409,169
Total expenditures	2,398,655	6,507,658	3,098,489	3,409,169
Excess (deficiency) of revenues over (under) expenditures	(1,863,155)	(5,630,778)	(2,434,543)	3,196,235
Other financing sources (uses)				
Transfers in	1,863,155	2,969,225	2,969,225	-
Total other financing sources (uses)	1,863,155	2,969,225	2,969,225	-
Net change in fund balances	-	(2,661,553)	534,682	3,196,235
Fund balances - beginning	2,661,553	2,661,553	2,661,553	-
Fund balances - ending	$ 2,661,553	$ -	$ 3,196,235	$ 3,196,235

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, 2015

	School Textbook Fund			
	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
Miscellaneous revenue	$ 211,857	$ -	$ 7,806	$ 7,806
Intergovernmental:				
Commonwealth of Virginia	467,398	467,187	466,332	(855)
Total revenues	679,255	467,187	474,138	6,951
Expenditures				
Current operating:				
Education:				
Instruction	946,563	1,697,889	1,078,808	619,081
Total education	946,563	1,697,889	1,078,808	619,081
Total expenditures	946,563	1,697,889	1,078,808	619,081
Excess (deficiency) of revenues over (under) expenditures	(267,308)	(1,230,702)	(604,670)	626,032
Other financing sources (uses)				
Transfers in	267,308	593,921	593,921	-
Total other financing sources (uses)	267,308	593,921	593,921	-
Net change in fund balances	-	(636,781)	(10,749)	626,032
Fund balances - beginning	636,781	636,781	636,781	-
Fund balances - ending	$ 636,781	$ -	$ 626,032	$ 626,032

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 34
Page 4 of 4

Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Discretely Presented Component Unit – School Board
Fiscal Year Ended June 30, 2015

	School Nutrition Fund			
	Original Budget	**Amended Budget**	**Actual**	**Variance From Amended Positive (Negative)**
Revenue from use of money and property	$ 150	$ 150	$ 65	$ (85)
Charges for services	3,239,010	3,239,010	2,741,206	(497,804)
Recovered costs	185,000	185,000	201,086	16,086
Intergovernmental:				
Commonwealth of Virginia	76,372	76,372	67,621	(8,751)
Federal Government	2,108,556	2,090,066	1,872,869	(217,197)
Total revenues	5,609,088	5,590,598	4,882,847	(707,751)
Expenditures				
Current operating:				
Education:				
School food services	5,609,088	5,609,088	4,943,619	665,469
Total education	5,609,088	5,609,088	4,943,619	665,469
Total expenditures	5,609,088	5,609,088	4,943,619	665,469
Excess (deficiency) of revenues over (under) expenditures	-	(18,490)	(60,772)	(42,282)
Net change in fund balances	-	(18,490)	(60,772)	(42,282)
Fund balances - beginning	321,572	321,572	321,572	-
Fund balances - ending	$ 321,572	$ 303,082	$ 260,800	$ (42,282)

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 35

Statement of Fiduciary Net Position
Discretely Presented Component Unit – School Board
June 30, 2015

	Trust Fund Crockett Scholarship Private-Purpose Trust Fund	Agency Funds
Assets		
Cash and cash equivalents	$ 422,278	$ 207,854
Cash in custody of others	-	1,761,340
Due from other governmental units	-	15,744
Land	94,200	-
Total assets and deferred outflows of resources	516,478	1,984,938
Liabilities		
Accounts payable	-	2,442
Accrued liabilities	-	114,433
Amounts held for clients/others	-	1,868,063
Total liabilities and deferred inflows of resources	-	$ 1,984,938
Net position		
Held in trust for scholarships	516,478	
Total liabilities, deferred inflows of resources, and net position	$ 516,478	

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 36

Statement of Changes in Fiduciary Net Position
Discretely Presented Component Unit – School Board
Fiscal Year Ended June 30, 2015

	Crockett Scholarship Private-Purpose Trust Fund
Additions	
Investment income	$ 7,584
Total additions	7,584
Deductions	
Scholarships awarded	12,000
Administrative fees	2,076
Total deductions	14,076
Change in net position	(6,492)
Net position - beginning	522,970
Net position - ending	$ 516,478

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 37

Combining Statement of Fiduciary Assets and Liabilities
Discretely Presented Component Unit – School Board
Agency Funds
June 30, 2015

	Agency Funds		
	Mountain Vista Regional Governor's School Fund	**School Activity Fund**	**Total**
Assets			
Cash and cash equivalents	$ 207,854	$ -	$ 207,854
Cash in custody of others	-	1,761,340	1,761,340
Due from other governmental units	15,744	-	15,744
Total assets and deferred outflows of resources	223,598	1,761,340	1,984,938
Liabilities			
Accounts payable	2,442	-	2,442
Accrued liabilities	114,433	-	114,433
Amounts held for clients/others	106,723	1,761,340	1,868,063
Total liabilities and deferred inflows of resources	$ 223,598	$ 1,761,340	$ 1,984,938

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 38

Combining Statement of Changes in Assets and Liabilities
Discretely Presented Component Unit – School Board
Agency Funds
Fiscal Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Mountain Vista Regional Governor's School Fund				
Assets:				
Cash and cash equivalents	$ 176,437	$ 1,053,710	$ 1,022,293	$ 207,854
Due from other governmental units	24,647	15,744	24,647	15,744
Total assets and deferred outflows of resources	201,084	1,069,454	1,046,940	223,598
Liabilities:				
Accounts payable	104	2,442	104	2,442
Accrued liabilities	97,706	114,433	97,706	114,433
Unavailable revenue	100	-	100	-
Amounts held for clients/others	103,174	952,579	949,030	106,723
Total liabilities and deferred inflows of resources	$ 201,084	$ 1,069,454	$ 1,046,940	$ 223,598
School Activity Fund				
Assets:				
Cash in custody of others	$ 1,858,529	$ 4,479,808	$ 4,576,997	$ 1,761,340
Liabilities:				
Amounts held for clients/others	$ 1,858,529	$ 4,479,808	$ 4,576,997	$ 1,761,340
Total - All Agency Funds				
Assets:				
Cash and cash equivalents	$ 176,437	$ 1,053,710	$ 1,022,293	$ 207,854
Cash in custody of others	1,858,529	4,479,808	4,576,997	1,761,340
Due from other governmental units	24,647	15,744	24,647	15,744
Total assets and deferred outflows of resources	2,059,613	5,549,262	5,623,937	1,984,938
Liabilities:				
Accounts payable	104	2,442	104	2,442
Accrued liabilities	97,706	114,433	97,706	114,433
Unavailable revenue	100	-	100	-
Amounts held for clients/others	1,961,703	5,432,387	5,526,027	1,868,063
Total liabilities and deferred inflows of resources	$ 2,059,613	$ 5,549,262	$ 5,623,937	$ 1,984,938

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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 say 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	Pledged-Revenue Coverage
Table 12	County Policy Debt Margin

STATISTICAL SECTION (CONTINUED)

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 13 Demographic and Economic Statistics
Table 14 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 15 County Government Employees by Function
Table 16 Operating Indicators by Function
Table 17 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				
	2006	**2007**	**2008**	**2009**	**2010**
Governmental Activities:					
Net investment in capital assets	$ 53,879,240	$ 65,945,291	$ 68,340,059	$ 69,414,611	$ 69,217,950
Restricted	12,274,124	11,751,955	1,736,551	1,841,662	1,917,704
Unrestricted (deficit)	(17,383,106)	(31,024,630)	(69,008,410)	(69,990,998)	(66,693,564)
Subtotal governmental activities net position	48,770,258	46,672,616	1,068,200	1,265,275	4,442,090
Business-type Activities:					
Net investment in capital assets	26,282,531	29,787,320	29,397,086	28,111,135	27,154,708
Restricted	1,496,173	-	-	-	-
Unrestricted (deficit)	(6,379,152)	(7,706,668)	(8,242,666)	(9,514,739)	(10,188,958)
Subtotal business-type activities net position	21,399,552	22,080,652	21,154,420	18,596,396	16,965,750
Primary Government:					
Net investment in capital assets	80,161,771	95,732,611	97,737,145	97,525,746	96,372,658
Restricted	13,770,297	11,751,955	1,736,551	1,841,662	1,917,704
Unrestricted (deficit)	(23,762,258)	(38,731,298)	(77,251,076)	(79,505,737)	(76,882,522)
Total Primary Government net position	70,169,810	68,753,268	22,222,620	19,861,671	21,407,840
Component Unit - School Board: (1)					
Net investment in capital assets	107,072,117	129,625,217	179,639,884	182,911,496	179,224,107
Restricted	-	-	-	-	-
Unrestricted (deficit)	(2,377,077)	(3,617,216)	(3,537,827)	(3,628,205)	(3,590,789)
Total Component Unit - School Board net position	104,695,040	126,008,001	176,102,057	179,283,291	175,633,318
Total Reporting Entity: (2)					
Net investment in capital assets	140,141,659	159,597,988	167,486,251	168,903,411	169,972,941
Restricted	13,770,297	11,751,955	1,736,551	1,841,662	1,917,704
Unrestricted	20,952,894	23,411,326	29,101,875	28,399,889	25,150,513
Total Reporting Entity net position (3)	$ 174,864,850	$ 194,761,269	$ 198,324,677	$ 199,144,962	$ 197,041,158

(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. 65 for FY2009 - FY2015 and the implementation of GASB Statement No. 68 for FY2014 - FY2015.

Fiscal Year 2011	2012	2013	2014	2015	
					Governmental Activities:
$ 68,772,203	$ 68,510,734	$ 67,043,310	$ 67,186,543	$ 66,912,078	Net investment in capital assets
3,553,440	4,206,094	2,405,814	6,078,884	5,964,927	Restricted
(63,253,517)	(67,970,939)	(75,750,205)	(79,527,398)	(67,694,758)	Unrestricted (deficit)
9,072,126	4,745,889	(6,301,081)	(6,261,971)	5,182,247	Subtotal governmental activities net position
					Business-type Activities:
25,321,853	23,396,142	21,784,510	20,424,303	19,381,379	Net investment in capital assets
-	-	2,584,793	1,855,575	-	Restricted
(10,171,508)	(10,935,912)	(15,182,972)	(15,102,238)	(14,944,300)	Unrestricted (deficit)
15,150,345	12,460,230	9,186,331	7,177,640	4,437,079	Subtotal business-type activities net position
					Primary Government:
94,094,056	91,906,876	88,827,820	87,610,846	86,293,457	Net investment in capital assets
3,553,440	4,206,094	4,990,607	7,934,459	5,964,927	Restricted
(73,425,025)	(78,906,851)	(90,933,177)	(94,629,636)	(82,639,058)	Unrestricted (deficit)
24,222,471	17,206,119	2,885,250	915,669	9,619,326	**Total Primary Government net position**
					Component Unit - School Board: (1)
175,414,006	181,939,238	193,459,026	192,761,193	188,842,434	Net investment in capital assets
5,000	5,000	5,000	5,000	5,000	Restricted
(1,803,528)	(2,041,741)	(1,156,996)	(124,379,628)	(122,774,417)	Unrestricted (deficit)
173,615,478	179,902,497	192,307,030	68,386,565	66,073,017	**Total Component Unit - School Board net position**
					Total Reporting Entity: (2)
171,163,512	170,880,285	174,520,072	180,852,943	183,877,351	Net investment in capital assets
3,558,440	4,211,094	4,995,607	7,939,459	5,969,927	Restricted
23,115,997	22,017,237	15,676,601	(119,490,168)	(114,154,935)	Unrestricted
$ 197,837,949	$ 197,108,616	$ 195,192,280	$ 69,302,234	$ 75,692,343	**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				
	2006	**2007**	**2008**	**2009**	**2010**
Primary Government:					
Expenses					
Governmental activities:					
General government administration	$ 9,788,797	$ 10,004,794	$ 10,896,521	$ 10,878,525	$ 10,354,069
Judicial administration	2,754,050	3,019,115	3,348,758	3,383,922	3,278,333
Public safety	18,427,447	21,184,526	33,382,090	24,167,850	25,479,386
Public works	6,029,767	6,474,088	7,765,864	7,467,516	8,033,038
Health and welfare	8,003,092	8,661,693	9,899,394	10,052,834	10,265,321
Education	80,157,231	95,181,305	129,908,192	90,449,761	81,066,768
Parks, recreation, and cultural	4,647,337	6,002,774	5,551,667	5,949,804	5,917,529
Community development	5,078,598	6,672,005	8,178,686	8,734,890	11,342,060
Nondepartmental	-	550,225	-	-	-
Interest on long-term debt	3,146,137	4,441,160	5,397,929	5,932,856	5,313,430
Total governmental activities expenses	138,032,456	162,191,685	214,329,101	167,017,958	161,049,933
Business-type activities:					
Airport	850,740	1,450,428	1,849,679	1,848,791	2,083,529
Landfill and recycling	5,531,178	6,486,477	7,102,357	6,574,806	5,185,773
Total business-type activities expenses	6,381,918	7,936,905	8,952,036	8,423,597	7,269,302
Total primary government expenses	144,414,374	170,128,590	223,281,137	175,441,555	168,319,235
Program Revenues					
Governmental activities:					
Charges for services:					
General government administration	42,500	266,159	43,048	42,618	46,548
Judicial administration	1,082,951	924,355	733,265	946,883	636,265
Public safety	187,106	206,511	704,232	1,774,418	1,198,178
Parks, recreation, and cultural	513,526	559,001	548,467	502,195	460,562
Community development	51,959	2,116,948	1,675,560	1,185,958	932,809
Other activities	32,085	39,596	24,722	5,583	38,393
Operating grants and contributions	11,653,274	15,782,480	12,678,895	13,892,991	16,108,365
Capital grants and contributions	-	-	810,000	222,000	668,544
Total governmental activities program revenues	13,563,401	19,895,050	17,218,189	18,572,646	20,089,664
Business type activities:					
Charges for services:					
Airport	217,987	283,402	673,390	674,871	666,582
Landfill and recycling	6,554,404	6,112,788	6,612,997	5,111,345	4,660,868
Operating grants and contributions	48,633	45,669	17,739	50,460	246,768
Capital grants and contributions	3,114,018	1,592,253	34,462	61,585	25,388
Total business-type activities program revenues	9,935,042	8,034,112	7,338,588	5,898,261	5,599,606
Total primary government program revenues	23,498,443	27,929,162	24,556,777	24,470,907	25,689,270
Net (expense) revenue (1)					
Governmental activities	(124,469,055)	(142,296,635)	(197,110,912)	(148,445,312)	(140,960,269)
Business-type activities	3,553,124	97,207	(1,613,448)	(2,525,336)	(1,669,696)
Total primary government net (expense) revenue	$ (120,915,931)	$ (142,199,428)	$ (198,724,360)	$ (150,970,648)	$ (142,629,965)

(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 Primary Government change in net position reflects the implementation of GASB Statement No. 65 for FY2009 - FY2013 and the implementation of GASB Statement No. 68 for FY2014 - FY2015.
(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 2011	2012	2013	2014	2015	
					Primary Government:
					Expenses
					Governmental activities:
$ 10,086,678	$ 11,751,449	$ 12,180,275	$ 11,821,952	$ 12,413,433	General government administration
3,116,374	2,866,625	3,841,643	3,455,862	3,821,911	Judicial administration
31,188,024	26,328,003	28,929,500	28,306,613	30,694,266	Public safety
7,393,258	8,876,778	10,222,875	8,118,419	8,270,407	Public works
9,851,616	10,158,861	9,739,043	10,908,372	12,452,676	Health and welfare
79,585,044	90,087,245	93,650,633	80,837,759	81,999,731	Education
6,640,464	6,275,016	6,601,379	6,342,901	6,302,270	Parks, recreation, and cultural
7,718,297	6,317,724	5,998,815	5,836,086	5,947,344	Community development
-	-	-	-	-	Nondepartmental
5,014,483	4,696,550	4,657,567	4,271,495	2,741,174	Interest on long-term debt
160,594,238	167,358,251	175,821,730	159,899,459	164,643,212	Total governmental activities expenses
					Business-type activities:
1,896,775	2,275,363	2,450,840	1,979,636	2,023,113	Airport
4,867,277	5,337,583	6,138,446	6,170,182	5,990,480	Landfill and recycling
6,764,052	7,612,946	8,589,286	8,149,818	8,013,593	Total business-type activities expenses
167,358,290	174,971,197	184,411,016	168,049,277	172,656,805	Total primary government expenses
					Program Revenues
					Governmental activities:
					Charges for services:
41,633	60,664	508,129	87,779	84,459	General government administration
643,119	609,319	788,467	703,704	649,606	Judicial administration
1,155,945	1,786,469	1,650,787	1,366,598	1,251,234	Public safety
466,979	549,697	551,243	547,585	598,233	Parks, recreation, and cultural
858,848	845,823	1,042,011	1,341,645	1,459,245	Community development
-	-	-	-	-	Other activities
13,447,591	13,033,159	13,199,292	13,969,611	13,831,352	Operating grants and contributions
216,072	9,594	672	3,783,195	185,290	Capital grants and contributions
16,830,187	16,894,725	17,740,601	21,800,117	18,059,419	Total governmental activities program revenues
					Business type activities:
					Charges for services:
722,674	763,085	737,208	752,750	685,894	Airport
4,183,540	4,101,680	4,056,293	4,191,457	3,614,670	Landfill and recycling
58,145	37,052	482,326	91,673	136,594	Operating grants and contributions
210,410	41,572	-	-	-	Capital grants and contributions
5,174,769	4,943,389	5,275,827	5,035,880	4,437,158	Total business-type activities program revenues
22,004,956	21,838,114	23,016,428	26,835,997	22,496,577	Total primary government program revenues
					Net (expense) revenue (1)
(143,764,051)	(150,463,526)	(158,081,129)	(138,099,342)	(146,583,793)	Governmental activities
(1,589,283)	(2,669,557)	(3,313,459)	(3,113,938)	(3,576,435)	Business-type activities
$ (145,353,334)	$ (153,133,083)	$ (161,394,588)	$ (141,213,280)	$ (150,160,228)	Total primary government net (expense) revenue

Table 2

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

	Fiscal Year				
	2006	**2007**	**2008**	**2009**	**2010**
Primary Government: (continued)					
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes:					
General property taxes	$ 86,079,820	$ 101,852,501	$ 109,470,150	$ 117,835,182	$ 114,586,709
Local sales and use taxes	7,372,629	7,565,111	7,032,385	6,240,448	5,887,347
Consumers' utility taxes	3,247,767	3,804,003	4,985,109	4,561,422	1,513,680
Business and professional taxes	3,360,897	1,286,470	1,847,520	1,463,055	1,460,805
Motor vehicle taxes	1,440,165	69,473	1,727,843	1,737,173	1,738,233
Taxes on recordation and wills	2,974,115	2,082,839	1,585,129	1,242,537	1,152,451
E-911 tax	1,268,347	623,798	-	-	-
Other local taxes	562,967	517,709	224,995	181,577	202,935
Investment income	2,826,208	4,933,147	3,893,181	1,318,260	561,508
Miscellaneous	723,786	222,369	457,724	169,889	177,939
Grants and contributions not restricted to specific programs	14,705,161	14,259,811	14,260,569	13,852,748	16,893,482
Transfers	(47,941)	81,762	(463,024)	40,096	(38,005)
Special Item - Water and Sewer Authority note receivable	(3,317,857)	-	-	-	-
Total governmental activities general revenues and other changes in net position	121,196,064	137,298,993	145,021,581	148,642,387	144,137,084
Business-type activities:					
Investment income (loss)	133,124	137,687	39,069	7,408	1,045
Miscellaneous	-	527,968	185,123	-	-
Transfers	47,941	(81,762)	463,024	(40,096)	38,005
Total business-type activities general revenues and other changes in net position	181,065	583,893	687,216	(32,688)	39,050
Total primary government general revenues and other changes in net position	121,377,129	137,882,886	145,708,797	148,609,699	144,176,134
Change in Net Position (2)					
Governmental activities	(3,272,991)	(4,997,642)	(52,089,331)	197,075	3,176,815
Business-type activities	3,734,189	681,100	(926,232)	(2,558,024)	(1,630,646)
Total Primary Government change in net position	461,198	(4,316,542)	(53,015,563)	(2,360,949)	1,546,169
Component Unit - School Board: (3)					
Expenses					
Education	111,366,590	121,838,270	126,043,880	133,307,450	131,500,463
Program Revenues					
Charges for services	3,470,481	3,392,923	3,465,276	3,331,139	3,155,966
Operating grants and contributions	4,740,080	4,863,970	4,134,985	11,989,341	13,036,391
Capital grants and contributions	-	1,000,000	-	122,965	-
Total component unit - School Board program revenues	8,210,561	9,256,893	7,600,261	15,443,445	16,192,357
Net (expense) revenue (1)	(103,156,029)	(112,581,377)	(118,443,619)	(117,864,005)	(115,308,106)
General Revenues and Other Changes in Net Position					
Contribution from primary government	81,597,198	95,952,739	129,514,166	90,120,368	81,953,666
Investment income	956	12,932	1,416	1,193	1,321
Miscellaneous	72,953	635,215	364,411	471,525	445,596
Grants and contributions not restricted to specific programs	33,988,935	37,293,452	38,657,682	30,452,153	29,257,550
Total component unit - School Board general revenues and other changes in net position	115,660,042	133,894,338	168,537,675	121,045,239	111,658,133
Total Component Unit - School Board change in net position	$ 12,504,013	$ 21,312,961	$ 50,094,056	$ 3,181,234	$ (3,649,973)

(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 Primary Government change in net position reflects the implementation of GASB Statement No. 65 for FY2009 - FY2013 and the implementation of GASB Statement No. 68 for FY2014 - FY2015.
(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 2011	2012	2013	2014	2015	
					Primary Government: (continued)
					General Revenues and Other Changes in Net Position
					Governmental activities:
					Taxes:
$ 111,630,849	$ 114,342,089	$ 115,379,407	$ 120,882,416	$ 125,741,425	General property taxes
6,298,377	6,637,371	7,151,477	7,558,981	8,024,703	Local sales and use taxes
1,617,137	1,557,435	1,576,645	1,650,054	1,658,205	Consumers' utility taxes
1,433,739	1,185,466	1,381,176	1,436,850	1,353,040	Business and professional taxes
1,772,081	1,773,850	1,786,005	1,826,612	1,870,836	Motor vehicle taxes
1,146,468	1,319,617	1,576,702	1,656,673	1,514,756	Taxes on recordation and wills
-	-	-	-	-	E-911 tax
177,595	211,306	210,656	198,096	259,151	Other local taxes
526,240	440,373	312,455	348,189	301,739	Investment income
1,062,845	2,077,845	882,876	977,300	389,682	Miscellaneous
16,765,178	16,665,118	16,819,694	17,555,313	17,705,302	Grants and contributions not restricted to specific programs
228,382	(73,181)	(42,934)	(1,459,775)	(790,828)	Transfers
-	-	-	-	-	Special Item - Water and Sewer Authority note receivable
142,658,891	146,137,289	147,034,159	152,630,709	158,028,011	Total governmental activities general revenues and other changes in net position
					Business-type activities:
2,260	(94,239)	7,710	50,683	1,057	Investment income (loss)
-	500	(11,084)	-	43,989	Miscellaneous
(228,382)	73,181	42,934	1,459,775	790,828	Transfers
(226,122)	(20,558)	39,560	1,510,458	835,874	Total business-type activities general revenues and other changes in net position
142,432,769	146,116,731	147,073,719	154,141,167	158,863,885	Total primary government general revenues and other changes in net position
					Change in Net Position (2)
(1,105,160)	(4,326,237)	(11,046,970)	14,531,367	11,444,218	Governmental activities
(1,815,405)	(2,690,115)	(3,273,899)	(1,603,480)	(2,740,561)	Business-type activities
(2,920,565)	(7,016,352)	(14,320,869)	12,927,887	8,703,657	Total Primary Government change in net position
					Component Unit - School Board: (3)
					Expenses
130,736,865	129,377,130	134,714,730	127,821,631	139,471,754	Education
					Program Revenues
3,256,125	3,649,906	3,308,029	3,204,445	3,402,127	Charges for services
15,684,062	13,609,856	16,425,197	16,929,078	15,910,673	Operating grants and contributions
-	-	-	-	-	Capital grants and contributions
18,940,187	17,259,762	19,733,226	20,133,523	19,312,800	Total component unit - School Board program revenues
(111,796,678)	(112,117,368)	(114,981,504)	(107,688,108)	(120,158,954)	**Net (expense) revenue (1)**
					General Revenues and Other Changes in Net Position
78,601,103	87,973,557	92,996,302	81,889,891	83,276,115	Contribution from primary government
499	160	96	94	65	Investment income
328,778	225,962	341,789	321,631	272,457	Miscellaneous
30,848,458	30,204,708	34,047,850	33,940,698	34,296,769	Grants and contributions not restricted to specific programs
109,778,838	118,404,387	127,386,037	116,152,314	117,845,406	Total component unit - School Board general revenues and other changes in net position
$ (2,017,840)	$ 6,287,019	$ 12,404,533	$ 8,464,206	$ (2,313,548)	Total Component Unit - School Board change in net position

COUNTY OF FAUQUIER, VIRGINIA

Table 3

Fund Balances - Governmental Funds
Last Five Fiscal Years (1)
(modified accrual basis of accounting)

	Fiscal Year				
	2011	**2012**	**2013**	**2014**	**2015**
General Fund:					
Nonspendable	$ 241,578	$ 385,013	$ 350,816	$ 492,533	$ 426,775
Restricted	129,861	165,050	212,918	205,588	210,291
Committed	1,194,682	1,234,803	1,459,328	1,458,931	1,119,654
Assigned	5,778,089	5,843,910	6,219,010	4,290,578	3,383,573
Unassigned	17,059,512	15,555,924	15,949,166	16,622,908	17,031,448
Total General Fund	24,403,722	23,184,700	24,191,238	23,070,538	22,171,741
Other Governmental Funds:					
Nonspendable					
Capital Projects Fund	761,553	704,790	642,522	580,254	512,481
Debt Service Fund	-	2,420,625	2,370,625	-	-
Fire and Rescue Fund (3)	-	-	-	-	168,138
Nonmajor governmental funds	95,244	150,606	187,775	201,934	-
Restricted					
Asset Replacement Fund (2)	1,566,000	-	-	-	-
Capital Projects Fund	166,830	15,753,189	4,503,238	4,214,963	3,835,930
Nonmajor governmental funds	1,690,748	2,164,559	1,477,487	1,658,333	2,098,674
Committed					
Asset Replacement Fund (2)	537,079	-	-	-	-
Capital Projects Fund	9,942,526	7,716,438	4,736,630	5,248,626	4,791,049
Debt Service Fund	445,920	-	-	-	-
Fire and Rescue Fund (3)	-	-	-	-	4,650,941
Nonmajor governmental funds	4,071,351	4,022,105	4,821,958	5,434,684	795,049
Assigned					
Asset Replacement Fund (2)	740,792	-	-	-	-
Capital Projects Fund	1,773,511	-	-	-	-
Debt Service Fund	-	-	-	565,240	886,092
Nonmajor governmental funds	-	339,762	1,372,457	1,328,924	994,558
Unassigned					
Debt Service Fund	-	(1,760,874)	(2,150,688)	-	-
Total Other Governmental Funds	21,791,554	31,511,200	17,962,004	19,232,958	18,732,912
Total Governmental Funds	$ 46,195,276	$ 54,695,900	$ 42,153,242	$ 42,303,496	$ 40,904,653

(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 FY2012, the Asset Replacement Fund is classified as a Nonmajor Governmental Fund.
(3) As of FY2015, the Fire and Rescue Fund is classified as a Major Governmental Fund.

FAUQUIER COUNTY
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COUNTY OF FAUQUIER, VIRGINIA

Table 4

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

	Fiscal Year				
	2006	**2007**	**2008**	**2009**	**2010**
Revenues					
General property and other local taxes	$ 105,484,892	$ 117,395,045	$ 125,634,196	$ 132,573,715	$ 126,626,266
Permits, privilege fees, and regulatory licenses	1,921,717	2,287,326	1,575,699	1,213,148	964,288
Fines and forfeitures	529,420	526,235	403,870	483,483	515,286
Revenue from use of money and property	2,499,258	4,595,057	3,643,296	1,272,923	559,890
Charges for services	1,380,707	1,299,009	1,749,725	2,475,872	2,036,829
Gifts and donations	1,035,693	4,395,470	140,246	2,441	1,187,725
Recovered costs	257,337	241,385	270,601	517,063	216,991
Miscellaneous	723,786	222,369	457,724	169,889	177,939
Intergovernmental:					
Contribution from School Board	1,316,810	-	-	-	-
Contribution from Culpeper County	369,556	-	-	-	-
Commonwealth of Virginia	22,290,152	22,520,192	23,687,021	23,577,653	26,929,574
Federal Government	2,663,034	3,126,629	2,647,758	4,165,645	5,553,092
Total revenues	140,472,362	156,608,717	160,210,136	166,451,832	164,767,880
Expenditures					
Current operating:					
General government administration	9,391,807	10,820,861	10,654,666	10,747,190	10,243,734
Judicial	4,933,976	2,913,670	3,065,299	2,966,916	3,048,533
Public safety	19,157,429	21,101,417	23,453,213	24,314,107	24,416,472
Public works	6,193,511	6,483,272	8,319,953	6,729,594	7,951,825
Health and welfare	8,024,745	8,618,127	9,880,305	9,942,056	10,302,171
Education	81,797,232	95,373,503	129,784,456	90,092,039	81,245,018
Parks, recreation, and cultural	11,725,937	17,173,878	7,269,368	6,868,414	5,570,383
Community development	5,092,111	6,670,589	8,186,119	8,553,281	11,366,594
Nondepartmental	640,050	550,225	391,617	816,428	594,483
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement (1)	5,138,726	5,711,745	6,900,170	8,739,019	8,820,698
Interest & fiscal charges (1)	2,962,402	3,327,139	5,149,438	6,386,481	6,069,818
Bond issuance costs (2)	-	282,815	-	-	169,949
Total expenditures	155,057,926	179,027,241	213,054,604	176,155,525	169,799,678
Excess (deficiency) of revenues over (under) expenditures	(14,585,564)	(22,418,524)	(52,844,468)	(9,703,693)	(5,031,798)
Other financing sources (uses)					
Transfers in	7,927,776	11,551,635	7,738,049	3,583,913	1,362,514
Transfers (out)	(8,075,717)	(11,467,873)	(7,772,511)	(3,588,665)	(1,408,590)
Issuance of debt (1)	11,540,000	39,615,000	34,075,000	-	6,153,000
Issuance of refunding bonds	-	-	-	2,115,000	3,565,000
Payments to refunded bond escrow agent	-	-	-	(2,285,637)	(3,820,154)
Premiums on issuance of debt	643,395	2,262,669	1,832,846	205,787	335,122
Total other financing sources (uses)	12,035,454	41,961,431	35,873,384	30,398	6,186,892
Net change in fund balances	$ (2,550,110)	$ 19,542,907	$ (16,971,084)	$ (9,673,295)	$ 1,155,094

(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 FY2007 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 2011	2012	2013	2014	2015	
					Revenues
$ 124,880,233	$ 126,471,138	$ 130,570,935	$ 135,160,010	$ 140,265,298	General property and other local taxes
889,367	900,061	1,541,522	1,418,324	1,532,066	Permits, privilege fees, and regulatory licenses
470,323	447,742	548,076	499,746	465,431	Fines and forfeitures
507,677	421,223	289,678	335,394	284,998	Revenue from use of money and property
1,993,776	2,230,281	2,468,314	2,295,264	2,394,233	Charges for services
177,298	210,633	167,862	221,411	515,976	Gifts and donations
263,985	441,593	434,215	427,366	568,798	Recovered costs
1,062,845	2,077,845	882,876	4,068,300	389,682	Miscellaneous
					Intergovernmental:
-	-	-	-	-	Contribution from School Board
-	-	-	-	-	Contribution from Culpeper County
26,577,419	25,934,368	26,922,538	28,049,395	27,752,268	Commonwealth of Virginia
3,674,124	3,562,870	2,929,258	3,946,313	3,242,138	Federal Government
160,497,047	162,697,754	166,755,274	176,421,523	177,410,888	Total revenues
					Expenditures
					Current operating:
10,546,705	11,329,498	11,678,971	12,457,887	12,190,628	General government administration
2,974,541	3,129,590	3,541,030	3,642,931	3,749,075	Judicial administration
23,556,090	23,087,303	26,542,674	28,645,320	29,595,738	Public safety
7,202,063	8,283,553	9,706,397	7,915,339	8,006,917	Public works
9,889,115	9,937,121	9,586,398	11,328,226	12,594,333	Health and welfare
78,883,664	88,033,156	93,017,474	82,208,303	83,339,470	Education
5,806,542	5,409,843	5,500,954	5,776,405	6,057,766	Parks, recreation, and cultural
7,652,116	5,988,110	5,729,630	6,142,311	6,292,928	Community development
649,715	681,335	753,584	754,421	738,963	Nondepartmental
877,303	3,637,103	1,464,968	1,924,000	3,472,214	Capital outlay
					Debt service:
8,730,851	8,760,894	8,826,681	9,007,000	8,767,748	Principal retirement (1)
5,986,485	5,735,211	5,136,165	5,000,529	4,563,842	Interest & fiscal charges (1)
143,778	299,881	34,284	-	111,700	Bond issuance costs (2)
162,898,968	174,312,598	181,519,210	174,802,672	179,481,322	Total expenditures
(2,401,921)	(11,614,844)	(14,763,936)	1,618,851	(2,070,434)	Excess (deficiency) of revenues over (under) expenditures
					Other financing sources (uses)
18,634,518	18,825,348	16,942,106	19,714,744	20,805,913	Transfers in
(18,648,531)	(20,288,417)	(18,479,808)	(21,183,341)	(21,596,741)	Transfers (out)
1,566,000	19,880,000	3,305,000	-	1,386,719	Issuance of debt (1)
5,430,000	13,260,000	-	-	9,101,000	Issuance of refunding bonds
(5,962,000)	(15,124,411)	-	-	(9,025,300)	Payments to refunded bond escrow agent
657,736	3,563,048	453,980	-	-	Premiums on issuance of debt
1,677,723	20,115,568	2,221,278	(1,468,597)	671,591	Total other financing sources (uses)
$ (724,198)	$ 8,500,724	$ (12,542,658)	$ 150,254	$ (1,398,843)	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				
	2006	**2007**	**2008**	**2009**	**2010**
Debt Service as a Percentage of Noncapital Expenditures: (1)					
Primary Government:					
Total debt service	$ 8,101,128	$ 9,038,884	$ 12,049,608	$ 15,125,500	$ 14,890,516
Total expenditures	155,057,926	179,027,241	213,054,604	176,155,525	169,799,678
Capital outlay primary government only (3)	12,209,038	14,448,161	4,665,840	3,473,135	2,462,775
Non-capital expenditures	142,848,888	164,579,080	208,388,764	172,682,390	167,336,903
Debt service as a percentage of noncapital expenditures: Primary Government only	5.67%	5.49%	5.78%	8.76%	8.90%
Component Unit - School Board:					
Schools expenditures excluding County contribution	41,363,609	47,200,710	47,144,282	46,216,452	46,412,036
Capital outlay Component Unit - School Board only (3)	1,441,275	2,172,271	2,327,141	1,594,750	1,241,997
Non-capital expenditures	39,922,334	45,028,439	44,817,141	44,621,702	45,170,039
Total Reporting Entity:					
Total debt service	8,101,128	9,038,884	12,049,608	15,125,500	14,890,516
Total non-capital expenditures	$ 182,771,222	$ 209,607,519	$ 253,205,905	$ 217,304,092	$ 212,506,942
Debt service as a percentage of noncapital expenditures: Total Reporting Entity	4.43%	4.31%	4.76%	6.96%	7.01%

(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 FY2007 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 2011	2012	2013	2014	2015	
					Debt Service as a Percentage of Noncapital Expenditures: (1)
					Primary Government:
$ 14,717,336	$ 14,496,105	$ 13,962,846	$ 14,007,529	$ 13,331,590	Total debt service
162,898,968	174,312,598	181,519,210	174,802,672	179,481,322	Total expenditures
4,289,680	4,215,022	1,162,088	3,146,923	3,672,064	Capital outlay primary government only (3)
158,609,288	170,097,576	180,357,122	171,655,749	175,809,258	Non-capital expenditures
9.28%	8.52%	7.74%	8.16%	7.58%	Debt service as a percentage of noncapital expenditures: Primary Government only
					Component Unit - School Board:
48,447,441	47,846,703	53,594,864	54,160,921	53,805,742	Schools expenditures excluding County contribution
2,045,997	1,122,708	1,524,264	2,549,290	2,658,590	Capital outlay Component Unit - School Board only (3)
46,401,444	46,723,995	52,070,600	51,611,631	51,147,152	Non-capital expenditures
					Total Reporting Entity:
14,717,336	14,496,105	13,962,846	14,007,529	13,331,590	Total debt service
$ 205,010,732	$ 216,821,571	$ 232,427,722	$ 223,267,380	$ 226,956,410	Total non-capital expenditures
7.18%	6.69%	6.01%	6.27%	5.87%	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**
2006	$ 8,619,946,900	$ 1,011,218,000	$ 2,064,283,800	$ 319,941,047	$ 12,015,389,747	$ 846,925,400
2007	8,891,346,700	1,028,164,000	2,078,798,500	569,687,837	12,567,997,037	864,260,500
2008	9,049,864,500	1,058,920,900	2,090,635,900	608,233,836	12,807,655,136	940,499,500
2009	9,128,162,400	1,071,298,800	2,100,370,400	619,755,825	12,919,587,425	967,101,100
2010	6,780,771,400	1,073,501,400	1,706,814,000	625,145,966	10,186,232,766	989,212,900
2011	6,830,579,900	1,063,923,500	1,703,632,900	650,565,523	10,248,701,823	1,006,092,700
2012	6,889,390,800	1,067,953,300	1,716,811,900	692,329,668	10,366,485,668	1,004,592,600
2013	6,951,154,200	1,081,100,700	1,711,068,100	692,329,732	10,435,652,732	1,006,955,100
2014	7,266,298,800	1,133,663,200	1,690,497,600	661,631,726	10,752,091,326	928,023,400
2015	7,349,773,300	1,144,905,900	1,701,191,600	650,126,899	10,845,997,699	915,822,500

Table 5-B

Tax Relief for the Elderly
Last Ten Calendar Years

Taxable Year	**Tax Relief for the Elderly**
2006	$ 237,690,300
2007	259,018,590
2008	267,875,000
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

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					
Total Value	General Property	Segregated Properties	Total Personal Property Assessed Value	Total Real and Personal Property Assessed Value	Total Direct Tax Rate (2)	Taxable Year
$ 12,862,315,147	$ 657,335,103	$ 44,884,530	$ 702,219,633	$ 12,717,609,380	$ 0.856	2006
13,432,257,537	699,277,775	41,418,065	740,695,840	13,308,692,877	0.860	2007
13,748,154,636	699,159,711	44,112,412	743,272,123	13,550,927,259	0.970	2008
13,886,688,525	704,651,911	45,079,146	749,731,057	13,669,318,482	0.970	2009
11,175,445,666	595,929,989	45,275,468	641,205,457	10,827,438,223	1.175	2010
11,254,794,523	541,729,863	118,315,665	660,045,528	10,908,747,351	1.164	2011
11,371,078,268	565,615,974	110,025,693	675,641,667	11,042,127,335	1.169	2012
11,442,607,832	596,389,332	104,311,182	700,700,514	11,136,353,246	1.186	2013
11,680,114,726	613,509,167	112,808,209	726,317,376	11,478,408,702	1.186	2014
11,761,820,199	638,448,282	120,276,397	758,724,679	11,604,722,378	1.186	2015

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	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
FAUQUIER COUNTY										
Countywide tax levies:										
Real property:										
General Fund	$ 0.600	$ 0.600	$ 0.720	$ 0.720	$ 0.919	$ 0.919	$ 0.919	$ 0.929	$ 0.941	$ 0.948
Fire and Rescue Special Revenue Fund	0.035	0.035	0.035	0.035	0.045	0.045	0.045	0.045	0.045	0.045
Conservation Easement Purchase Levy	0.010	0.010	0.010	0.010	0.006	0.006	0.006	0.006	0.006	0.006
Total direct real property tax rate	0.645	0.645	0.765	0.765	0.970	0.970	0.970	0.980	0.992	0.999
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	4.650	4.650	4.650	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	0.645	0.645	0.765	0.765	0.970	0.970	0.970	0.980	0.992	0.999
Buses with 30 or more passengers	-	-	-	-	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
Fire and rescue	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)	4.474	4.514	4.507	4.511	4.434	4.180	4.220	4.255	4.255	4.241
Total direct tax rate (2)	0.856	0.860	0.970	0.970	1.175	1.164	1.169	1.186	1.186	1.186
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
OVERLAPPING GOVERNMENTS										
Town of Warrenton:										
Real estate	0.015	0.015	0.015	0.015	0.015	0.015	0.015	0.015	0.015	0.015
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	0.100	0.100	0.100	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.

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	2015 Assessed Valuation	2015 Rank	2015 % of Total Assessed Valuation	2006 Assessed Valuation	2006 Rank	2006 % of Total Assessed Valuation
Virginia Electric & Power Company	$ 315,778,937	1	2.91%	$ 166,563,344	1	1.39%
Old Dominion Electric Co-op	143,018,376	2	1.32%	82,485,188	2	0.69%
Fauquier Medical Center	76,564,600	3	0.71%			
Warrenton Center LLC	34,170,600	4	0.32%			
Northern Virginia Electric Co-op	33,738,084	5	0.31%	13,573,532	5	0.11%
Verizon - Virginia, Inc.	31,561,973	6	0.29%	42,482,217	3	0.35%
Fauquier Long-Term Care, LLC	23,915,500	7	0.22%			
Oak Spring Farms LLC	23,240,100	8	0.21%	17,125,100	4	0.14%
Rappahannock Electric Co-op	22,464,502	9	0.21%	9,922,361	7	0.08%
Vint Hill Village LLC	20,314,900	10	0.19%			
Warrenton Development Company				10,099,500	6	0.08%
Warrenton Village LLC				9,445,000	8	0.08%
Airlie Foundation				9,019,300	9	0.08%
Walmart Real Estate Business				8,991,800	10	0.07%
Total	$ 724,767,572		6.69%	$ 369,707,342		3.07%

Source: Fauquier County Commissioner of the Revenue

Table 7-B

Principal Personal Property Taxpayers (1)
Current Year and Nine Years Ago

TAXPAYER	2015 Assessed Valuation	2015 Rank	2015 % of Total Assessed Valuation	2006 Assessed Valuation	2006 Rank	2006 % of Total Assessed Valuation
Fauquier Medical Center LLC	$ 8,066,241	1	1.06%			
H & E Equipment Services INC	4,924,377	2	0.65%			
Comcast OF CA/MD/PA/VA/WV LLC	4,086,830	3	0.54%	$ 5,254,077	2	0.75%
Luck Stone Corporation	3,284,694	4	0.43%			
Toyota Motor Credit Corp (TLT)	3,267,511	5	0.43%	1,833,698	8	0.26%
Vulcan Construction Materials LP	3,154,576	6	0.42%			
Walmart Stores East LP	2,858,527	7	0.38%			0.00%
RCS Trucking & Freight INC	2,375,260	8	0.31%			
HGS LLC	2,013,054	9	0.27%			
Ally Financial	1,823,969	10	0.24%			
Prince William Construction				5,428,243	1	0.77%
Piedmont Contracting, LLC				3,385,789	3	0.48%
Kips Erosion Control				2,483,505	4	0.35%
Hawk, Inc.				2,362,186	5	0.34%
TAC Ceramic Tile Co, Inc.				2,165,616	6	0.31%
Ford Motor Credit				1,898,881	7	0.27%
Imaging Acceptance Corporation				1,761,321	9	0.25%
JWB Acquisition, Inc.				1,674,247	10	0.23%
Total	$ 35,855,039		4.73%	$ 28,247,563		4.01%

(1) Original TY 2014 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
2006	$ 101,562,098	$ 271,015	$ 101,833,113	$ 98,217,478	96.45%	$ 3,053,848	$ 101,271,326	99.45%
2007	113,458,234	64,799	113,523,033	112,279,628	98.90%	330,097	112,609,725	99.20%
2008	121,628,113	175,901	121,804,014	119,513,886	98.12%	2,220,019	121,733,905	99.94%
2009	130,672,014	(41,902)	130,630,112	127,948,474	97.95%	2,390,535	130,339,009	99.78%
2010	125,478,009	150,076	125,628,085	122,961,071	97.88%	2,226,199	125,187,270	99.65%
2011	124,996,220	(53,444)	124,942,776	122,687,302	98.19%	1,912,081	124,599,383	99.73%
2012	126,178,322	221,367	126,399,689	124,456,425	98.46%	1,892,536	126,348,961	99.96%
2013	129,385,080	(103,274)	129,281,806	127,508,397	98.63%	1,102,963	128,611,360	99.48%
2014	134,056,098	(138,792)	133,917,306	131,810,247	98.43%	947,730	132,757,977	99.13%
2015	137,426,955	-	137,426,955	136,106,494	99.04%	-	136,106,494	99.04%

Notes: For fiscal year 2006, the current tax collections also include reimbursement from the Commonwealth under the Personal Property Tax Relief Act
The Personal Property Tax Relief Act amounts received for tax years 2011 to 2015 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

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	Notes Payable	Total Primary Government	Personal Income	Percentage of Personal Income (2)	Per Capita (2)
2006	$ 7,116,356	$ 2,715,000	$ 6,580,000	$ 50,491,816	$ -	$ 1,592,652	$ -	$ 68,495,824	$ 3,320,597,000	2.06%	$ 1,102
2007	6,519,611	2,585,000	47,597,670	46,199,866	1,192,000	1,218,917	51,937	105,365,001	3,367,026,000	3.13%	1,687
2008	5,899,442	2,450,000	45,071,088	77,880,952	1,192,000	830,182	35,656	133,359,320	3,456,672,000	3.86%	2,091
2009	5,255,423	2,465,787	42,465,543	71,818,244	880,005	421,446	18,362	123,324,810	3,335,811,000	3.70%	1,909
2010	8,444,774	2,286,065	39,289,520	66,431,981	596,000	-	-	117,048,340	3,466,704,000	3.38%	1,815
2011	9,235,569	8,186,317	36,140,583	61,428,505	298,000	-	-	115,288,974	3,679,353,000	3.13%	1,761
2012	4,870,290	7,742,774	35,743,215	77,848,199	-	6,065,440	-	132,269,918	3,804,575,000	3.48%	2,011
2013	3,843,205	7,301,780	32,555,866	76,580,596	-	5,925,854	-	126,207,301	3,818,298,000	3.31%	1,908
2014	2,911,274	6,858,665	29,368,052	71,241,989	-	5,387,159	-	115,767,139	*	*	1,739
2015	3,001,296	6,399,539	27,727,283	65,756,480	-	9,646,698	-	112,531,296	*	*	1,667

(1) The County does not have any direct and overlapping debt to report.
(2) See the schedule of Demographic and Economic Statistics on Table 13 for personal income and population data.

* Unavailable

COUNTY OF FAUQUIER, VIRGINIA

Table 10

Ratios of General Bonded Debt Outstanding (1)
Last Ten Fiscal Years

Fiscal Year	Schools 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)
2006	$ 6,580,000	$ 50,491,816	$ 57,071,816	1.72%	0.45%	$ 918
2007	47,597,670	46,199,866	93,797,536	2.79%	0.70%	1,502
2008	45,071,088	77,880,952	122,952,040	3.56%	0.91%	1,927
2009	42,465,543	71,818,244	114,283,787	3.43%	0.84%	1,769
2010	39,289,520	66,431,981	105,721,501	3.05%	0.98%	1,639
2011	36,140,583	61,428,505	97,569,088	2.65%	0.89%	1,491
2012	35,743,215	77,848,199	113,591,414	2.99%	1.03%	1,727
2013	32,555,866	76,580,596	109,136,462	2.86%	0.98%	1,650
2014	29,368,052	71,241,989	100,610,041	*	0.88%	1,511
2015	27,727,283	65,756,480	93,483,763	*	0.81%	1,385

(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 13 for population data.

* Unavailable

COUNTY OF FAUQUIER, VIRGINIA

Table 11

Pledged-Revenue Coverage
Last Ten Fiscal Years

	Solid Waste Bonds						
				Debt Service			
Fiscal Year	Landfill and Recycling Fund Revenues (1)	Less: Operating Expenses (2)	Net Available Revenues	Principal	Interest	Total	Coverage
2006	$ 6,736,161	$ 5,018,829	$ 1,717,332	$ 345,000	$ 77,275	$ 422,275	4.07
2007	6,788,579	4,841,936	1,946,643	360,000	63,475	423,475	4.60
2008	6,762,973	5,248,841	1,514,132	375,000	49,075	424,075	3.57
2009	5,135,953	4,514,737	621,216	395,000	32,200	427,200	1.45
2010	4,676,177	3,806,076	870,101	410,000	16,400	426,400	2.04
2011	4,202,943	3,575,192	627,751	-	-	-	-
2012	4,117,645	3,922,344	195,301	-	-	-	-
2013	4,101,859	4,073,371	28,488	-	212,629	212,629	0.13
2014	5,526,594	4,673,350	853,244	385,000	234,122	619,122	1.38
2015	4,393,028	4,279,550	113,478	45,000	68,478	113,478	1.00

(1) Includes total operating revenues, interest income, operating grants.
For FY2013, FY2014 and FY2015 revenues also include transfers from the General Fund.

(2) Operating expenses exclude non-cash expenses such as depreciation, closure/post-closure costs, and accrued pension expense; also excluded is applicable interest expense.

COUNTY OF FAUQUIER, VIRGINIA

Table 12

County Policy Debt Margin
Last Ten Fiscal Years

	Fiscal Year				
	2006	**2007**	**2008**	**2009**	**2010**
Primary Government general revenues	$ 130,354,175	$ 142,714,982	$ 151,241,607	$ 157,808,035	$ -
Budgeted revenues (1)	-	-	-	-	161,131,819
Debt limit (2)	13,035,418	14,271,498	15,124,161	15,780,804	16,113,182
Total net debt applicable to limit	8,095,810	9,029,884	12,044,958	15,119,500	14,881,996
County policy margin	$ 4,939,608	$ 5,241,614	$ 3,079,203	$ 661,304	$ 1,231,186
Total net debt applicable to the limit as a percentage of general revenues	6.21%	6.33%	7.96%	9.58%	9.24%

(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.

Fiscal Year					
2011	**2012**	**2013**	**2014**	**2015**	
$ -	$ -	$ -	$ -	$ -	Primary Government general revenues
154,965,925	157,396,115	159,945,659	163,855,490	170,353,442	Budgeted revenues (1)
15,496,593	15,739,612	15,994,566	16,385,549	17,035,344	Debt limit (2)
14,710,693	14,485,068	13,955,896	13,999,129	13,322,440	Total net debt applicable to limit
$ 785,900	$ 1,254,544	$ 2,038,670	$ 2,386,420	$ 3,712,904	County policy margin
9.49%	9.20%	8.73%	8.54%	7.82%	Total net debt applicable to the limit as a percentage of general revenues

COUNTY OF FAUQUIER, VIRGINIA

Table 13

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	County Civilian Labor Force	At-Place Employment Annual Average (3)	School Enrollment (4)
2006	62,184	$ 3,320,597	$ 52,079	2.7%	$ 36,857	$ 22,022	$ 10,940
2007	62,450	3,367,026	52,510	2.6%	37,179	21,710	11,117
2008	63,789	3,456,672	53,544	3.4%	38,105	21,396	11,263
2009	64,594	3,335,811	51,394	5.6%	37,699	20,271	11,244
2010	64,497	3,466,704	53,024	6.1%	36,270	20,133	11,222
2011	65,460	3,679,353	55,701	5.7%	36,651	20,771	11,241
2012	65,780	3,804,575	57,189	5.4%	36,815	21,381	11,201
2013	66,131	3,818,298	56,814	5.2%	36,816	21,212	11,032
2014	66,573	*	*	4.7%	36,770	21,070	11,084
2015	67,512	*	*	4.4%	36,230	20,634	11,185

Sources:
(1) Weldon Cooper Center for Public Service final population estimates as of July 1st for FY2005 through FY2014, and provisional estimate for FY2015, as of July 1, 2014.
(2) Bureau of Economic Analysis, calendar year data.
(3) Data for 2015 Unemployment Rate and County Civilian Labor Force is the six month average rate for January 2015 through June 2015. Data for 2015 At-Place employment is for the 1st quarter of 2015.
(4) FY2006 through FY2015 enrollment from the Fauquier County Public Schools Adopted Budgets.

* Unavailable

COUNTY OF FAUQUIER, VIRGINIA

Table 14

Principal Employers (1)
Current Year and Nine Years Ago

	2015		2006	
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	1000 and over	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	250 to 499
Buccaneer Computer System, Inc.	6	100 to 249		
Food Lion	7	100 to 249	8	100 to 249
Town of Warrenton	8	100 to 249		
Airlie Foundation	9	100 to 249	9	100 to 249
Lord Fairfax Community College	10	100 to 249		
Kips Erosion Control LC			6	100 to 249
General Excavation			7	100 to 249
Giant Food			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 2015 and 2nd Quarter of 2006)

COUNTY OF FAUQUIER, VIRGINIA

Table 15

County Government Employees by Function
Last Ten Fiscal Years

	Fiscal Year									
Function/Program	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
General government administration	119.1	116.6	114.8	115.2	109.8	112.2	113.2	113.5	114.5	116.8
Judicial administration	39.7	39.5	39.7	38.7	38.8	38.4	38.8	42.8	42.8	44.1
Public safety	153.0	158.0	184.6	192.3	189.5	190.5	206.5	237.5	237.5	247.9
Public works	52.5	56.5	58.6	63.6	67.1	60.1	60.1	62.1	61.5	65.5
Health and welfare	45.5	46.8	47.1	45.1	45.1	45.1	46.5	47.5	47.5	48.5
Parks, recreation, and cultural	58.2	65.6	65.6	63.5	61.7	58.7	60.6	62.0	62.0	62.9
Community development	46.6	52.7	51.0	51.0	42.1	41.1	42.1	40.6	40.6	44.6
Other funds										
Airport	2.1	2.6	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Joint Communications (1)	24.6	24.6	-	-	-	-	-	-	-	-
Ambulance billing	-	-	-	-	-	1.0	1.0	1.0	1.0	1.0
Environmental Services	22.0	28.0	31.0	25.0	17.5	16.5	17.5	17.5	17.5	23.5
Fleet Maintenance	16.0	15.0	15.0	15.0	14.0	14.0	14.0	14.0	14.0	14.0
Conservation Easement Service District	-	0.8	1.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0
Subtotal	64.7	71.0	49.0	43.0	35.5	35.5	36.5	36.5	36.5	42.5
Total Primary Government	579.3	606.7	610.4	612.4	589.6	581.6	604.3	642.5	642.9	672.9
Education										
Component Unit - School Board										
Education	1,625.1	1,644.2	1,640.0	1,725.0	1,853.3	1,863.1	1,863.1	1,816.3	1,819.5	1,831.1
Total Reporting Entity	2,204.4	2,250.9	2,250.4	2,337.4	2,442.9	2,444.7	2,467.4	2,458.8	2,462.4	2,504.0

(1) As of FY 2008 Joint Communications is no longer reported as a separate fund.

Sources: For County Government employees information: Fauquier County Adopted Budgets

For Component Unit - School Board employees information:
FY2006 through FY2009: Fauquier County Public Schools Adopted Budgets
FY2010 through FY2015: Fauquier County Adopted Budgets

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COUNTY OF FAUQUIER, VIRGINIA

Table 16

Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year				
Function	**2006**	**2007**	**2008**	**2009**	**2010**
General government administration					
Commissioner of the revenue					
Real estate number of parcels	31,402	32,218	32,404	31,484	31,639
Land use number of parcels	3,861	3,855	3,886	3,930	3,941
PPTRA qualifying vehicles	69,280	68,806	69,141	68,662	67,161
County attorney					
Total litigation files opened	73	45	45	71	30
Finance					
Vendor checks issued	19,927	20,227	19,525	18,604	19,131
Payroll annual checks/direct deposits	44,900	47,360	48,296	47,434	49,430
Human resources					
Employment applications received	7,775	8,626	13,438	14,690	15,290
New employees orientated	1,027	1,147	941	996	633
Information technology					
Web pages updated	2,500	*	*	*	*
Web site hits	7,000,000	1,671,308	1,705,740	1,014,468	1,253,348
Treasurer					
Real estate bills mailed	61,172	60,080	62,239	63,105	62,080
Personal property bills mailed	61,498	59,773	60,961	60,942	60,916
Vehicle decals issued	67,401	-	-	-	-
Dog tags issued	874	969	2,025	2,941	3,495
Judicial administration					
Adult court services					
Average daily caseload	301	395	366	372	385
Circuit court (2)					
Civil cases	881	941	1,052	906	798
Criminal cases	1,028	1,005	904	989	1,099
Clerk of the circuit court (by calendar year)					
Deed book recording	19,778	15,132	10,928	12,328	11,493
Judgments	1,911	2,461	2,510	2,734	2,706
Criminal cases	1,028	1,005	930	1,069	1,000
Concealed weapon permits	224	387	644	662	526
Public safety					
Detention center					
Prisoner transports	6,237	6,201	5,311	4,835	4,297
Average daily inmate population	75	104	111	112	110
Juvenile detention					
Youth detained	76	98	45	75	72
Child care days	2,179	3,851	1,000	622	740
Juvenile probation					
Probation and parole per month	92	97	100	105	177
Community service hours	2,608	2,482	2,482	*	*

(1) Operating indicators for the current year-end will not be available until the publication of the subsequent year's budget. Therefore, no FY2015 information is available.

(2) Circuit court data based on calendar year.

(3) Prior to FY2008 Joint Communications was reported as a separate fund.

(4) As of FY2009 CSA revised reporting categories.

Sources: Fauquier County Adopted Budgets; Fauquier County Departments; Fauquier County School Board Superintendent's Annual Reports

* Unavailable

Fiscal Year					
2011	2012	2013	2014	2015(1)	Function
					General government administration
					Commissioner of the revenue
32,638	32,805	32,897	32,967	*	Real estate number of parcels
3,953	3,941	3,925	3,950	*	Land use number of parcels
69,326	70,846	71,931	70,800	*	PPTRA qualifying vehicles
					County attorney
32	32	11	9	*	Total litigation files opened
					Finance
17,518	16,349	17,555	17,971	*	Vendor checks issued
52,750	53,826	53,104	68,750	*	Payroll annual checks/direct deposits
					Human resources
18,941	15,248	11,814	9,125	*	Employment applications received
535	607	548	526	*	New employees orientated
					Information technology
*	*	*	*	*	Web pages updated
1,094,809	1,154,107	1,043,798	1,056,552	*	Web site hits
					Treasurer
63,064	63,165	63,101	63,486	*	Real estate bills mailed
61,782	62,500	63,494	64,910	*	Personal property bills mailed
-	-	-	-	-	Vehicle decals issued
3,374	3,293	3,340	3,434	*	Dog tags issued
					Judicial administration
					Adult court services
415	522	564	425	*	Average daily caseload
					Circuit court (2)
1,002	699	884	640	*	Civil cases
964	1,165	1,168	1,211	*	Criminal cases
					Clerk of the circuit court (by calendar year)
10,858	13,883	14,153	10,188	*	Deed book recording
2,343	2,129	1,758	1,927	*	Judgments
1,054	1,187	1,166	1,221	*	Criminal cases
593	958	1,607	1,078	*	Concealed weapon permits
					Public safety
					Detention center
4,238	5,370	6,119	6,967	*	Prisoner transports
110	110	103	104	*	Average daily inmate population
					Juvenile detention
53	44	44	50	*	Youth detained
788	258	259	300	*	Child care days
					Juvenile probation
116	62	102	75	*	Probation and parole per month
*	*	*	*	*	Community service hours

Table 16

Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year				
Function	**2006**	**2007**	**2008**	**2009**	**2010**
Public safety (continued)					
Fire, rescue, and emergency services					
911 calls for service	15,552	16,820	15,773	13,823	10,653
Hazardous material response	500 hrs.	500 hrs.	43 calls	39 calls	22 calls
Emergency response	300 calls	300 calls	*	*	*
Sheriff					
Traffic summonses issued	10,357	9,835	6,862	11,361	9,075
Misdemeanor arrests	1,470	1,880	1,671	2,068	2,159
Felony arrests	807	890	733	850	790
Civil papers served	15,855	14,807	16,580	17,365	15,732
Calls for service	41,182	44,010	44,421	58,015	59,031
Animal control calls for service	3,691	3,917	3,845	3,936	3,396
Joint communications (3)					
Telephone calls processed	201,225	203,809	197,531	176,009	170,553
Dispatch actions performed	651,756	737,995	745,337	776,786	810,569
Calls for service	74,232	84,827	85,671	99,211	104,980
Public works					
Environmental services - convenience sites					
Solid waste - tons	72,682	66,063	100,745	73,027	64,366
Recycled materials - tons	10,855	10,183	34,093	24,677	18,337
Resident visits	672,645	664,778	649,384	597,580	555,266
General services					
Facility work orders completed	9,462	9,553	9,555	8,580	8,620
Fleet vehicles/small engines	671	751	773	759	770
Preventive maintenance schedule	1,426	1,811	1,492	1,216	1,513
Surplus property	2,558	*	*	*	*
Health and welfare					
Comprehensive services act					
Comprehensive Services for At-Risk Youth and Families (CSA):					
Congregate care (4)	-	-	-	-	35
Foster care - therapeutic, specialized, regular (4)	-	-	-	-	82
Regular and residential foster care	80	53	102	54	-
Preventive foster care	38	38	45	40	-
Social services					
Adoption assistance	37	26	29	29	24
Adults receiving services	220	233	263	350	431
Approved foster/adoptive homes	29	*	*	*	*

(1) Operating indicators for the current year-end will not be available until the publication of the subsequent year's budget. Therefore, no FY2015 information is available.

(2) Circuit court data based on calendar year.

(3) Prior to FY2008 Joint Communications was reported as a separate fund.

(4) As of FY2009 CSA revised reporting categories.

Sources: Fauquier County Adopted Budgets; Fauquier County Departments; Fauquier County School Board Superintendent's Annual Reports

* Unavailable

Fiscal Year					
2011	2012	2013	2014	2015(1)	Function
					Public safety
					Fire, rescue, and emergency services
10,693	27,180	26,553	24,196	*	911 calls for service
10 calls	8 calls	20 calls	25 calls	*	Hazardous material response
*	*	*	*	*	Emergency response
					Sheriff
8,183	7,224	6,992	6,864	*	Traffic summonses issued
2,499	3,082	2,283	2,345	*	Misdemeanor arrests
882	1,068	930	1,089	*	Felony arrests
16,572	15,667	15,364	21,548	*	Civil papers served
59,448	66,260	71,048	65,565	*	Calls for service
3,501	3,765	3,177	3,116	*	Animal control calls for service
					Joint communications (3)
157,299	158,821	158,493	160,078	*	Telephone calls processed
793,509	857,133	886,108	912,691	*	Dispatch actions performed
101,786	110,305	133,542	116,948	*	Calls for service
					Public works
					Environmental services - convenience sites
53,454	52,245	52,749	52,588	*	Solid waste - tons
20,274	21,980	24,470	25,240	*	Recycled materials - tons
509,204	512,827	523,106	527,506	*	Resident visits
					General services
7,979	8,499	8,405	8,500	*	Facility work orders completed
665	641	618	725	*	Fleet vehicles/small engines
1,699	1,891	2,009	2,000	*	Preventive maintenance schedule
*	*	*	*	*	Surplus property
					Health and welfare
					Comprehensive services act
					Comprehensive Services for At-Risk Youth and Families (CSA):
25	26	28	45	*	Congregate care (4)
56	71	81	112	*	Foster care - therapeutic, specialized, regular (4)
-	-	-	*	*	Regular and residential foster care
-	-	-	*	*	Preventive foster care
					Social services
34	33	42	44	*	Adoption assistance
386	461	443	518	*	Adults receiving services
*	*	*	*	*	Approved foster/adoptive homes

Table 16

Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year				
Function	**2006**	**2007**	**2008**	**2009**	**2010**
Parks, recreation, and cultural					
Library					
Materials cataloged/processed	16,515	14,364	12,793	13,483	12,701
Periodicals cataloged/processed	3,869	4,820	4,137	7,882	7,590
Library patron visits	248,112	268,635	278,842	277,461	278,078
Parks and recreation					
Park attendance	615,263	646,026	890,292	513,813	739,564
Shelter rentals	210	190	257	232	249
Education					
Per pupil expenditures	9,546	10,427	10,925	10,935	10,804
High school completion rate	93%	94%	95%	94%	90%
SAT scores	1,534	1,515	1,525	1,535	1,528
Federal subsidized meals program	15.5%	16.2%	16.7%	19.8%	22.2%
Community development					
Web page updated	462	408	300	*	*
Rezoning/comp plans	9	15	7	14	10
Preliminary/final subdivisions	26	14	5	6	2
Zoning permits issued	2,763	1,416	1,723	1,366	1,000
Building plans reviewed	2,788	2,071	1,607	1,289	1,134
Land disturbing permits issued	83	130	87	38	42
Marketing response to web site	84,118	88,638	150,801	165,212	160,420
Other funds					
Environmental services					
Residents using the landfill	6,979	6,846	6,743	5,456	6,404
Total tons recycled	10,855	10,183	34,093	24,677	18,337
Recycling rate	25%	28%	31%	32%	35%
Fleet maintenance					
Internal service fund county users	26	42	28	46	42
Internal service fund non-county users	7	16	9	26	22
Total vehicles serviced	4,385	4,603	4,338	5,016	5,300

(1) Operating indicators for the current year-end will not be available until the publication of the subsequent year's budget. Therefore, no FY2015 information is available.

(2) Circuit court data based on calendar year.

(3) Prior to FY2008 Joint Communications was reported as a separate fund.

(4) As of FY2009 CSA revised reporting categories.

Sources: Fauquier County Adopted Budgets; Fauquier County Departments; Fauquier County School Board Superintendent's Annual Reports

* Unavailable

Fiscal Year					
2011	2012	2013	2014	2015(1)	Function
					Parks, recreation, and cultural
					Library
13,642	16,443	11,562	11,981	*	Materials cataloged/processed
3,423	3,514	3,455	3,336	*	Periodicals cataloged/processed
255,009	265,770	264,436	261,090	*	Library patron visits
					Parks and recreation
714,352	791,948	729,807	667,485	*	Park attendance
283	334	336	357	*	Shelter rentals
					Education
11,284	11,014	11,746	11,920	*	Per pupil expenditures
91%	93%	96%	97%	*	High school completion rate
1,532	1,537	1,532	1,549	*	SAT scores
21.6%	24.9%	23.4%	24.8%	*	Federal subsidized meals program
					Community development
*	*	*	*	*	Web page updated
8	7	4	12	*	Rezoning/comp plans
12	3	5	20	*	Preliminary/final subdivisions
881	1,021	1,493	1,583	*	Zoning permits issued
1,225	1,103	1,288	1,446	*	Building plans reviewed
114	82	109	111	*	Land disturbing permits issued
168,446	169,088	191,150	217,750	*	Marketing response to web site
					Other funds
					Environmental services
3,714	2,615	2,581	1,877	*	Residents using the landfill
20,274	21,980	24,470	25,240	*	Total tons recycled
39%	44%	43%	43%	*	Recycling rate
					Fleet maintenance
46	42	40	42	*	Internal service fund county users
26	12	12	12	*	Internal service fund non-county users
5,016	5,908	5,471	6,000	*	Total vehicles serviced

COUNTY OF FAUQUIER, VIRGINIA

Table 17

Capital Asset Statistics by Function
Last Ten Fiscal Years

	Fiscal Year									
Function	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Judicial administration										
Detention center capacities	56	56	56	56	56	56	56	56	56	56
Public safety										
Fire and rescue companies	13	13	11	11	11	11	11	11	11	11
Public works										
Active vehicles	279	272	253	260	271	287	263	270	277	454
County owned buildings	49	54	54	57	57	57	57	57	57	57
Sq. ft. in buildings	384,574	392,532	392,532	396,744	396,744	396,744	396,744	396,744	396,744	455,883
Parks, recreation, and cultural										
Libraries	3	3	3	3	3	3	3	3	3	3
Volumes	194,618	202,794	205,791	211,950	211,562	214,029	208,313	208,691	210,698	210,356
Parks and recreation facilities	32	33	34	32	35	35	35	35	35	35
Land acres	576	897	899	732	825	885	899	932	932	886
Water acres	190	190	193	113	113	116	116	110	110	115
Trails (miles)	8.50	8.75	12.00	12.75	13	14	14	14	20	20
Fields	58	58	58	71	59	63	63	58	58	57
Boats	36	59	59	33	34	35	58	35	36	34
Shelters	10	20	20	15	19	19	19	21	21	19
Swimming pools	1	1	1	2	2	2	2	2	2	2
Education										
Elementary schools										
Buildings	10	10	10	11	11	11	11	11	11	11
Sq. ft. in buildings	625,222	625,222	625,222	717,016	717,016	717,016	717,016	717,016	717,016	717,016
Capacity	5,495	5,495	5,495	6,095	6,095	6,095	6,095	6,095	6,176	6,176
Middle schools										
Buildings	5	5	5	5	5	5	5	5	5	5
Sq. ft. in buildings	493,865	493,865	493,865	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	3,183	3,183	3,183	3,045	3,194
High schools										
Buildings	2	2	2	3	3	3	3	3	3	3
Sq. ft. in buildings	523,995	523,995	523,995	742,272	742,272	742,272	742,272	817,163	834,710	848,210
Capacity	3,000	3,000	3,000	4,500	4,500	4,500	4,500	4,554	4,342	4,342
Alternative schools										
Buildings	1	1	1	1	1	1	1	1	1	1
Sq. ft. in buildings	17,547	17,547	17,547	17,547	17,547	17,547	19,563	19,563	19,563	19,563
Capacity	191	191	191	191	191	191	191	191	191	191
Number of school buses	164	173	178	174	180	184	178	181	182	170
Airport										
Miles of runways	0.96	0.96	0.96	0.96	0.96	0.96	0.96	0.96	0.96	0.95
Number of hangars	7	10	10	10	10	10	10	10	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

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 County of Fauquier, Virginia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise County of Fauquier, Virginia's basic financial statements, and have issued our report thereon dated November 16, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 County of Fauquier, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 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, 2015

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

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

Report on Compliance for Each Major Federal Program

We have audited County of Fauquier, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of County of Fauquier, Virginia's major federal programs for the year ended June 30, 2015. 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of County of 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about County of 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 County of Fauquier, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, 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, 2015.

Report on Internal Control over Compliance

Management of 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 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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of County of 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
November 16, 2015

COUNTY OF FAUQUIER, VIRGINIA

Schedule of Expenditures of Federal Awards
Primary Government and Discretely Presented Component Unit
For the Period Ended June 30, 2015

Federal Granting Agency/Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
Primary Government:			
ENVIRONMENTAL PROTECTION AGENCY:			
Passed through the Commonwealth of Virginia:			
Department of Environmental Quality:			
Chesapeake Bay Program	66.466	15723	$ 4,746
Total Environmental Protection Agency			4,746
DEPARTMENT OF AGRICULTURE:			
Passed through Virginia Polytechnic Institute and State University			
Beginning Farmer and Rancher Development Program	10.311	545930-19998	13,613
SNAP Cluster:			
Department of Social Services			
State Administrative Matching Grants for the Supplemental Nutritional Assistance Program (SNAP)	10.561	10114	458,724
Total Department of Agriculture			472,337
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Passed through the Commonwealth of Virginia:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	950114	601
Temporary Assistance for Needy Families	93.558	400115	267,958
Refugee and Entrant Assistance - State Administered Programs	93.566	500115	2,916
Low-Income Home Energy Assistance	93.568	600415	22,653
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	760115	39,874
Chafee Education and Training Vouchers Program (ETV)	93.599	9160114	817
Adoption and Legal Guardianship Incentive Payments	93.603	1130113	1,901
Stephanie Tubbs Jones Child Welfare Services Program	93.645	900115	2,104
Foster Care-Title IV-E	93.658	1100115	647,589
Adoption Assistance	93.659	1120115	250,974
Social Services Block Grant	93.667	1000115	340,664
Chafee Foster Care Independence Program	93.674	9150115	2,730
Children's Health Insurance Program	93.767	540115	16,126
Medical Assistance Program	93.778	1200115	533,729
Total Department of Health and Human Services			2,130,636
DEPARTMENT OF HOMELAND SECURITY:			
Direct payments:			
Assistance to Firefighters Grant	97.044	Not Applicable	70,750
Passed through the Commonwealth of Virginia:			
Department of Emergency Management:			
Emergency Management Performance Grants	97.042	Unknown	17,725
Emergency Management Performance Grants	97.042	663.4	18,866
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4072-DR-VA	26,590
Total Department of Homeland Security			133,931
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
Passed through the Commonwealth of Virginia:			
Department of Housing and Community Development:			
Emergency Solutions Grant Program	14.231	15-VHSP-028	12,970
Total Department of Housing and Urban Development			12,970
DEPARTMENT OF THE INTERIOR:			
Direct payments:			
Payments in Lieu of Taxes	15.226		2,409
Total Department of the Interior			$ 2,409

Federal Granting Agency/Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
Primary Government: (continued)			
DEPARTMENT OF JUSTICE:			
Direct payments:			
State Criminal Alien Assistance Program	16.606	Not Applicable	$ 3,988
Bulletproof Vest Partnership Program	16.607	Not Applicable	8,211
Passed through the Commonwealth of Virginia:			
Department of Criminal Justice Services			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	14-F1217LO13	944
Recovery Act: Internet Crimes Against Children Task Force Program (ICAC)	16.800	Unknown	6,000
Total Department of Justice			19,143
DEPARTMENT OF TRANSPORTATION:			
Direct payments:			
Airport Improvement Program	20.106	Not Applicable	96,348
Passed through the Commonwealth of Virginia:			
Department of Transportation:			
Highway Planning and Construction	20.205	UPC 91228	3,759
	20.205	UPC 91227	18,622
	20.205	UPC 102828	37,281
	20.205	UPC 105922	69,274
Total Highway Planning and Construction			128,936
Department of Motor Vehicles:			
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	K8-2015-55049-5788	38,937
Total Department of Transportation			264,221
DEPARTMENT OF THE TREASURY			
Direct Payments:			
Secret Service Task Force	21.000	Not Applicable	4,500
Total Department of the Treasury			4,500
Total Expenditures of Federal Awards - Primary Government			3,044,893
Component Unit - School Board:			
DEPARTMENT OF AGRICULTURE:			
Passed through the Commonwealth of Virginia:			
Child Nutrition Cluster:			
Department of Education:			
School Breakfast Program (SBP)	10.553	17901-40591	305,321
National School Lunch Program (NSLP)	10.555	17901-40623	1,323,275
Department of Agriculture and Consumer Services:			
National School Lunch Program (NSLP) - Commodities	10.555	Unknown	244,273
Total National School Lunch Program (NSLP)			1,567,548
Total Department of Agriculture			1,872,869
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Direct Payments:			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	Not Applicable	25,958
Total Department of Health and Human Services			25,958
DEPARTMENT OF DEFENSE:			
Direct Payments:			
Junior ROTC Program	12.000	Not Applicable	70,173
Mathematical Sciences Grants Program	12.901	Not Applicable	97,501
Total Department of Defense			$ 167,674

Federal Granting Agency/Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
Component Unit - School Board: (continued)			
DEPARTMENT OF EDUCATION:			
Passed through the Commonwealth of Virginia:			
Department of Education:			
Title I Grants to Local Educational Agencies	84.010	17901-42901	$ 808,251
Special Education Cluster (IDEA):			
Special Education-Grants to States (IDEA, Part B)	84.027	17901-43071	2,120,738
Special Education - Preschool Grants (IDEA Preschool)	84.173	17901-62521	36,508
Career and Technical Education - Basic Grants to States	84.048	17901-61095	97,244
English Language Acquisition State Grants	84.365	17901-60512	41,371
Improving Teacher Quality State Grants	84.367	17901-61480	220,022
Total Department of Education			3,324,134
NATIONAL ENDOWMENT FOR THE ARTS			
Passed through the Commonwealth of Virginia:			
Virginia Commission for the Arts:			
Promotion of Arts Grants to Organizations and Individuals	45.024		120
Total National Endowment for the Arts			120
Total Expenditures of Federal Awards - Component Unit - School Board			5,390,755
Total Expenditures of Federal Awards - Reporting Entity			$ 8,435,648

Notes to Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2015

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Fauquier, Virginia under programs of the Federal Government for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of 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 OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments,* wherein certain types of expenditures are not allowable, or are limited as to reimbursement.

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

Note 3- Food Donation

Nonmonetary assistance is reported in the schedule at 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	$ 2,790,898
Capital Projects Fund	57,265
Debt Service Fund	393,975
Airport Fund	96,348
Total primary government	3,338,486
Component Unit − School Board:	
School General Fund	3,517,887
School Nutrition Fund	1,872,869
Total component unit school board	5,390,756
Total federal revenues per basic financial statements	8,729,242
Reconcile Federal revenues to expenditures	
Add: Federal expenditures in the current fiscal year for which associated revenue was unavailale	100,381
Less: Federal Tax Credit Subsidy on QSCB Bond	(393,975)
Total reconciling items	(293,594)
Total expenditures reimbursed by federal revenues	8,435,648
Total federal expenditures per the Schedule of Expenditures of Federal Awards	$ 8,435,648

COUNTY OF FAUQUIER, VIRGINIA

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

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	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 Circular A-133, Section .510 (a)?	No

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
93.667	Social Services Block Grant
10.553/10.555	Child Nutrition Cluster
84.027/84.173	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$300,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Prior Year Findings

There are no prior year findings to report.

FAUQUIER COUNTY
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VIRGINIA