COUNTY OF FAUQUIER, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2013

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, 2013

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November 12, 2013

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, 2013. 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, 2013 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 1.3% since 2004 (last ten years), and 0.6% since 2009 (last five years), to the current level of 66,131. Despite population growth, the County remains primarily rural in nature. Approximately 53.7% 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

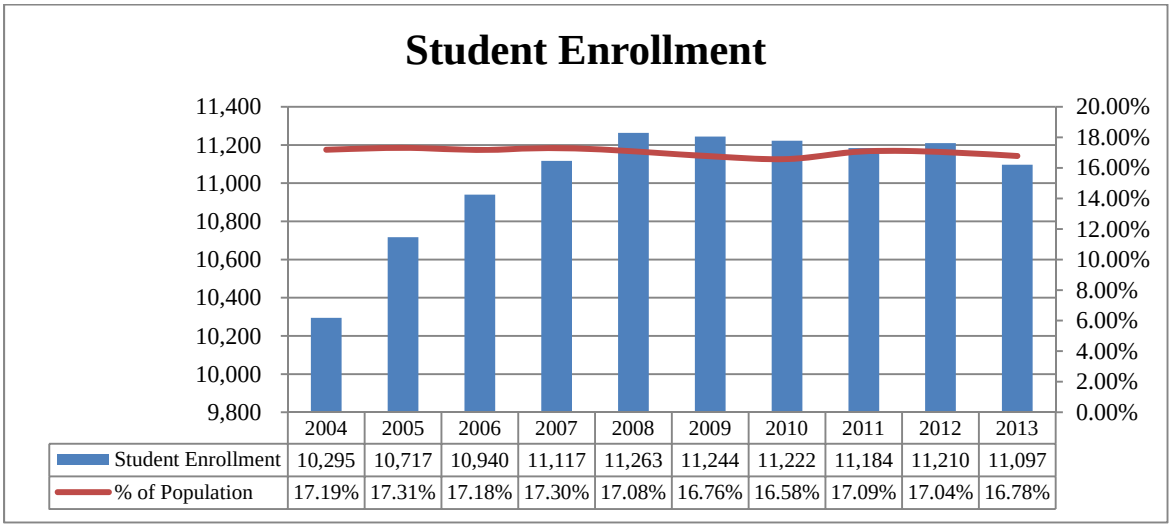
Fauquier County is financially accountable for a legally separate school district, which is reported separately within the financial statements as a component unit. The Fauquier County Public Schools (FCPS) is the single largest service provided by the County. The mission of the FCPS is committed to 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.

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.

The combined enrollment of FCPS as of June 2013 totaled 11,097 students. The FCPS High School Completion Rate as of June 2012 is 93.1%, with 80.0% of graduates seeking higher education. The following chart shows student enrollment (Data Source - Table 13)

which grew between fiscal years 2004 and 2008 and declined in fiscal years 2009 to 2011. The student enrollment for FY 2012 was up 26 students over the FY 2011 count of 11,184 students; however, student enrollment in FY 2013 declined by 113 students.



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Student Enrollment	10,295	10,717	10,940	11,117	11,263	11,244	11,222	11,184	11,210	11,097
% of Population	17.19%	17.31%	17.18%	17.30%	17.08%	16.76%	16.58%	17.09%	17.04%	16.78%

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. In November, all agencies submit 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.

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 requested level of funding 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.

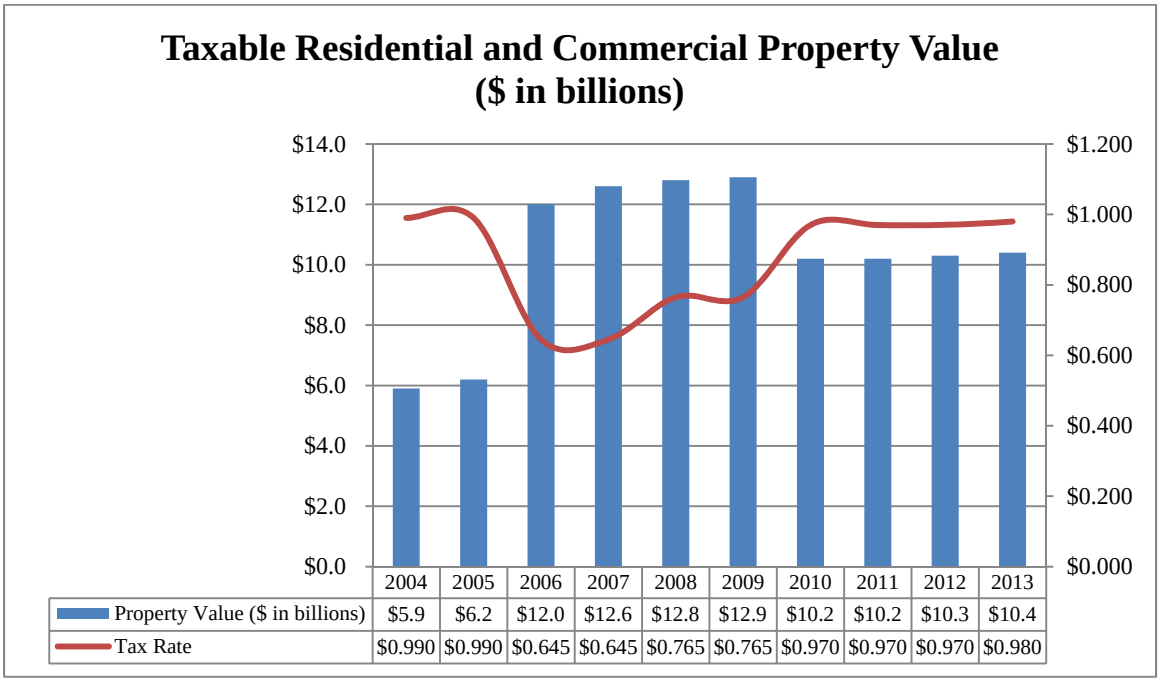
Factors Affecting Financial Condition

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 has been significantly impacted by the turmoil in the national housing market in comparison to the unprecedented growth that has characterized the region in past years. After witnessing double-digit annual increases in home values, the local real estate housing market today continues to be impacted by the challenging economic environment.

The County's real estate valuation is reassessed on a quadrennial basis. The most recent reassessment was conducted in 2009, effective January 1, 2010. It reflected a 21.0% decrease in taxable real property values from a four-year average of $12.6 billion from 2006 to 2009 to $10.2 billion in 2010. Property values are slightly up to $10.4 billion in 2013 and are expected to show slow growth in the coming year. The 2009 reassessment resulted in significantly varying trends among different classes of property, with commercial values up by less than 1.0%, agricultural valuations down by 29.0%, and residential valuations down by 26.0%. This decline was anticipated due to the depressed housing market and necessitated an increase in 2010 in the real property tax rate to 97 cents per $100 in assessed value, up from 76.5 cents per $100 in assessed value in 2009; this rate increase was necessary to ensure that the County received sufficient revenue to maintain services and meet its obligations. The real property tax rate is slightly higher than in 2012, at 98 cents per $100 of assessed value in 2013. The graph below shows varying property values and corresponding tax rates for the last ten years.



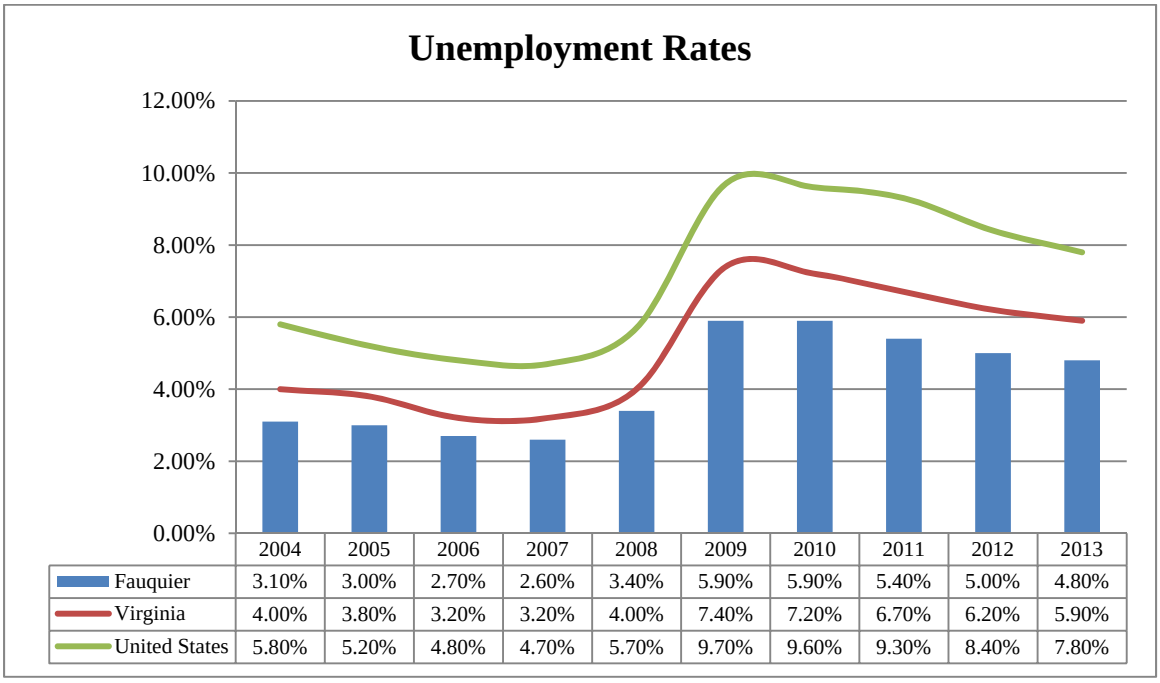
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Property Value ($ in billions)	$5.9	$6.2	$12.0	$12.6	$12.8	$12.9	$10.2	$10.2	$10.3	$10.4
Tax Rate	$0.990	$0.990	$0.645	$0.645	$0.765	$0.765	$0.970	$0.970	$0.970	$0.980

Business real property valuations did not decline to the extent of other property classes in the 2010 valuation. The personal property tax rate for business property was adjusted downward to help offset the relatively large increase in the business real property levy associated with the increased real property tax rate. A new category of personal property, business furniture, fixtures, and equipment, was created with a lower personal property tax rate to achieve this policy objective of not adversely impacting the business community which experienced a large increase in the real property tax levy. The collection rate for property tax levies, within the fiscal year of the levy, increased slightly in fiscal year 2013 to 98.55% from 98.47% in fiscal year 2012.

Several key economic indicators show that the County's economy has showed signs of improvement from the recent downturn of the mid-to-late 2000's. Community development fees in 2013 were up 22% from 2012. New residential construction permits continued to improve during 2013. Recycling tonnage improved, and in particular, improvement in the tonnage of construction and demolition recycling area may be indicative of a correlation to the increase in permitting activity. Sales tax collections continue to experience year-over-year increases, up 7.5% in 2013, and are partly the result of an increase in taxable sales over the prior year, with improvement in the key areas of building materials and food and beverage establishments. Median home sale prices have also shown improvement in 2013, as have the number of home sales and higher volume of active listings. Finally, the number of new business licenses issued grew in 2013.

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, 2013, 52.9% of the County's total population was employed (34,956 out of 66,131), and 95.2% of the civilian labor force was employed (34,956 out of 36,708).

According to 2011 data obtained from the U.S. Census Bureau and the Virginia Employment Commission (as reported on the *Fauquier County Department of Economic Development* website), approximately 79.4% 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. The County's unemployment rate is 4.8% as of June 2013. This figure is below last year's rate of 5.0% and Virginia's unemployment rate of 5.9% and well below the National unemployment rate of 7.8%. This reflects slight job growth, as the economy continues its slow recovery from the recent economic downturn of 2009 through 2011.

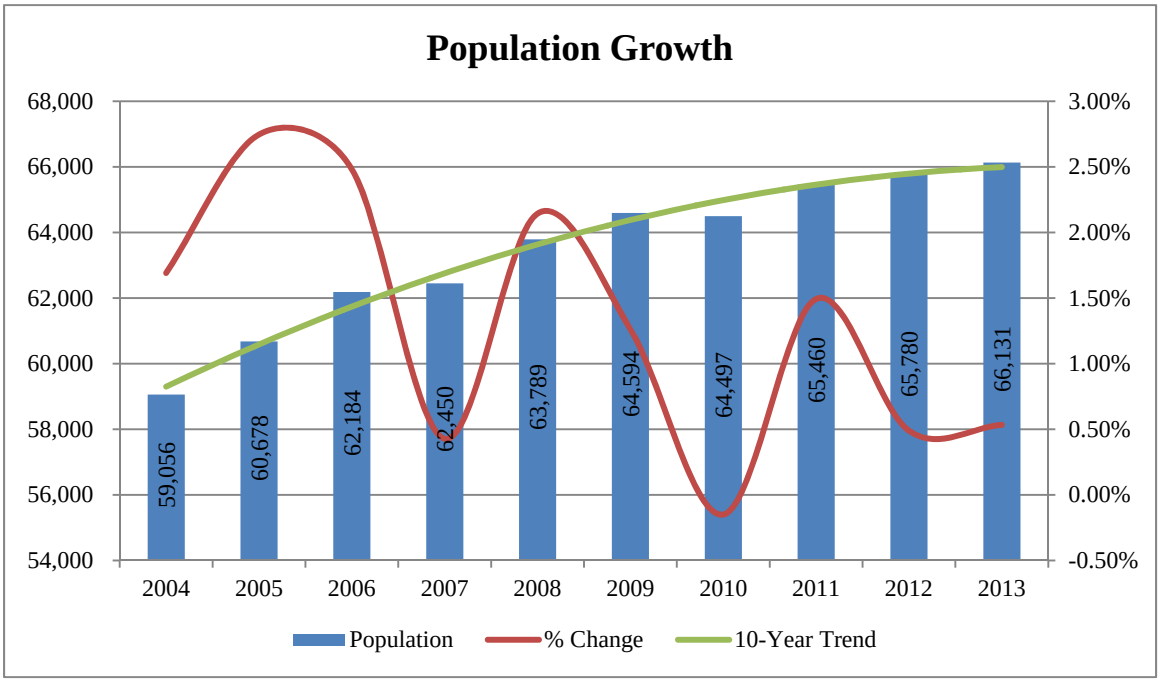


	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Fauquier	3.10%	3.00%	2.70%	2.60%	3.40%	5.90%	5.90%	5.40%	5.00%	4.80%
Virginia	4.00%	3.80%	3.20%	3.20%	4.00%	7.40%	7.20%	6.70%	6.20%	5.90%
United States	5.80%	5.20%	4.80%	4.70%	5.70%	9.70%	9.60%	9.30%	8.40%	7.80%

Source: U.S. Bureau of Labor Statistics - June, 2013 (not seasonally adjusted)

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 12.0%, with an average annual growth rate of about 1.3%, though there is a high degree of fluctuation in the rate from year to year. However, the rate of growth has slowed considerably, with the average annual growth rate over the past five years decreasing to 0.6%. 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 91.0% having fewer than 20 employees. The County's economic development program seeks to attract small to mid-sized companies to locate into planned development sites within the County. In FY 2013, there were 119 new startup firms in the County.

Below are additional highlights of economic development benefits since 2012:

- The County Board of Supervisors voted in November to begin negotiations for a site that would house Fauquier's first business incubator/accelerator, set to launch in February 2014. The facility would include private offices for nine small to medium-sized Fauquier firms, plus co-working arrangements for up to nine more entrepreneurs. This is a partnership with the George Mason University Mason Enterprise Center, which will bring its experience and extensive network of business counselors to the new facility in Warrenton.

- In August, Fauquier County signaled its intent to expand its role in the international marketplace by signing a sister city agreement with the City of Liyang, China. At a dinner held on the grounds of Airlie Center, County leaders met with leaders and businesses from Liyang to chart a course of partnership, cultural exchange and joint business collaboration.

- In July, the Department began the process of creating a Comprehensive Economic Development Strategy. The work program will include two dozen interviews with business and community leaders, at least two focus groups, a review of best practices and extensive analysis of the county's viable business opportunities. The Draft Strategy will be rolled out in March at a community economic development summit.

- The County stepped up its efforts to launch and expand businesses in Fauquier by completing approval of a diverse set of incentives for Old Busthead Brewery, a micro-brewery that will open at Vint Hill in March. This, along with our 26 wineries, will support a more extensive tourism marketing program that has already begun with ads in six northern Virginia newspapers.

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 13.0% of County revenue speaks well for the economic efficiency of this community. Tourism continues to represent a growing segment of the economic sector in Fauquier County with a total of 26 vineyards and wineries in the County, along with driving tours, and getaway packages. Based on Virginia Employment Commission data, Fauquier has the potential to be competitive in the Accommodations and Food Service industry that supports tourism. Also, long-term industry employment projections are strong for health care and social assistance; arts, entertainment, recreation; as well as professional, scientific, and technical services. More recently, the County has also targeted Defense and other government contractors as a vital sector, with over 100 such firms already doing business in the community.

The County has recently had its bond rating recalibrated by Moody's Investors Service to Aa1 and Fitch Ratings to AA+. Standard & Poor's bond rating is AA. These ratings are a reflection of the County's sound financial management policies that have helped the County weather the current difficult economic times. In addition, Standard & Poor's has given the County its highest Financial Management Assessment rating of "strong" due to the County's formal fiscal policies reflecting the County's commitment to maintain a fiscally conservative position.

Fund Structure Revisions

FY 2013 marked the third year of a significant revision to the County's fund structure. These changes include the creation of a single 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. The fiscal year 2014-2019 capital budget for new County and School projects totals $99.0 million. These projects include:

- $20.0 million for school system projects,
- $47.0 million for the county government,
- $6.5 million for utility projects
- $19.5 million for the County's fire and rescue and joint communications system, and
- $6.0 million for development of the Stafford Site.

The adopted CIP includes $10.1 million in cash funding (10.2% 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 FY 2014 Capital Improvement Fund budget totals $400,000 (cash funding) for the initial phase of a project to replace the existing joint use facilities of fleet maintenance and general services.

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 FY 2003. The policy, which was subsequently updated in FY 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 FY 2013 the County implemented GASB Statements No. 60 through No. 64, as applicable. In FY 2014, the County will implement GASB Statements No. 65, No. 66, No. 67, No. 69, and No. 70, as applicable. GASB Statement No. 68 will be implemented in FY 2015. Additional information relative to the Statements is contained in Note 24 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, 2012. This was the fifteenth 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 FY 2013. Fauquier County has received this award for eighteen years. GFOA also

awarded its Distinguished Budget Presentation Award to the Fauquier County School Division for the seventh consecutive year.

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

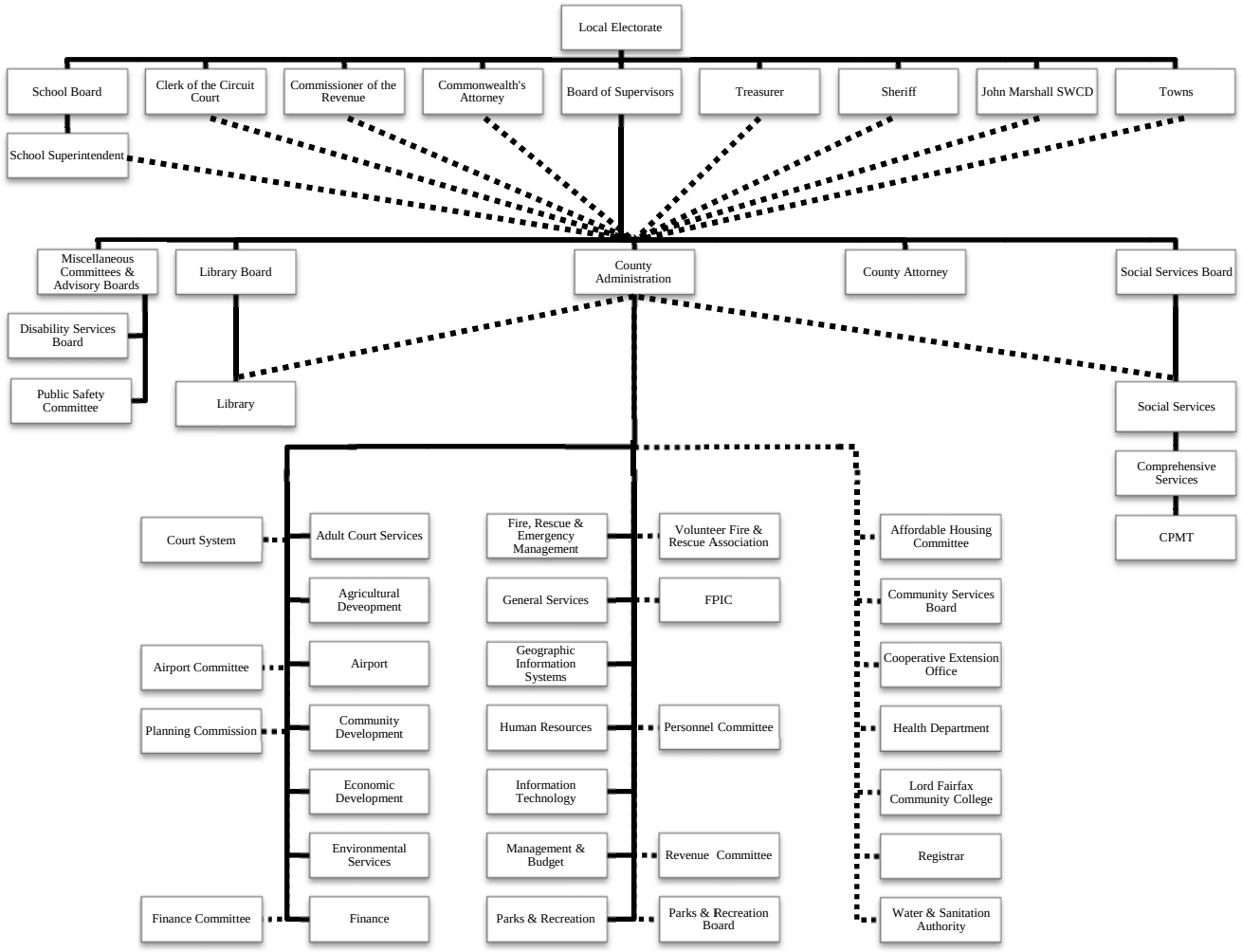
County of Fauquier Virginia

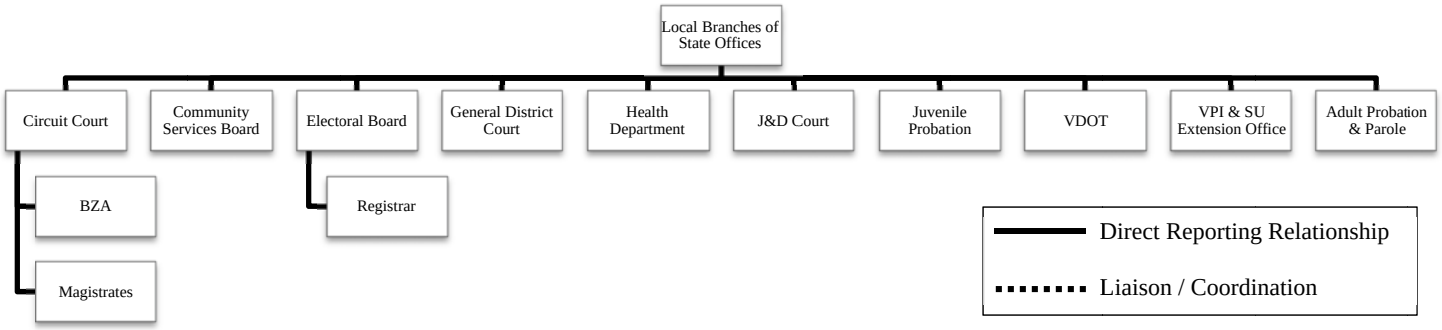
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

County of Fauquier
Organizational Chart





PRINCIPAL OFFICIALS

BOARD OF SUPERVISORS

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

COUNTY ADMINISTRATION

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

COUNTY SCHOOL BOARD

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

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

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 units, each major fund, and the aggregate remaining fund information of County of Fauquier, Virginia, as of and for the year ended June 30, 2013, 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 units, each major fund, and the aggregate remaining fund information of the County of Fauquier, Virginia, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, in 2013, the County adopted new accounting guidance, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules of pension and OPEB funding progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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.

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 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.

Other Information (continued)

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2013, 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 County of Fauquier, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
October 17, 2013

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2013. 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 2013 FINANCIAL HIGHLIGHTS

- The reporting entity, which includes the School Board component unit, has positive net position of $195.8 million at June 30, 2013, which represents a decrease of $1.9 million, or .96%, from June 30, 2012. Of this amount, $16.1 million is classified as unrestricted net position and may be used to meet the government's ongoing obligations to citizen's and creditors.

- The total cost of the County's programs or governmental activities, was $175.8 million, an increase of $8.4 million, or 5.0% from the prior year's cost of $167.4 million. Total revenues for governmental activities increased 1.0% to $164.8 million from the prior year.

- Net position of the County's governmental activities decreased by $11.0 million from the prior year, as compared to a decrease of $4.4 million in fiscal year 2012.

- At June 30, 2013, the County has $118.8 million ($111.6 million in unpaid principal balance and $7.2 million in premium) of long-term debt outstanding. This includes $107.8 million of School Board general obligation bonds and $3.8 million of capital leases related to assets on the books of the total reporting entity, $7.2 million of revenue bonds.

- The County's business-type activities (the Airport and Landfill) have a combined positive net position of $9.3 million, which is a decrease of $3.3 million from the prior year. The decrease is due primarily to an increase in the Landfill closure and post closure liability costs, increased personal services and fringe benefit costs, and increased contractual service expenses. Revenues increased by $0.4 million due mainly to an increase in operating grants and contributions for the Airport in fiscal year 2013.

- The School Board component unit has positive net position of $192.3 million at June 30, 2013, which represents an increase of $12.4 million, or 6.9% from the prior year. Revenues, including the County contribution, totaled $147.1 million, an increase of 8.3% from the prior year, and expenses totaled $134.7 million, an increase of 4.0% from the prior year. The increase in revenue is due primarily to an increase in operating grants and contributions and non-categorical aid from the Commonwealth of $6.6 million, as well as an increase in the County contribution of $5.0 million.

- As of June 30, 2013, the County governmental funds reported combined fund balances of $42.4 million, a decrease of $12.5 million from the prior year. The County's General fund had a total fund balance of $24.2 million at June 30, 2013. Of the General fund balance, $6.2 million, or 25.6% is assigned fund balance, $15.9 million, or 65.7% is unassigned fund balance, and the remaining is non-spendable, 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 19 for details regarding the various components of fund balance.

- General fund revenues were $2.1 million over the amended budget. Expenditure savings of $4.8 million were the result of $1.4 million savings in the contribution to the School Board component unit and $3.4 million in savings from County Departments.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The introductory section includes the letter of transmittal, a copy of the fiscal year 2012 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 the Single Audit Act of 1984 and the U.S. Office of Management and Budget circular A-133, Audits of State, Local Governments and Non-profit Organizations; 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 for the Virginia Retirement System, the Fire and Rescue Pension Trust Length of Service Awards Program, and the Other Postemployment Benefits Program (OPEB) (Exhibit 13).

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 non-major 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, including governmental activities, business-type activities, and School Board activities. 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 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) in flows and out flows of cash and other financial assets that can be readily converted to cash and (2) the balances remaining at year-end that are available for spending. The governmental funds financial statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided with the fund financial statements to explain the relationship (or differences). The County has three major funds, the General Fund, the Capital Projects Fund, and the Debt Service 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. All other governmental funds, which include special revenue funds, are collectively referred to as non-major 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 a pension trust fund, an 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

Table 1 — **County of Fauquier Summary of Net Position ($ in millions)**

	Primary Government						Total Reporting Entity Including Component Unit	
	Governmental Activities		Business-Type Activities		Total Primary Government			
	2013	2012*	2013	2012	2013	2012*	2013	2012*
Assets:								
Current and other assets	$ 58.8	$ 71.5	$ 3.7	$ 7.4	$ 62.5	$ 78.9	$ 80.0	$ 93.9
Capital assets	71.5	74.1	25.1	23.7	96.6	97.8	290.1	279.7
Total assets	130.3	145.6	28.8	31.1	159.1	176.7	370.1	373.6
Liabilities:								
Other liabilities	11.3	10.6	0.6	0.5	11.9	11.1	26.4	23.7
Long-term liabilities	124.8	129.8	18.9	18.0	143.7	147.8	147.9	152.2
Total liabilities	136.1	140.4	19.5	18.5	155.6	158.9	174.3	175.9
Net position:								
Net investment in capital assets	67.0	68.5	21.8	23.4	88.8	91.9	174.5	170.9
Restricted	2.6	4.4	2.6	-	5.2	4.4	5.2	4.4
Unrestricted (deficit)	(75.4)	(67.7)	(15.1)	(10.8)	(90.5)	(78.5)	16.1	22.4
Total net position	$ (5.8)	$ 5.2	$ 9.3	$ 12.6	$ 3.5	$ 17.8	$ 195.8	$ 197.7

Table 1 may differ from Exhibit 1 due to rounding.
**Restated from prior year.*

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 $195.8 million at June 30, 2013. Net position decreased from the prior year by $1.9 million, which reflects current year expenses exceeding revenues by this amount.

The Primary Government: The primary government had net position of $3.5 million at June 30, 2013, which reflects a decrease of $14.3 million from the prior year. The largest portion of net position, $88.8 million, represents the County's investment in capital assets (e.g., land, buildings, and equipment) less the depreciation and outstanding debt associated with asset acquisitions. Total restricted and unrestricted net position of the primary government combine for a deficit of $85.3 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 also has long term commitments related to moral obligation commitments the County provided to the United States Department of Agriculture (USDA) for Rural Development Loans to four

volunteer Fire and Rescue companies, the issuance of two bonds 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, 2013 are $125.3 million (which includes $6.5 million in premium). Refer to Note 9 and Note 10 for further details regarding long-term obligations and commitments.

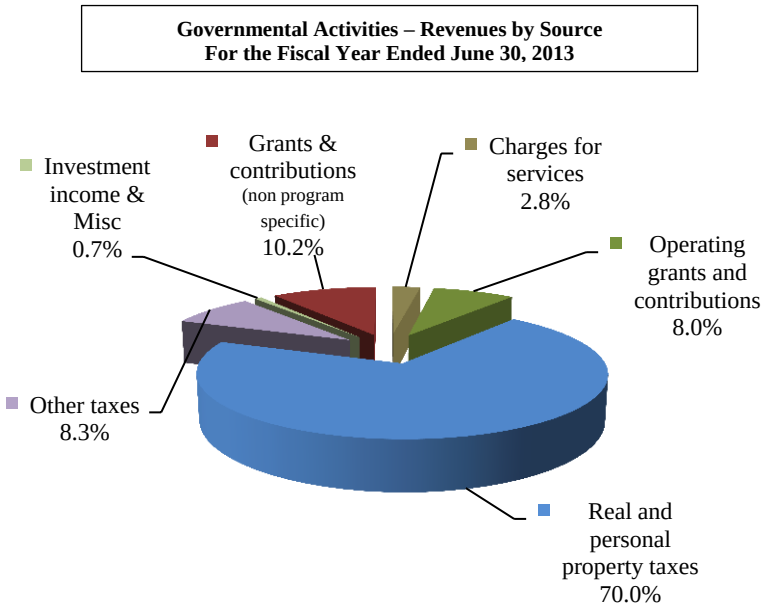
Business Type Activities: Total net position for business type activities decreased by $3.3 million, or 26.2% from the prior year. The Airport Fund had a decrease in net position of $1.2 million, while the Landfill and Recycling Fund experienced a decrease in net position of $2.1 million. The decrease in net position is largely attributed to increased landfill closure and post closure, depreciation expense for the landfill and airport, and increased costs for personal and contractual services due to unplanned maintenance expenses. In addition, recycling and tipping fees for the landfill decreased slightly and airport fuel revenues declined slightly from the prior year.

The unrestricted net position for business type activities at June 30, 2013 was a deficit of $15.1 million, which is higher than the prior year. The unrestricted deficit for the airport and the landfill does not mean that there are insufficient resources available to pay for operations; but that long-term commitments are greater than currently available resources.

CHANGE IN NET POSITION

Governmental Activities: Total governmental net position decreased by $11.0 million compared to a decrease of $4.4 million (before transfers) in fiscal year 2012.

Revenues from governmental activities for FY 2013 totaled $164.8 million, an increase of $1.7 million from FY 2012. Taxes comprise the largest source of revenues, totaling $129.1 million, of which general property taxes account for $115.4 million, or 70.0%, of revenues. Program revenues (charges for services and operating grants and contributions) generated a total of $17.7 million, or 10.8% of total revenues, while revenues from grants and contributions not restricted to specific programs totaled $16.8 million, or 10.2% of revenues.



Real and personal property tax revenue increased by $1.1 million, primarily attributable to a one cent tax increase and stable growth in the housing market.

Local sales and use tax revenue increased by $0.5 million or 7.7% from the prior year and tax revenues reflect improving taxable property valuations, increase in the collection rates, and an improving economy. Recording taxes and fees increased by $0.3 million or 1.9% due to improvements in the real estate market and business license tax revenue increased $0.2 million or 1.7% due to modest growth in the local economy from the prior year. Charges for services and grants and contributions saw increases of $0.6 million and $0.2 million, respectively, while miscellaneous revenue decreased by $1.3 million.

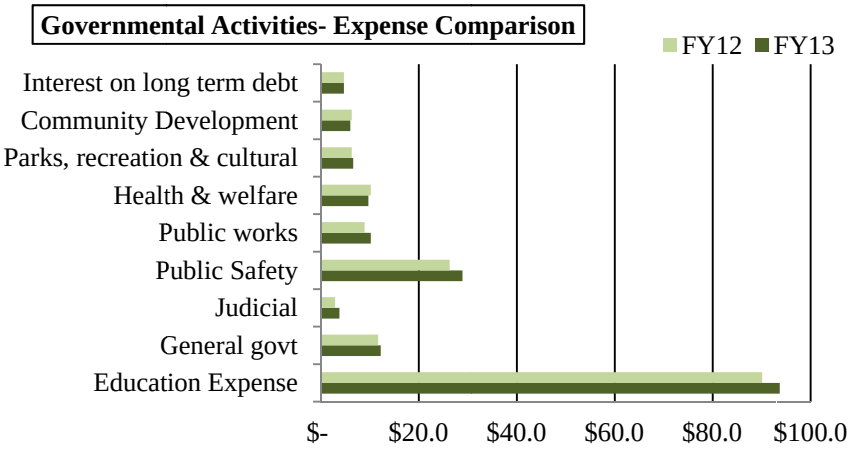
Table 2 summarizes the changes in net position from Exhibit 2 in the Financial Section for the primary government and its component unit at June 30, 2013 and 2012.

Table 2

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

	Primary Government						Total Reporting Entity Including Component Unit	
	Governmental Activities		Business-Type Activities		Total Primary Government			
	2013	2012*	2013	2012	2013	2012*	2013	2012*
Revenues								
Program revenues:								
Charges for services	$ 4.5	$ 3.9	$ 4.8	$ 4.9	$ 9.3	$ 8.8	$ 12.6	$ 12.4
Operating grants and contributions	13.2	13.0	0.5	-	13.7	13.0	30.2	26.7
Capital grants and contributions	-	-	-	-	-	-	-	0.1
General revenues:								
Real and personal property taxes	115.4	114.3	-	-	115.4	114.3	115.4	114.3
Other taxes	13.7	12.7	-	-	13.7	12.7	13.7	12.7
Other	1.2	2.5	-	-	1.2	2.5	1.5	2.7
Grants and contributions (non program specific)	16.8	16.7	-	-	16.8	16.7	50.8	46.9
Contribution to schools	-	-	-	-	-	-	93.0	88.0
Total revenues	164.8	163.1	5.3	4.9	170.1	168.0	317.2	303.8
Expenses								
General government	12.2	11.7	-	-	12.2	11.7	12.2	11.7
Judicial	3.8	2.9	-	-	3.8	2.9	3.8	2.9
Public safety	28.9	26.3	-	-	28.9	26.3	28.9	26.3
Public works	10.2	8.9	-	-	10.2	8.9	10.2	8.9
Health and welfare	9.7	10.2	-	-	9.7	10.2	9.7	10.2
Education	93.7	90.1	-	-	93.7	90.1	228.4	219.5
Parks, recreation, and cultural	6.6	6.3	-	-	6.6	6.3	6.6	6.3
Community development	6.0	6.3	-	-	6.0	6.3	6.0	6.3
Interest on long-term debt	4.7	4.7	-	-	4.7	4.7	4.7	4.7
Airport	-	-	2.5	2.3	2.5	2.3	2.5	2.3
Landfill and Recycling	-	-	6.1	5.3	6.1	5.3	6.1	5.3
Total expenses	175.8	167.4	8.6	7.6	184.4	175.0	319.1	304.4
Increase (Decrease) in net position	(11.0)	(4.3)	(3.3)	(2.7)	(14.3)	(7.0)	(1.9)	(0.6)
Transfers	-	(0.1)	-	0.1	-	-	-	-
Change in net position	(11.0)	(4.4)	(3.3)	(2.6)	(14.3)	(7.0)	(1.9)	(0.6)
Beginning net position, restated	5.2	9.6	12.6	15.2	17.8	24.8	197.7	198.3
Ending net position	$(5.8)	$ 5.2	$ 9.3	$ 12.6	$3.5	$ 17.8	$195.8	$197.7

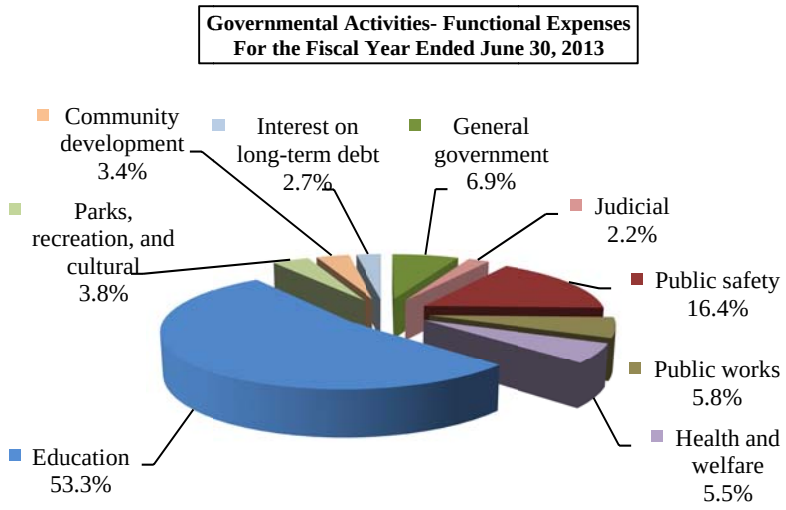
Table 2 may differ from Exhibit 2 due to rounding.
**Restated from prior year.*



Total expenses for governmental activities for this fiscal year were $175.8 million, an increase of 5.0% from $167.4 million in fiscal year 2012. The increase of $8.4 million is primarily due to increase in expenses for Education of $3.6 million, Public Safety of $2.6 million, and Public Works of $1.3 million. These increases are attributed to the following:

- Increase in education expenses was primarily due to continued and increased spending related to the renovation of Fauquier High School.
- Increase in Public Safety expenses was primarily due to the addition of 22.5 permanent positions for a phased in implementation of a career staffing plan to improve response times to fire, rescue, and emergency incidents.
- Increase in Public Works expenses was primarily due to construction of the Brookside Parkway extension and the Vint Hill Public Streets network in the current fiscal year.

Education continues to be the County's largest program and highest priority with the County's contribution totaling $93.7 million, or 53.3%, of total expenses. Included in this contribution is about $16.9 million in support of School Board capital projects. The School Board component unit incurs indirect expenses, which are reported in the governmental activities (General Fund). The County provides certain consolidated services to both the County and the Schools. These are the departments of general services (maintenance of buildings, grounds, and vehicles), human resources, finance, and the independent auditor. Approximately 75.0% of the costs of these consolidated functions are associated with educational activities.



As shown in Exhibit 7 of the Financial Section of this report, these functions cost approximately $7.6 million in fiscal year 2013. The portion allocated to education is approximately $5.6 million. Typically, school systems bear these costs directly. However, with the consolidated departments in Fauquier County, the costs are shown in the General Fund. Recognizing these costs as a function of education increases the schools' share of total expenses to approximately 56.2%. Public safety expenses, which total $28.9 million or 16.4%, 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, help offset the cost of the government services, thereby lessening the burden on the County's taxpayers. The County generates 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 obtains grants 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 — **Net Cost of Governmental Activities For the Fiscal Years Ended June 30, 2013 and 2012 ($ in millions)**

	Total Cost of Services		Net Cost of Services	
	2013	2012	2013	2012
General government	$ 12.2	$ 11.7	$ 10.9	$ 11.0
Judicial	3.8	2.9	1.7	0.9
Public safety	28.9	26.3	22.8	20.0
Public works	10.2	8.9	9.5	8.7
Health and welfare	9.7	10.2	4.8	4.8
Education	93.7	90.1	93.6	90.1
Parks, recreation, and cultural	6.6	6.3	5.8	5.4
Community development	6.0	6.3	4.3	4.8
Interest on long-term debt and other	4.7	4.7	4.7	4.7
Total	$ 175.8	$ 167.4	$ 158.1	$ 150.4

Table 3 may differ from Exhibit 2 due to rounding

After recognizing the effect of revenue from these fees, grants, and contributions of $17.7 million, the net cost of governmental activities was $158.1 million, compared to a total cost of $175.8 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, increased by 8.1% from the prior year to $5.3 million. This increase is due primarily to an increase in operating grants from the state and federal governments in support of the Airport. Total expenses for business-type activities were $8.6 million, an increased 13.2%, or $1.0 million, from the prior year. The increase is due to increases in the landfill closure and post closure liability of $0.4 million, landfill operating expenses of $0.4 million, and airport operating expenses of $0.2 million. Operating expenses increased due to increased maintenance costs at the airport and non-capitalized expenses for ongoing landfill projects.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Governmental Funds: As of June 30, 2013, the County's governmental funds reported a combined ending fund balance of $42.4 million (Exhibit 3), a decrease of $12.5 million comparison with the prior year. This decrease is primarily due to spending of bond proceeds from debt issued in the prior year for the renovation of Fauquier High School. The Capital Projects Fund reported a total fund balance of $9.9 million, a decrease of $14.3 million from the prior year, due primarily to Education expenditures of $16.9 million for this renovation in addition to $2.4 million on Public Works road projects. These expenditures were partially offset by debt issuance proceeds and premium of $3.7 million and $1.2 million of miscellaneous and intergovernmental revenue.

Other significant outlays in fiscal year 2013 included the following:

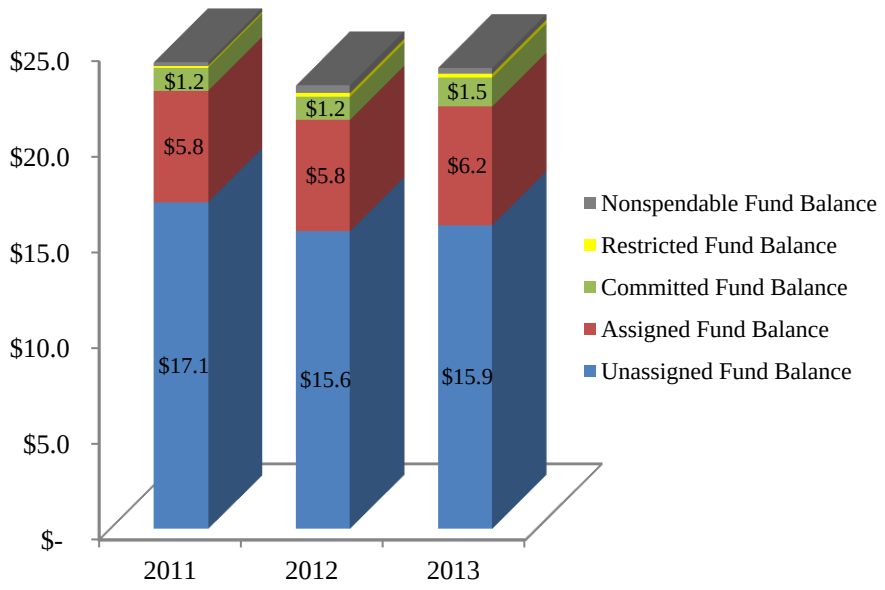
- The General Fund contributed $76.0 million in operating funds to finance the Schools operations.

- The Debt Service Fund incurred $13.9 million in debt service payments for Schools projects previously funded with bond proceeds from the issuance of general obligation bonds and other debt obligations.

At June 30, 2013, the fund balance of the General Fund was $24.2 million, an increase of 3.9%, or $0.9 million from the prior year's fund balance of $23.2 million. This increase in fund balance is mostly attributable to increased tax revenues in the current year.

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 $15.9 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 three fiscal years.

Composition of General Fund Balance



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 — **Budgetary Comparison**
General Fund
For the Fiscal Year Ended June 30, 2013
($ in millions)

	Original Budget	Amended Budget	Actual
Revenues			
Taxes	$ 122.3	$ 122.3	$ 125.3
Other	4.1	4.1	4.1
Intergovernmental	28.1	28.8	27.9
Total revenues	154.5	155.2	157.3
Expenditures			
Expenditures	142.2	145.1	140.3
Excess (deficiency) of revenues over (under) expenditures	12.3	10.1	17.0
Other financing sources (uses)			
Transfers in	1.1	1.1	1.1
Transfers (out)	(14.6)	(17.1)	(17.1)
Total other financing sources (uses)	(13.5)	(16.0)	(16.0)
Change in fund balance	$ (1.2)	$ (5.9)	$ 1.0

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 $0.7 million, primarily due to budget increases from state and federal funding sources. Actual revenues were $2.1 million over the amended budget due mainly to increased general property taxes collected offset by less intergovernmental revenue received. Actual expenditures for the General Fund totaled $140.3 million or $4.8 million less than the amended budget. Of this difference, $1.4 million less than budgeted was transferred to the School Board component unit and $3.4 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

Capital Assets

The County's capital assets include items such as public safety equipment, buildings, parks and recreation facilities, libraries, and public works vehicles, equipment and intangible assets, which are computer software and licenses with a three year depreciable life.

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.

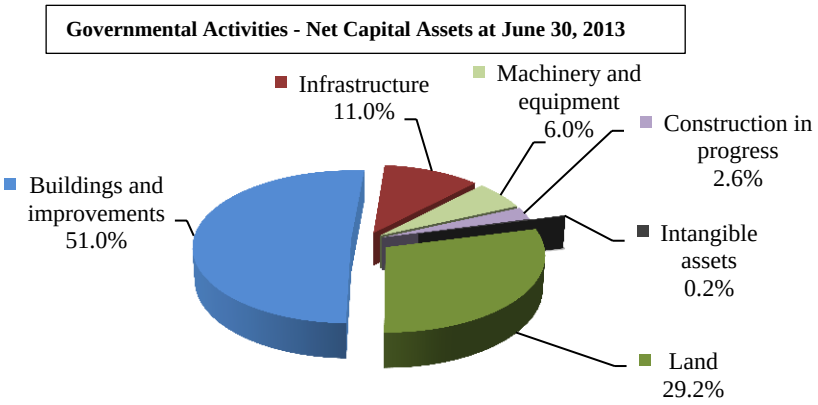
Table 5

County of Fauquier
Capital Assets
($ in millions)

	Primary Government							
	Governmental Activities		Business-Type Activities		Total Primary Government		Total Reporting Entity Including Component Unit	
	2013	2012	2013	2012	2013	2012	2013	2012
Land	$ 20.9	$ 20.9	$ 8.1	$ 8.1	$ 29.0	$ 29.0	$ 34.0	$34.0
Construction In Progress	1.9	1.4	4.0	0.5	5.9	1.9	37.4	16.0
Intangible Assets	0.6	0.6	0.2	0.2	0.8	0.8	1.1	1.1
Buildings and improvements	52.4	52.3	15.3	15.3	67.7	67.6	285.2	285.1
Infrastructure	14.2	14.2	11.5	11.5	25.7	25.7	30.9	30.9
Machinery and equipment	14.4	14.3	2.7	2.7	17.1	17.0	37.9	37.1
Total Capital Assets	104.4	103.7	41.8	38.3	146.2	142.0	426.5	404.2
Less: Accumulated Depreciation/amortization	32.9	29.6	16.6	14.6	49.5	44.2	136.4	124.6
Net Capital Assets	$ 71.5	$ 74.1	$ 25.2	$ 23.7	$ 96.7	$ 97.8	$290.1	$279.6

As of June 30, 2013, the total reporting entity had net capital assets of $290.1 million in capital assets, an increase of $10.5 million from the prior year. This increase is due primarily to additions to construction in progress, offset by depreciation expense of $12.6 million for the reporting entity.

For governmental activities, the County's investment in non-depreciable assets totaled $22.8 million, while depreciable assets totaled $48.7 million (net of depreciation). Total net capital assets for governmental activities decreased by $2.6 million, or 3.5% from the prior year to $71.5 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:

- The School Board component unit had additions to construction in progress of $16.9 million for renovations to Fauquier High School and $0.5 million for projects at Southeastern Alternative and Marshall Middle Schools, and phone system upgrades to schools throughout the County. The School Board also added $0.8 million in motor vehicles and other machinery and equipment.

- Business activity additions are primarily related to $3.4 million in additions to construction in progress for landfill expansion projects.

- Governmental activity additions include $0.5 million in additions to construction in progress for the technology upgrades and $0.7 million in machinery and equipment.

More information on the capital assets can be found in Note 8 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 — **Summary of Changes in Long-Term Obligations ($ in millions)**

	July 1, 2012	Net Increase (Decrease)	June 30, 2013
Governmental Activities:			
Capital leases	$ 4.8	$ (1.0)	$ 3.8
Revenue bonds (less deferred amount on refunding)	6.7	(0.2)	6.5
County's premium on bonds	0.8	(0.1)	0.7
School Board's premium on bonds	6.7	(0.2)	6.5
General obligation bonds (less deferred amount on refunding)	105.3	(4.0)	101.3
Subtotal	124.3	(5.5)	118.8
Compensated absences	3.3	0.5	3.8
Incurred but not reported claims (IBNR)	2.0	0.1	2.1
Total long-term obligations	129.6	(4.9)	124.7
Business-Type Activities:			
Revenue bonds (including premium)	6.1	(0.1)	6.0
Compensated absences	0.1	-	0.1
Landfill closure and post closure	11.8	1.0	12.8
Total long-term obligations	18.0	0.9	18.9
Total long-term obligations	$ 147.6	$ (4.0)	$ 143.6

Table 6 may differ from Note 9 due to rounding.

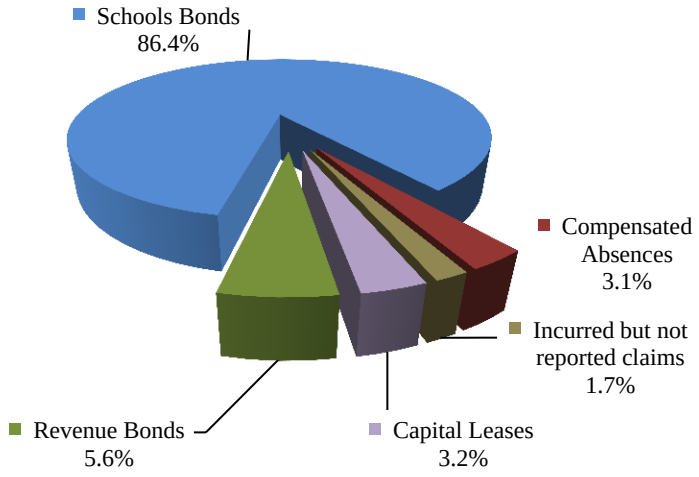
As of June 30, 2013, the County's governmental activities had long-term obligations totaling $124.7 million, of which $118.8 represents indebtedness related to capital leases and issuances of bonds on behalf of the School Board component unit. This represents a decrease of $4.9 million, or 3.8% in long term obligations from the prior year. The decrease is due primarily to the following activities during the fiscal year:

- On April 29, 2013, the County issued $3.3 million plus $0.5 premium of Series 2013A General Obligation Bonds through the Virginia Public School Authority. The proceeds of this bond issuance will be used to complete the major renovation of Fauquier High School.

- The County retired $9.4 million (including premium and deferred amounts) of principal related to capital leases, revenue bonds, general obligation bonds.

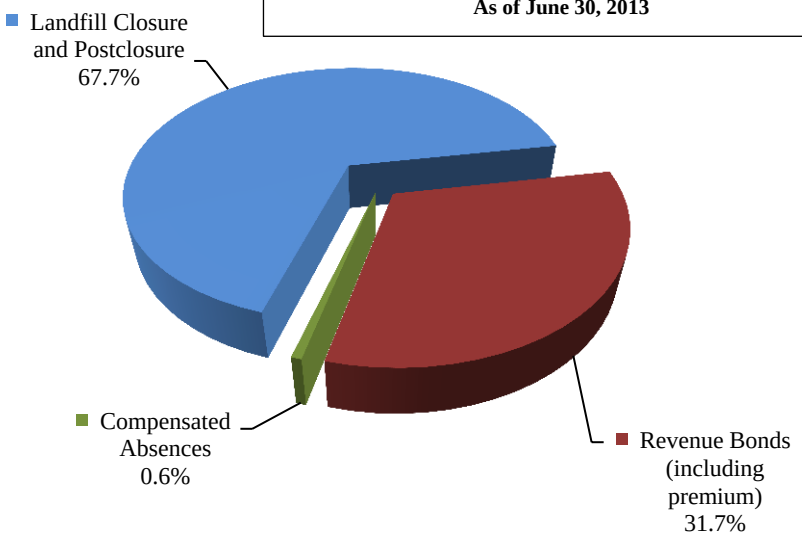
- Compensated absences increased by $0.5 from the prior year, as employee balances increased.

Governmental Activities - Long-Term Obligations
As of June 30, 2013



Schools General Obligation Bonds represent the largest category of debt (including premium) with 86.4% of the County's total governmental obligations.

Business-Type Activities - Long-Term Obligations
As of June 30, 2013



As of June 30, 2013, the County's business activities had long term obligations of $18.9 million, which represents an increase of $0.9 million from the prior year balance of $18.0 million. The increase is due primarily to a $1.0 million increase in Landfill closure and post closure liability (which represents the majority of long term obligations) offset by amortization of bond premium on the outstanding revenue bonds.

More information on the County's long-term obligations is presented in Note 9, 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 2013 was 4.6%, down 0.1% from June 2012. This compares favorably to the State's average rate of 5.6% and the National average rate of 7.7%.

- According to the Weldon Cooper Center for Public Service, Fauquier County's population was estimated to be 66,131, an increase of 0.5% 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 decreased in fiscal year 2013 by 1.0% from 11,210 to 11,097. 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 $54,400 as of 2011, compared to $47,126 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 increased by 0.6% from 36,190 to 36,397 as of fiscal year 2013. County Civilian Labor Workforce numbers for the last ten years are provided in Table 13 of the Statistical Section of this report.

Fiscal Year 2014 Budget and Rates

- For fiscal year 2014, the adopted budget for the General Fund is $160.9 million, an increase of 2.7% from fiscal year 2013. Revenues are comprised primarily of general property taxes at 70.0%, other local taxes at 8.5%, permits, privilege fees and regulatory licenses at 0.6%, State assistance at 16.4%, Federal assistance at 1.2%, use of money at 0.2%, and other revenues at 3.1%.

- In fiscal year 2014, the County's contribution to the School Board component unit is $90.6 million which includes the County's contribution to the School Board's operating fund of $78.4 million and $12.3 million contributed to the debt service fund on behalf of the Schools. Support to the Schools represents 56.3% 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 2.4% more than fiscal year 2013.

- Public safety accounts for 14.4% of appropriations in fiscal year 2014, 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 $0.98 per $100 of assessed value for fiscal year 2014. 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.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 1
Page 1 of 2

Statement of Net Position
June 30, 2013

	Primary Government			Component Unit
	Governmental Activities	**Business-Type Activities**	**Total**	**School Board**
Assets				
Cash, cash equivalents, and investments	$ 34,550,887	$ 686,163	$ 35,237,050	$ 14,077,941
Cash, cash equivalents, and investments - restricted	8,357,448	2,674,347	11,031,795	5,000
Receivables, net of allowance for uncollectibles:				
Taxes, including penalties	3,217,858	-	3,217,858	-
Accounts	2,461,662	561,262	3,022,924	87,301
Internal balances	444,826	(444,826)	-	-
Inventories	243,516	31,380	274,896	178,112
Prepaid assets	3,430,998	-	3,430,998	150
Investments	1,962,680	-	1,962,680	-
Due from other governmental units	3,790,729	108,830	3,899,559	3,186,661
Deferred charges (including bond issuance costs)	295,566	83,790	379,356	-
Capital assets (non-depreciable/non-amortizable):				
Land	20,873,378	8,059,127	28,932,505	5,052,116
Construction in progress	1,857,339	3,961,853	5,819,192	31,630,273
Intangible assets	-	192,690	192,690	-
Capital assets (depreciable/amortizable):				
Cell improvements	-	8,289,523	8,289,523	-
Buildings and improvements	52,404,115	6,990,963	59,395,078	217,478,316
Infrastructure	14,155,834	11,549,745	25,705,579	5,204,865
Machinery and equipment	14,452,887	2,661,496	17,114,383	20,764,485
Intangible assets	663,923	-	663,923	279,687
Accumulated depreciation/amortization	(32,869,180)	(16,569,889)	(49,439,069)	(86,950,716)
Total capital assets, net	71,538,296	25,135,508	96,673,804	193,459,026
Total assets	130,294,466	28,836,454	159,130,920	210,994,191
Liabilities				
Accounts payable	4,623,420	451,534	5,074,954	1,594,228
Accrued and other liabilities	1,574,469	71,901	1,646,370	12,696,926
Retainage	1,185,443	62,736	1,248,179	-
Accrued interest payable	2,467,925	60,178	2,528,103	-
Unearned revenue	711,944	-	711,944	107,006
Customer deposits	746,327	-	746,327	-
Noncurrent liabilities:				
Due within one year	10,498,825	506,616	11,005,441	428,900
Due in more than one year	114,259,510	18,413,368	132,672,878	3,860,101
Total liabilities	136,067,863	19,566,333	155,634,196	18,687,161
Net position				
Net investment in capital assets	67,043,310	21,784,510	88,827,820	193,459,026
Restricted for:				
Parks, recreation, and cultural	306,121	-	306,121	-
Public safety	440,312	-	440,312	-
Public works	32,979	-	32,979	-
Proffers	985,330	-	985,330	-
Affordable housing	153,057	-	153,057	-
Capital projects	715,408	2,584,793	3,300,201	-
Education	-	-	-	5,000
Other purposes	4,724	-	4,724	-
Unrestricted (deficit)	(75,454,638)	(15,099,182)	(90,553,820)	(1,156,996)
Total net position	$ (5,773,397)	$ 9,270,121	$ 3,496,724	$ 192,307,030

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

Reclassifications (See Note 1 - D.14.)	Reporting Entity Total	
		Assets
$ -	$ 49,314,991	Cash, cash equivalents, and investments
-	11,036,795	Cash, cash equivalents, and investments - restricted
		Receivables, net of allowances for uncollectibles:
-	3,217,858	Taxes, including penalties
-	3,110,225	Accounts
-	-	Internal balances
-	453,008	Inventories
-	3,431,148	Prepaid assets
-	1,962,680	Investments
-	7,086,220	Due from other governmental units
-	379,356	Deferred charges (including bond issuance costs)
		Capital assets (non-depreciable/non-amortizable):
-	33,984,621	Land
-	37,449,465	Construction in progress
-	192,690	Intangible assets
		Capital assets (depreciable/amortizable):
-	8,289,523	Cell improvements
-	276,873,394	Buildings and improvements
-	30,910,444	Infrastructure
-	37,878,868	Machinery and equipment
-	943,610	Intangible assets
-	(136,389,785)	Accumulated depreciation/amortization
-	290,132,830	Total capital assets, net
-	370,125,111	Total assets
		Liabilities
-	6,669,182	Accounts payable
-	14,343,296	Accrued and other liabilities
-	1,248,179	Retainage
-	2,528,103	Accrued interest payable
-	818,950	Unearned revenue
-	746,327	Customer deposits
		Noncurrent liabilities:
-	11,434,341	Due within one year
-	136,532,979	Due in more than one year
-	174,321,357	Total liabilities
		Net position
(107,766,774)	174,520,072	Net investment in capital assets
		Restricted for:
-	306,121	Parks, recreation, and cultural
-	440,312	Public safety
-	32,979	Public works
-	985,330	Proffers
-	153,057	Affordable housing
-	3,300,201	Capital projects
-	5,000	Education
-	4,724	Other purposes
107,766,774	16,055,958	Unrestricted (deficit)
$ -	$ 195,803,754	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, 2013

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Primary Government				
Governmental activities:				
General government	$ 12,180,275	$ 508,129	$ 813,510	$ -
Judicial	3,841,643	788,467	1,383,782	-
Public safety	28,864,156	1,650,787	4,425,920	-
Public works	10,222,875	-	704,492	-
Health and welfare	9,739,043	-	4,950,402	-
Education	93,650,633	-	-	-
Parks, recreation, and cultural	6,601,379	551,243	221,947	672
Community development	5,998,815	1,042,011	699,239	-
Interest on long-term debt	4,710,130	-	-	-
Total governmental activities	175,808,949	4,540,637	13,199,292	672
Business-type activities:				
Airport	2,450,840	737,208	462,408	-
Landfill and Recycling	6,138,446	4,056,293	19,918	-
Total business-type activities	8,589,286	4,793,501	482,326	-
Total primary government	184,398,235	9,334,138	13,681,618	672
Component unit				
School Board	134,714,730	3,308,029	16,425,197	-
Total component unit	$ 134,714,730	$ 3,308,029	$ 16,425,197	$ -

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 (loss)
- 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:
$ (10,858,636)	$ -	$ (10,858,636)	$ -	$ (10,858,636)	General government
(1,669,394)	-	(1,669,394)	-	(1,669,394)	Judicial
(22,787,449)	-	(22,787,449)	-	(22,787,449)	Public safety
(9,518,383)	-	(9,518,383)	-	(9,518,383)	Public works
(4,788,641)	-	(4,788,641)	-	(4,788,641)	Health and welfare
(93,650,633)	-	(93,650,633)	-	(93,650,633)	Education
(5,827,517)	-	(5,827,517)	-	(5,827,517)	Parks, recreation, and cultural
(4,257,565)	-	(4,257,565)	-	(4,257,565)	Community development
(4,710,130)	-	(4,710,130)	-	(4,710,130)	Interest on long-term debt
(158,068,348)	-	(158,068,348)	-	(158,068,348)	Total governmental activities
					Business-type activities:
-	(1,251,224)	(1,251,224)		(1,251,224)	Airport
-	(2,062,235)	(2,062,235)		(2,062,235)	Landfill and Recycling
-	(3,313,459)	(3,313,459)		(3,313,459)	Total business-type activities
(158,068,348)	(3,313,459)	(161,381,807)			Total primary government
					Component unit
			(114,981,504)	(114,981,504)	School Board
			(114,981,504)	(114,981,504)	Total component unit
					General revenues:
115,379,407	-	115,379,407	-	115,379,407	General property taxes
7,151,477	-	7,151,477	-	7,151,477	Local sales and use taxes
1,576,645	-	1,576,645	-	1,576,645	Consumers' utility taxes
1,381,176	-	1,381,176	-	1,381,176	Business and professional taxes
1,786,005	-	1,786,005	-	1,786,005	Motor vehicle taxes
1,576,702	-	1,576,702	-	1,576,702	Taxes on recordation and wills
210,656	-	210,656	-	210,656	Other local taxes
-	-	-	92,996,302	92,996,302	Contribution from primary government
312,455	(4,569)	307,886	96	307,982	Investment income (loss)
882,876	(11,084)	871,792	341,789	1,213,581	Miscellaneous
16,819,694	-	16,819,694	34,047,850	50,867,544	Grants and contributions not restricted to specific programs
(42,934)	42,934	-	-	-	Transfers
147,034,159	27,281	147,061,440	127,386,037	274,447,477	Total general revenues and transfers
(11,034,189)	(3,286,178)	(14,320,367)	12,404,533	(1,915,834)	Change in net position
5,260,792	12,556,299	17,817,091	179,902,497	197,719,588	Net position - beginning, restated
$ (5,773,397)	$ 9,270,121	$ 3,496,724	$ 192,307,030	$ 195,803,754	Net position - ending

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

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FUND FINANCIAL STATEMENTS

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COUNTY OF FAUQUIER, VIRGINIA

Exhibit 3

Balance Sheet
Governmental Funds
June 30, 2013

	Primary Government				
	General Fund	**Capital Projects Fund**	**Debt Service Fund**	**Other Governmental Funds**	**Total Governmental Funds**
Assets					
Cash, cash equivalents, and investments	$ 16,242,888	$ 6,910,308	$ -	$ 6,119,857	$ 29,273,053
Cash, cash equivalents, and investments - restricted	275,670	5,625,929	-	2,455,849	8,357,448
Receivables, net of allowance for uncollectibles:					
Taxes, including penalties	3,050,333	-	-	167,525	3,217,858
Accounts	1,226,207	89,602	-	1,011,700	2,327,509
Due from other funds	2,391,691	-	-	-	2,391,691
Inventories	50,162	-	-	-	50,162
Prepaid assets	96,831	642,522	2,370,625	187,775	3,297,753
Investments	1,962,680	-	-	-	1,962,680
Due from other governmental units	3,345,133	404,278	-	41,318	3,790,729
Advances to other funds	203,823	-	-	-	203,823
Total assets	28,845,418	13,672,639	2,370,625	9,984,024	54,872,706
Liabilities					
Accounts payable	1,249,462	2,445,091	-	403,471	4,098,024
Accrued liabilities	1,249,968	-	-	6,708	1,256,676
Retainage	62,752	1,122,691	-	-	1,185,443
Other liabilities	30,997	222,467	-	-	253,464
Due to other funds	-	-	2,150,688	-	2,150,688
Deferred revenue	2,061,001	-	-	735,723	2,796,724
Escrows	-	-	-	746,327	746,327
Total liabilities	4,654,180	3,790,249	2,150,688	1,892,229	12,487,346
Fund balances					
Nonspendable	350,816	642,522	2,370,625	187,775	3,551,738
Restricted	212,918	4,503,238	-	1,709,605	6,425,761
Committed	1,459,328	4,736,630	-	4,821,958	11,017,916
Assigned	6,219,010	-	-	1,372,457	7,591,467
Unassigned	15,949,166	-	(2,150,688)	-	13,798,478
Total fund balances	24,191,238	9,882,390	219,937	8,091,795	42,385,360
Total liabilities and fund balances	$ 28,845,418	$ 13,672,639	$ 2,370,625	$ 9,984,024	$ 54,872,706

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, 2013

Total fund balances - governmental funds	$	**42,385,360**
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 $45,859 related to internal service fund assets).		
Non-depreciable/non-amortizable assets:		
Land	20,873,378	
Construction in progress	1,857,339	
Subtotal non-depreciable assets	22,730,717	
Depreciable/amortizable assets:		
Buildings and improvements	52,055,115	
Infrastructure	14,155,834	
Equipment	14,034,273	
Less: Accumulated depreciation	(31,648,648)	
Subtotal depreciable assets	48,596,574	
Intangible assets	663,923	
Less: Accumulated amortization	(498,777)	
Subtotal amortizable assets	165,146	71,492,437
Deferred taxes 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.		
Deferred tax revenue	1,876,594	
Deferred EMS ambulance billing revenue	615,614	2,492,208
Deferred charges, such as bond issuance costs, are non-capital costs that benefit future periods and therefore are not recognized in the governmental funds.		295,566
Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.		(2,467,925)
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	5,738,586	
Capital assets	767,614	
Less: Accumulated depreciation	(721,755)	
Liabilities	(3,213,510)	2,570,935
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.		(50,027)
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	(3,735,000)	
Revenue bonds issued for utility projects	(6,650,000)	
General obligation bonds issued for schools	(103,560,000)	
Premium on bonds payable - School Board	(6,501,207)	
Premium on bonds payable - Primary government	(759,986)	
Deferred amount on refunding	2,443,581	
Compensated absences (excludes $92,109 for internal service funds)	(3,729,339)	(122,491,951)
Net position of governmental activities	$	**(5,773,397)**

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, 2013

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
General property taxes	$ 111,636,775	$ -	$ -	$ 5,251,499	$ 116,888,274
Other local taxes	13,682,661	-	-	-	13,682,661
Permits, privilege fees, and regulatory licenses	1,541,522	-	-	-	1,541,522
Fines and forfeitures	548,076	-	-	-	548,076
Revenue from use of money and property	271,892	8,998	-	8,788	289,678
Charges for services	1,019,807	-	-	1,448,507	2,468,314
Gifts and donations	4,443	-	-	163,419	167,862
Recovered costs	412,577	-	-	21,638	434,215
Miscellaneous revenue	331,765	480,463	31,298	39,350	882,876
Intergovernmental:					
Commonwealth of Virginia	25,580,443	670,375	-	671,720	26,922,538
Federal Government	2,356,493	34,789	406,512	131,464	2,929,258
Total revenues	157,386,454	1,194,625	437,810	7,736,385	166,755,274
Expenditures					
Current operating:					
General government	11,678,971	-	-	-	11,678,971
Judicial	3,541,030	-	-	-	3,541,030
Public safety	21,775,902	-	-	4,701,428	26,477,330
Public works	7,306,873	2,390,054	-	9,470	9,706,397
Health and welfare	9,586,398	-	-	-	9,586,398
Education	76,037,823	16,979,651	-	-	93,017,474
Parks, recreation, and cultural	5,408,366	52,669	-	39,919	5,500,954
Community development	4,268,821	-	-	1,460,809	5,729,630
Nondepartmental	753,584	-	-	-	753,584
Capital outlay	-	298,197	-	1,166,771	1,464,968
Debt service:					
Principal retirement	-	-	8,826,681	-	8,826,681
Interest charges	-	15,300	5,113,915	-	5,129,215
Bond issuance costs	-	-	34,284	-	34,284
Fiscal charges	-	-	6,950	-	6,950
Total expenditures	140,357,768	19,735,871	13,981,830	7,378,397	181,453,866
Excess (deficiency) of revenues over (under) expenditures	17,028,686	(18,541,246)	(13,544,020)	357,988	(14,698,592)
Other financing sources (uses)					
Transfers in	1,103,830	847,500	12,996,945	1,993,831	16,942,106
Transfers (out)	(17,125,978)	(250,000)	-	(1,103,830)	(18,479,808)
Issuance of debt	-	3,305,000	-	-	3,305,000
Premiums on issuance of debt	-	346,719	107,261	-	453,980
Total other financing sources (uses)	(16,022,148)	4,249,219	13,104,206	890,001	2,221,278
Net change in fund balances	1,006,538	(14,292,027)	(439,814)	1,247,989	(12,477,314)
Fund balances, beginning	23,184,700	24,174,417	659,751	6,843,806	54,862,674
Fund balances, ending	$ 24,191,238	$ 9,882,390	$ 219,937	$ 8,091,795	$ 42,385,360

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, 2013

Net change in fund balances - total governmental funds		**$**	**(12,477,314)**
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 (less $0 for internal service funds)	1,162,088		
Depreciation expense (less $10,295 for internal service funds)	(3,674,724)		(2,512,636)
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.			(52,570)
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 deferred revenue	2,492,208		
Less prior year's deferred revenue	(4,018,350)		(1,526,142)
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.			444,274
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 issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.			
Add debt principal repayment	8,826,680		
Add amortization of bond payable premiums	829,601		
Less debt proceeds	(3,305,000)		
Less premium on new debt	(453,980)		
Less amortization of deferred loss on refunding	(289,002)		5,608,299
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 amortization of bond issuance costs	(52,563)		
Less current year's arbitrage liability	(27)		
Add prior year's arbitrage liability	400		
Less current year's installment liability	(50,000)		
Add prior year's installment liability	100,000		
Less current year's compensated absences (excludes $4,576 for internal service funds)	(3,729,339)		
Add prior year's compensated absences	3,241,519		
Less current year's accrued interest payable	(2,467,925)		
Add prior year's accrued interest payable	2,439,835		(518,100)
Change in net position of governmental activities		**$**	**(11,034,189)**

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, 2013

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
General property taxes	$ 109,165,337	$ 109,165,337	$ 111,636,775	$ 2,471,438
Other local taxes	13,110,000	13,110,000	13,682,661	572,661
Permits, privilege fees, and regulatory licenses	1,335,000	1,335,000	1,541,522	206,522
Fines and forfeitures	768,732	768,732	548,076	(220,656)
Revenue from use of money and property	452,821	452,821	271,892	(180,929)
Charges for services	1,017,331	1,017,331	1,019,807	2,476
Gifts and donations	1,500	2,900	4,443	1,543
Recovered costs	171,462	181,221	412,577	231,356
Miscellaneous revenue	383,010	380,089	331,765	(48,324)
Intergovernmental:				
Commonwealth of Virginia	25,870,209	25,992,502	25,580,443	(412,059)
Federal Government	2,180,008	2,757,692	2,356,493	(401,199)
Total revenues	154,455,410	155,163,625	157,386,454	2,222,829
Expenditures				
Current operating:				
General government:				
Legislative:				
Board of supervisors	260,361	264,974	264,974	-
General and financial administration:				
County administrator	688,452	705,616	640,247	65,369
General reassessment	-	1,457,569	857,053	600,516
County attorney	648,740	649,455	643,495	5,960
Independent auditor	142,630	142,630	138,395	4,235
Commissioner of the revenue	1,310,636	1,338,844	1,316,423	22,421
Treasurer	1,094,527	1,101,803	1,093,106	8,697
Information technology	3,009,394	2,947,460	2,893,297	54,163
Human resources	1,695,586	1,637,144	1,332,653	304,491
Finance	1,502,015	1,503,717	1,434,730	68,987
Office of management and budget	411,624	410,642	360,519	50,123
Geographic information systems	282,272	308,594	304,941	3,653
Total general and financial administration	10,785,876	12,203,474	11,014,859	1,188,615
Board of elections:				
Registrar	406,136	428,450	399,138	29,312
Total general government	$ 11,452,373	$ 12,896,898	$ 11,678,971	$ 1,217,927

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, 2013

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Expenditures (continued)				
Current operating: (continued)				
Judicial:				
Courts:				
Circuit court	$ 132,565	$ 132,565	$ 123,914	$ 8,651
General district court	20,185	27,029	27,029	-
Magistrates	87,773	87,773	66,856	20,917
Juvenile and domestic relations district court	16,652	16,652	12,379	4,273
Clerk of the circuit court	1,096,175	1,101,271	1,088,195	13,076
Adult court services	912,563	922,333	922,333	-
Commissioner of accounts	2,400	2,400	2,400	-
Total courts	2,268,313	2,290,023	2,243,106	46,917
Commonwealth's attorney:				
Commonwealth's attorney	1,219,260	1,310,987	1,297,924	13,063
Total judicial	3,487,573	3,601,010	3,541,030	59,980
Public safety:				
Law enforcement and traffic control:				
Sheriff	11,804,177	12,190,648	12,190,648	-
Joint communications	2,467,931	2,471,837	2,423,966	47,871
Total law enforcement and traffic control	14,272,108	14,662,485	14,614,614	47,871
Emergency services administration:				
Emergency services	4,967,330	5,386,245	5,233,403	152,842
Correction and detention:				
Sheriff	567,328	562,328	499,588	62,740
CFW regional jail	1,300,093	1,334,783	1,334,783	-
Probation office	4,284	4,284	2,750	1,534
Juvenile detention and crime control	305,173	305,173	90,764	214,409
Total correction and detention	2,176,878	2,206,568	1,927,885	278,683
Total public safety	21,416,316	22,255,298	21,775,902	479,396
Public works:				
Sanitation and waste removal:				
Solid waste operations	2,568,221	2,642,437	2,616,537	25,900
General buildings and grounds maintenance:				
General services	4,831,505	4,846,756	4,690,336	156,420
Total public works	$ 7,399,726	$ 7,489,193	$ 7,306,873	$ 182,320

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, 2013

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Expenditures (continued)				
Current operating: (continued)				
Health and welfare:				
Health:				
Supplement of local health department	$ 511,676	$ 511,676	$ 511,676	$ -
Welfare:				
Institutional care	363,833	363,833	363,833	-
Social services	5,106,186	5,383,391	5,194,524	188,867
Comprehensive services act	3,471,319	3,516,365	3,516,365	-
Total welfare	8,941,338	9,263,589	9,074,722	188,867
Total health and welfare	9,453,014	9,775,265	9,586,398	188,867
Education:				
Contribution to component unit − School Board	76,892,228	77,344,480	75,987,668	1,356,812
Community colleges	50,155	50,155	50,155	-
Total education	76,942,383	77,394,635	76,037,823	1,356,812
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation	3,369,175	3,493,832	3,304,319	189,513
Library:				
Public library	2,099,536	2,123,682	2,104,047	19,635
Total parks, recreation, and cultural	5,468,711	5,617,514	5,408,366	209,148
Community development:				
Planning and community development:				
Community development	3,659,971	3,771,261	3,422,595	348,666
Planning	148,386	148,386	129,214	19,172
Economic development	429,473	436,711	427,784	8,927
Agriculture development	47,933	73,128	58,037	15,091
Total planning and community development	4,285,763	4,429,486	4,037,630	391,856
Environmental management:				
Soil and water conservation district	138,516	138,516	138,516	-
Cooperative extension program:				
VPI extension	127,457	127,457	92,675	34,782
Total community development	$ 4,551,736	$ 4,695,459	$ 4,268,821	$ 426,638

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, 2013

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Expenditures (continued)				
Current operating: (continued)				
Nondepartmental:				
Nondepartmental operations	$ 2,018,634	$ 1,361,534	$ 753,584	$ 607,950
Total expenditures	142,190,466	145,086,806	140,357,768	4,729,038
Excess (deficiency) of revenues over (under) expenditures	12,264,944	10,076,819	17,028,686	6,951,867
Other financing sources (uses)				
Transfers in	1,103,830	1,103,830	1,103,830	-
Transfers (out)	(14,603,577)	(17,125,891)	(17,125,978)	(87)
Total other financing sources (uses)	(13,499,747)	(16,022,061)	(16,022,148)	(87)
Net change in fund balances	(1,234,803)	(5,945,242)	1,006,538	6,951,780
Fund balances, beginning	23,184,700	23,184,700	23,184,700	-
Fund balances, ending	$ 21,949,897	$ 17,239,458	$ 24,191,238	$ 6,951,780

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, 2013

	Business-Type Activities – Enterprise Funds			Governmental Activities Internal Service Funds
	Airport Fund	Landfill and Recycling Fund	Total	
Assets				
Current assets:				
Cash and cash equivalents	$ -	$ 686,163	$ 686,163	$ 5,277,834
Cash and cash equivalents - restricted	-	2,674,347	2,674,347	-
Receivables, net of allowance for uncollectibles	62,328	408,767	471,095	134,153
Inventories	31,380	-	31,380	193,354
Prepaid assets	-	-	-	133,245
Due from other governmental units	108,830	-	108,830	-
Deferred charges (including bond issuance costs)	-	83,790	83,790	-
Total current assets	202,538	3,853,067	4,055,605	5,738,586
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	-	3,961,853	3,961,853	-
Intangible assets	192,690	-	192,690	-
Capital assets (depreciable/amortizable):				
Cell improvements	-	8,289,523	8,289,523	-
Buildings and improvements	2,977,276	4,013,687	6,990,963	349,000
Infrastructure	10,695,439	854,306	11,549,745	-
Machinery and equipment	348,953	2,312,543	2,661,496	418,614
Accumulated depreciation/amortization	(9,047,685)	(7,522,204)	(16,569,889)	(721,755)
Total capital assets, net	11,779,351	13,356,157	25,135,508	45,859
Total noncurrent assets	11,869,518	13,356,157	25,225,675	45,859
Total assets	$ 12,072,056	$ 17,209,224	$ 29,281,280	$ 5,784,445

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 8
Page 2 of 2

Statement of Net Position
Proprietary Funds
June 30, 2013

	Business-Type Activities – Enterprise Funds			Governmental Activities Internal Service Funds
	Airport Fund	Landfill and Recycling Fund	Total	
Liabilities				
Current liabilities:				
Accounts payable	$ 124,946	$ 326,588	$ 451,534	$ 525,396
Accrued and other liabilities	19,374	52,527	71,901	14,302
Retainage	-	62,736	62,736	-
Accrued interest payable	-	60,178	60,178	-
Due to other funds	151,088	89,915	241,003	-
Unearned revenue	-	-	-	407,428
Current portion of compensated absences	1,218	10,701	11,919	9,211
Current portion of incurred but not reported claims	-	-	-	543,569
Current portion of long-term bonds payable	-	494,697	494,697	-
Total current liabilities	296,626	1,097,342	1,393,968	1,499,906
Noncurrent liabilities:				
Accrued closure and postclosure liability	-	12,864,999	12,864,999	-
Advances from other funds	203,823	-	203,823	-
Noncurrent portion of compensated absences	10,967	96,308	107,275	82,898
Noncurrent portion of incurred but not reported claims	-	-	-	1,630,706
Noncurrent portion of long-term bonds payable	-	5,441,094	5,441,094	-
Total noncurrent liabilities	214,790	18,402,401	18,617,191	1,713,604
Total liabilities	511,416	19,499,743	20,011,159	3,213,510
Net Position				
Net investment in capital assets	11,779,351	10,005,159	21,784,510	45,859
Restricted	-	2,584,793	2,584,793	-
Unrestricted (deficit)	(218,711)	(14,880,471)	(15,099,182)	2,525,076
Total net position	11,560,640	(2,290,519)	9,270,121	2,570,935
Total liabilities and net position	$ 12,072,056	$ 17,209,224	$ 29,281,280	$ 5,784,445

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, 2013

	Business-Type Activities – Enterprise Funds			Governmental Activities
	Airport Fund	Landfill and Recycling Fund	Total	Internal Service Funds
Operating revenues				
Charges for services	$ 299,391	$ 3,332,796	$ 3,632,187	$ 27,676,594
Recycling revenues	-	723,497	723,497	-
Fuel	437,817	-	437,817	-
Forfeitures	-	-	-	6,679
Total operating revenues	737,208	4,056,293	4,793,501	27,683,273
Operating expenses				
Cost of goods sold	368,151	-	368,151	-
Personal services	219,731	1,092,730	1,312,461	627,368
Fringe benefits	44,615	351,676	396,291	254,320
Claims and benefits paid	-	-	-	19,769,780
Premiums	-	-	-	4,911,873
Contractual services	411,159	2,406,682	2,817,841	231,857
Other operating expenses	251,809	434,912	686,721	2,623,997
Contribution to OPEB	-	-	-	327,054
Landfill closure and postclosure liability	-	1,024,527	1,024,527	-
Depreciation	1,155,375	827,919	1,983,294	10,295
Total operating expenses	2,450,840	6,138,446	8,589,286	28,756,544
Operating income (loss)	(1,713,632)	(2,082,153)	(3,795,785)	(1,073,271)
Nonoperating revenues (expenses)				
Interest income	-	1,197	1,197	13,692
Gain (loss) on disposal of capital asset	-	(11,084)	(11,084)	9,085
Operating grants - Commonwealth of Virginia	337,717	19,918	357,635	-
Operating grants - Federal Government	124,691	-	124,691	-
Interest expense	-	(5,766)	(5,766)	-
Total nonoperating revenues (expenses)	462,408	4,265	466,673	22,777
Income (loss) before transfers	(1,251,224)	(2,077,888)	(3,329,112)	(1,050,494)
Transfers in	18,483	24,451	42,934	1,494,768
Change in net position	(1,232,741)	(2,053,437)	(3,286,178)	444,274
Net position - beginning	12,793,381	(237,082)	12,556,299	2,126,661
Net position - ending	$ 11,560,640	$ (2,290,519)	$ 9,270,121	$ 2,570,935

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, 2013

	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	$ 717,725	$ 3,952,145	$ 4,669,870	$ 27,901,219
Payment to suppliers and other operating activities	(918,660)	(2,887,341)	(3,806,001)	(27,298,237)
Payment to employees (including fringes)	(262,160)	(1,395,694)	(1,657,854)	(877,618)
Forfeitures	-	-	-	6,679
Prepaid assets	-	-	-	(133,245)
Contribution to OPEB	-	-	-	(327,054)
Net cash provided by (used for) operating activities	(463,095)	(330,890)	(793,985)	(728,256)
Cash Flow from Noncapital Financing Activities				
Transfers in	18,483	24,451	42,934	1,494,768
Repayment of interfund obligation	88,077	-	88,077	-
Due to other funds	-	89,915	89,915	-
Operating grants	355,653	19,918	375,571	-
Net cash provided by (used for) noncapital financing activities	462,213	134,284	596,497	1,494,768
Cash Flow from Capital and Related Financing Activities				
Acquisition and construction of capital assets	882	(3,250,135)	(3,249,253)	-
Proceeds from disposal of capital assets	-	-	-	9,085
Interest and other fiscal cost on debt	-	(226,814)	(226,814)	-
Net cash provided by (used for) capital and related financing activities	882	(3,476,949)	(3,476,067)	9,085
Cash Flow from Investing Activities				
Interest income	-	1,197	1,197	13,692
Net cash provided by investing activities	-	1,197	1,197	13,692
Net increase (decrease) in cash and cash equivalents	-	(3,672,358)	(3,672,358)	789,289
Cash and cash equivalents - beginning of the year	-	7,032,868	7,032,868	4,488,545
Cash and cash equivalents - end of the year	-	3,360,510	3,360,510	5,277,834
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
Cash flows from operations:				
Operating income (loss)	(1,713,632)	(2,082,153)	(3,795,785)	(1,073,271)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	1,155,375	827,919	1,983,294	10,295
Changes in operating assets and liabilities:				
(Increase) decrease in receivables	(15,990)	(104,148)	(120,138)	190,509
Increase in incurred but not reported claims	-	-	-	95,837
Decrease in inventory	41,377	-	41,377	7,175
(Increase) in prepaid assets	-	-	-	(133,245)
Decrease in deferred charges	700	12,279	12,979	-
Increase (decrease) in accounts payable	70,382	(58,026)	12,356	136,258
Increase in landfill closure and postclosure liability	-	1,024,527	1,024,527	-
Increase (decrease) in unearned revenue	(3,493)	-	(3,493)	34,116
Increase in accrued liabilities	2,186	48,712	50,898	4,070
Net cash provided by (used for) operating activities	$ (463,095)	$ (330,890)	$ (793,985)	$ (728,256)

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, 2013

	Pension (and other employee benefit) Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	$ -	$ 185,039
Cash in custody of others	-	101,999
Guaranteed investment contracts	71,308	-
Investments at fair value:		
Investment in pooled funds	2,662,549	-
Receivables, net of allowance for uncollectibles:		
Accounts	-	6,905
Total assets	2,733,857	293,943
Liabilities		
Accrued liabilities	-	18,403
Amounts held for clients/others	-	275,540
Total liabilities	-	$ 293,943
Net Position		
Held in trust for pool participants	71,308	
Held in trust for OPEB benefits	2,662,549	
Total net position	2,733,857	
Total liabilities and net position	$ 2,733,857	

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
Pension (and other employee benefit) Trust Funds
Fiscal Year Ended June 30, 2013

		Pension (and other employee benefit) Trust Funds
Additions		
Contribution for beneficiary	$	606,641
Investment income		271,966
Total additions		878,607
Deductions		
Members' benefits		1,564,056
Annuity contracts		24,200
Insurance		79,898
Administrative fees		7,688
Total deductions		1,675,842
Change in net position		(797,235)
Net position - beginning		3,531,092
Net position - ending	$	2,733,857

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

NOTES TO FINANCIAL STATEMENTS

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

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

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 *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 non-major 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, Fire and Rescue 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 Pension (and other employee benefit) Trust Funds account for assets held in trust by the County for employees and beneficiaries of its Fire and Rescue Pension Trust Length of Service Awards Fund and for the costs of health care and other non-pension benefits offered to retirees in its Other Postemployment Benefit Plans Fund. Agency funds include the Working Together Fund, Special Welfare Fund, Detention Center Fund, and Service to Outside Agencies Fund.

D. Assets, liabilities, and net position or fund balance

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 Fire and Rescue Pension Trust Length of Service Awards Fund, the Other Postemployment Benefit Plans Fund, the Working Together Fund, the Special Welfare 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, component units, 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 component units are classified as nonspendable fund balance as these funds are not in spendable form. The County participates in the Neighborhood Stabilization Program (NSP). These assets are reported at their lower of cost or market, or net realizable values.

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 2013, the unamortized prepaid balance is $637,017. 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 in the amount of $133,337 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, discounts, and issuance costs, 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. Bond issuance costs are reported as deferred charges, net of amortization, in the asset section of the Statement of Net Position.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, and bond issuance costs, 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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, 2013 are:

Encumbrances as of June 30, 2013:

Primary government

General Fund	$	524,979
Capital Projects Fund		2,258,290
Total primary government encumbrances	$	2,783,269

13. 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.

14. Net Position

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. 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 $107,766,774 is reclassified as shown below to present the total reporting entity column of Exhibit 1.

Net Position (summarized)	Primary Government	Component Unit - School Board	Reclassification of Debt Issued for: Public Schools Facilities	Total Reporting Entity
Net investment in capital assets	$ 88,827,820	$ 193,459,026	$ (107,766,774)	$ 174,520,072
Restricted for:				
Parks, recreation, and cultural	306,121	-	-	306,121
Public safety	440,312	-	-	440,312
Public works	32,979	-	-	32,979
Proffers	985,330	-	-	985,330
Affordable housing	153,057	-	-	153,057
Capital projects	3,300,201	-	-	3,300,201
Education	-	5,000	-	5,000
Other	4,724	-	-	4,724
Unrestricted (deficit)	(90,553,820)	(1,156,996)	107,766,774	16,055,958
Total net position	$ 3,496,724	$ 192,307,030	$ -	$ 195,803,754

E. Prior Period Adjustment

In the financial statements for the year ended June 30, 2012, certain amounts related to USDA loans taken by various volunteer fire and rescue companies were included in governmental activities as debt of the County. However, because the County is not the primary obligor on these borrowings, and has only a moral obligation to provide operating funds to the volunteer fire and rescue companies, these amounts should have been classified as contingent amounts, and included only as a note disclosure. The amount of these borrowings have been removed from the government-wide statement of net position and the government-wide statement of activities as follows:

	Originally Reported	Adjustment	Restated
Governmental Activities:			
Noncurrent liabilities:			
Due within one year	$ 10,368,373	$ (148,579)	$ 10,219,794
Due in more than one year	137,046,243	(17,487,636)	119,558,607
Unrestricted net position	(85,259,024)	17,636,215	(67,622,809)
Expenses	167,191,637	142,551	167,334,188
Change in net position	(4,159,623)	(142,551)	(4,302,174)

See Note 10 for further information about these long-term commitments.

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 26 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.

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

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, 2013. 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, 2013:

		Fair Value	Weighted Average Maturity (in years)
Money Market/Money Market Mutual Funds:			
Pooled Investments:			
State Treasurer's Local Government Investment Pool (LGIP)	$	20,238,595	0.0027
U.S. Government Agency Securities		1,962,680	3.5836
Demand deposit account		33,893,531	0.0027
Restricted Investments:			
USDA Debt Service Reserve		232,118	0.0027
Virginia State Non-Arbitrage Program (SNAP)		6,404,165	0.0027
U.S. Government Agency Securities		1,493	0.0466
Total Investment	$	62,732,582	0.1148

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 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.

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

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, 2013, 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	32%
Virginia State Non-Arbitrage Program (SNAP)	100%	AAA	10%
Demand deposit account	50%	AAA	44%
U.S. Government Agency Securities	100%	AAA	3%
Certificates of deposit	25%	-	11%
			100%

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

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

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

Restricted Cash and Investments at June 30, 2013:
Primary Government

Governmental Activities:	
General Fund:	
Grant and seizure funds	$ 208,194
SNAP Arbitrage (1996)	4,724
Retainage	62,752
Total General Fund	275,670
Capital Projects Fund:	
General Obligation Bond proceeds	3,789,323
Restricted donations	50,548
Performance bonds	222,467
Vint Hill EDA revenue sharing	440,900
Retainage	1,122,691
Total Capital Projects Fund	5,625,929
Other Governmental Funds:	
Parks, recreation, and cultural donations	194,054
Fire & Rescue USDA Reserve	232,118
Proffers	1,528,115
Affordable housing grants	153,057
Library	112,067
Marshall Electric Light and Business Improvement District	32,896
Vint Hill Transportation	203,542
Total Other Governmental Funds	2,455,849
Total Governmental Activities Restricted Cash and Investments	8,357,448
Business-Type Activities:	
Landfill and Recycling Fund:	
Revenue bond proceeds	2,611,611
Retainage	62,736
Total Business-Type Activities Restricted Cash and Investments	2,674,347
Total Primary Government Restricted Cash and Investments	11,031,795
Component unit - School Board	
School General Fund:	
Grant funds	5,000
Total Restricted Cash and Investments	$ 11,036,795

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. 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 legally enacted through passage of an Appropriations Resolution. The Appropriations Resolution places a legal level of budgetary control, the level at which expenditures may not legally exceed appropriations, at the department level.

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.

B. Excess of expenditures over appropriations

For the year ended June 30, 2013, there were no departments in which expenditures exceeded appropriations.

C. Deficit fund balance/net position

As of June 30, 2013, there were no funds with deficit fund balance. As of June 30, 2013 the Landfill fund had a deficit net position.

NOTE 4 – RECEIVABLES

Receivables at June 30, 2013, consist of the following:

Primary Government

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Business-Type Activities - Enterprise Funds	Internal Service Funds	Total
Property taxes	$ 6,228,146	$ -	$ 341,976	$ -	$ -	$ 6,570,122
Accounts	1,226,207	89,602	1,130,486	1,187,839	134,153	3,768,287
Due from other funds	2,391,691	-	-	-	-	2,391,691
Due from other governmental units	3,345,133	404,278	41,318	108,830	-	3,899,559
Advances to other funds	203,823	-	-	-	-	203,823
Gross receivables	13,395,000	493,880	1,513,780	1,296,669	134,153	16,833,482
Less allowance for uncollectible:						
Property taxes	(3,177,813)	-	(174,451)	-	-	(3,352,264)
Accounts	-	-	(118,786)	(626,577)	-	(745,363)
Total allowance for uncollectible	(3,177,813)	-	(293,237)	(626,577)	-	(4,097,627)
Net receivables	$ 10,217,187	$ 493,880	$ 1,220,543	$ 670,092	$ 134,153	$ 12,735,855
Total current receivables	$ 10,013,364	$ 493,880	$ 1,220,543	$ 579,925	$ 134,153	$ 12,441,865
Total noncurrent receivables	203,823	-	-	90,167	-	293,990
Total receivables	$ 10,217,187	$ 493,880	$ 1,220,543	$ 670,092	$ 134,153	$ 12,735,855

Governmental funds report deferred 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 deferred revenue and unearned revenue of the primary government were as follows:

	Unavailable	Unearned	Total
Deferred tax revenue	$ 1,876,594	$ -	$ 1,876,594
EMS ambulance billing revenue	615,614	-	615,614
Prepaid taxes	-	285,453	285,453
Parks and recreation facility rentals	-	19,063	19,063
Health insurance payroll deductions	-	407,428	407,428
Total deferred and unearned revenue	$ 2,492,208	$ 711,944	$ 3,204,152

NOTE 4 – RECEIVABLES (CONTINUED)

Component unit – School Board

	School General Fund	School Asset Replacement Fund	School Nutrition Fund	Total
Accounts	$ 24,091	$ 63,187	$ 23	$ 87,301
Due from other governmental units	3,186,661	-	-	3,186,661
Net receivables	$ 3,210,752	$ 63,187	$ 23	$ 3,273,962

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 deferred revenue and unearned revenue reported in the component unit were as follows:

	Deferred	Unearned	Total
School General Fund	$ 6,946	$ 10,910	$ 17,856
School Nutrition Fund	-	89,150	89,150
Total deferred and unearned revenue	$ 6,946	$ 100,060	$ 107,006

NOTE 5 – INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2013, consisted of the following:

	Transfers in:						
Transfers out:	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Enterprise Funds	Internal Service Funds	Total
General Fund	$ -	$ 847,500	$ 12,996,945	$ 1,743,831	$ 42,934	$ 1,494,768	$ 17,125,978
Capital Projects Fund	-	-	-	250,000	-	-	250,000
Nonmajor Governmental Funds	1,103,830	-	-	-	-	-	1,103,830
Total	$ 1,103,830	$ 847,500	$ 12,996,945	$ 1,993,831	$ 42,934	$ 1,494,768	$ 18,479,808

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 – INTERFUND RECEIVABLES AND PAYABLES

The following is a summary of interfund obligations as of June 30, 2013:

Current:

Due to / from other funds

Receivable Fund	Payable Fund	Amount
General Fund	Airport Fund	$ 151,088
General Fund	Debt Service Fund	2,150,688
General Fund	Landfill and Recycling Fund	89,915
Total		$ 2,391,691

Noncurrent:

Advances from / to other funds

Receivable Fund	Payable Fund	Amount
General Fund	Airport Fund	$ 203,823
Total		$ 203,823

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, $203,823 of the Airport Fund interfund obligation is considered to be long-term in the General Fund – Fund Balance.

NOTE 7 – DUE FROM OTHER GOVERNMENTAL UNITS

The following is a summary of amounts due from other governmental units at June 30, 2013:

	Primary Government	Component Unit – School Board
Commonwealth of Virginia:		
Local sales tax	$ 1,297,503	$ -
State sales tax	-	1,908,594
Shared expenses	409,688	-
Comprehensive services	543,991	-
Miscellaneous grants	1,036,180	555,278
Airport grants	108,830	-
Federal Government:		
School fund grants	-	722,789
Other federal grants	503,367	-
Total	$ 3,899,559	$ 3,186,661

NOTE 8 – CAPITAL ASSETS

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2013:

	Balance July 1, 2012	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2013
Primary government – governmental activities				
Capital assets (non-depreciable/non-amortizable):				
Land	$ 20,873,378	$ -	$ -	$ 20,873,378
Construction in progress	1,387,134	470,205	-	1,857,339
Total capital assets (non-depreciable/non-amortizable)	22,260,512	470,205	-	22,730,717
Capital assets (depreciable/amortizable):				
Buildings and improvements	52,331,263	108,852	36,000	52,404,115
Infrastructure	14,155,834	-	-	14,155,834
Machinery and equipment	14,345,636	651,395	544,144	14,452,887
Intangible assets	663,923	-	-	663,923
Total capital assets (depreciable/amortizable)	81,496,656	760,247	580,144	81,676,759
Less accumulated depreciation/amortization for:				
Buildings and improvements	14,451,626	1,504,811	36,000	15,920,437
Infrastructure	5,353,225	948,006	-	6,301,231
Machinery and equipment	9,480,879	1,159,430	491,574	10,148,735
Intangible assets	357,641	141,136	-	498,777
Total accumulated depreciation/amortization	29,643,371	3,753,383	527,574	32,869,180
Total capital assets (depreciable/amortizable), net	51,853,285	(2,993,136)	52,570	48,807,579
Governmental activities capital assets, net	$ 74,113,797	$ (2,522,931)	$ 52,570	$ 71,538,296

	Balance July 1, 2012	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2013
Primary government – enterprise funds				
Landfill and Recycling Fund:				
Capital assets (non-depreciable/non-amortizable):				
Landfill site	$ 1,446,449	$ -	$ -	$ 1,446,449
Construction in progress	536,585	3,425,268	-	3,961,853
Total capital assets (non-depreciable/non-amortizable)	1,983,034	3,425,268	-	5,408,302
Capital assets (depreciable/amortizable):				
Cell improvements	8,289,523	-	-	8,289,523
Buildings and improvements	4,013,687	-	-	4,013,687
Infrastructure	854,306	-	-	854,306
Machinery and equipment	2,307,277	73,349	68,083	2,312,543
Total capital assets (depreciable/amortizable)	15,464,793	73,349	68,083	15,470,059
Less accumulated depreciation/amortization for:				
Cell improvements	3,359,728	370,469	-	3,730,197
Buildings and improvements	1,351,631	261,115	-	1,612,746
Infrastructure	516,806	37,500	-	554,306
Machinery and equipment	1,465,390	216,564	56,999	1,624,955
Total accumulated depreciation/amortization	6,693,555	885,648	56,999	7,522,204
Total capital assets (depreciable/amortizable), net	8,771,238	(812,299)	11,084	7,947,855
Landfill and Recycling Fund capital assets, net	$ 10,754,272	$ 2,612,969	$ 11,084	$ 13,356,157

NOTE 8 – CAPITAL ASSETS (CONTINUED)

	Balance July 1, 2012	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2013
Primary government – enterprise funds (continued)				
Airport Fund:				
Capital assets (non-depreciable/non-amortizable):				
Land	$ 6,612,678	$ -	$ -	$ 6,612,678
Intangible assets	192,690	-	-	192,690
Total capital assets (non-depreciable/non-amortizable)	6,805,368	-	-	6,805,368
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	1,073,489	109,568	-	1,183,057
Infrastructure	6,660,067	1,028,804	-	7,688,871
Machinery and equipment	158,754	17,003	-	175,757
Total accumulated depreciation/amortization	7,892,310	1,155,375	-	9,047,685
Total capital assets, (depreciable/amortizable), net	6,129,358	(1,155,375)	-	4,973,983
Airport Fund capital assets, net	12,934,726	(1,155,375)	-	11,779,351
Total enterprise funds capital assets, net	$ 23,688,998	$ 1,457,594	$ 11,084	$ 25,135,508

	Balance July 1, 2012	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2013
Component unit – School Board				
Capital assets (non-depreciable/non-amortizable):				
Land	$ 5,052,116	$ -	$ -	$ 5,052,116
Construction in progress	14,121,352	17,508,921	-	31,630,273
Total capital assets (non-depreciable/non-amortizable)	19,173,468	17,508,921	-	36,682,389
Capital assets (depreciable/amortizable):				
Buildings and improvements	217,568,288	32,203	122,175	217,478,316
Infrastructure	5,204,865	-	-	5,204,865
Machinery and equipment	20,088,620	983,364	307,499	20,764,485
Intangible assets	279,687	-	-	279,687
Total capital assets (depreciable/amortizable)	243,141,460	1,015,567	429,674	243,727,353
Less accumulated depreciation/amortization for:				
Buildings and improvements	64,251,128	5,574,687	122,175	69,703,640
Infrastructure	1,408,551	246,961	-	1,655,512
Machinery and equipment	14,436,324	1,172,996	297,443	15,311,877
Intangible assets	279,687	-	-	279,687
Total accumulated depreciation/amortization	80,375,690	6,994,644	419,618	86,950,716
Total capital assets, (depreciable/amortizable), net	162,765,770	(5,979,077)	10,056	156,776,637
School Board capital assets, net	$ 181,939,238	$ 11,529,844	$ 10,056	$ 193,459,026

NOTE 8 – 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	$	557,236
Judicial		212,701
Public safety		1,783,367
Public works		140,125
Health and welfare		15,168
Parks, recreation, and cultural		963,491
Community development		12,931
Total governmental activities	$	3,685,019

Note: Total accumulated depreciation includes a transfer of $23,204 from the component unit-School Board, fully depreciated and a reacquisition of capital assets totaling $45,160.

Primary government – enterprise funds

Landfill and Recycling Fund	$	827,919
Airport Fund		1,155,375
Total enterprise funds	$	1,983,294

Note: Total accumulated depreciation in the Landfill and Recycling Fund includes a transfer of $57,729 from the primary government-governmental activities, fully depreciated.

Component unit – School Board	$	6,974,073

Note: Total accumulated depreciation includes a transfer of $20,571 from the primary government-governmental activities, fully depreciated.

NOTE 8 – CAPITAL ASSETS (CONTINUED)

Reconciliation of net investment in capital assets:

	Primary Government			
	Governmental Activities	Business-Type Activities	Component Unit - School Board	Reporting Entity Total
Total capital assets	$ 71,538,296	$ 25,135,508	$ 193,459,026	$ 290,132,830
Long-term obligations applicable to capital assets:				
Capital leases	3,735,000	-	-	3,735,000
Revenue Bonds	-	5,170,000	-	5,170,000
General obligation school bonds	-	-	103,560,000	103,560,000
Premium on bonds payable	759,986	765,791	6,501,207	8,026,984
Deferred amount on refunding	-	-	(2,294,433)	(2,294,433)
Less unspent proceeds as of June 30, 2013	-	(2,584,793)	-	(2,584,793)
Subtotal long-term obligations applicable to capital assets	4,494,986	3,350,998	107,766,774	115,612,758
Net investment in capital assets	$ 67,043,310	$ 21,784,510	$ 85,692,252	$ 174,520,072

Revenue bonds reported in Note 9 for the primary government-governmental activities are not included in the above reconciliation because the bonds were issued in support of capital projects capitalized by other entities. Only a portion of the deferred amount on refunding from Note 9 is included in this reconciliation; the balance is related to the afore-mentioned revenue bonds.

NOTE 9 – LONG-TERM OBLIGATIONS

PRIMARY GOVERNMENT

Governmental activities:

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

	Capital Leases		Revenue Bonds		General Obligation Bonds	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest
2014	$ 887,000	$ 117,385	$ 365,000	$ 314,534	$ 7,755,000	$ 4,560,209
2015	918,000	87,944	385,000	299,516	7,120,000	4,251,184
2016	949,000	55,128	405,000	280,722	7,245,000	3,908,669
2017	981,000	19,979	420,000	260,781	7,325,000	3,559,039
2018	-	-	440,000	239,694	7,260,000	3,243,613
2019-2023	-	-	2,040,000	864,394	34,545,000	11,903,193
2024-2028	-	-	1,760,000	423,764	25,950,000	5,422,970
2029-2033	-	-	835,000	36,804	6,120,000	1,586,676
2034-2038	-	-	-	-	240,000	4,260
Total	$ 3,735,000	$ 280,436	$ 6,650,000	$ 2,720,209	$ 103,560,000	$ 38,439,813

The following is a summary of long-term obligations of the County for the year ended June 30, 2013:

	Balance July 1, 2012*	Additions	Retirements	Balance June 30, 2013	Amount Due Within One Year
General long-term obligations:					
Capital leases	$ 4,706,680	$ -	$ 971,680	$ 3,735,000	$ 887,000
Revenue bonds	7,010,000	-	360,000	6,650,000	365,000
General obligation bonds	107,750,000	3,305,000	7,495,000	103,560,000	7,755,000
Premium on bonds payable	7,636,814	453,980	829,601	7,261,193	872,046
Deferred amount on refunding	(2,732,583)	-	(289,002)	(2,443,581)	(305,935)
Compensated absences	3,329,052	3,032,876	2,540,480	3,821,448	382,145
Incurred but not reported claims	2,078,438	95,837	-	2,174,275	543,569
Total general long-term obligations	$ 129,778,401	$ 6,887,693	$ 11,907,759	$ 124,758,335	$ 10,498,825

*As restated; see Note 1.E.

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

NOTE 9 – 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, maturing annually beginning April 1, 2010 through October 1, 2016, with interest payable semiannually at rates from 3.03% to 5.125%.	$ 2,470,000	$ 580,000
$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%.	1,265,000	307,000
Total Capital Leases	3,735,000	887,000
Revenue Bonds:		
$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%.	1,615,000	170,000
$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%.	5,035,000	195,000
Total Revenue Bonds	6,650,000	365,000
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%.	1,800,000	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%.	875,000	175,000
$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%.	$ 1,225,000	$ 175,000

	Amount Outstanding	Amount Due Within One Year
General Obligation Bonds (continued):		
$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%.	$ 1,815,000	$ 230,000
$8,495,000 General Obligation School Refunding Bonds, Series 2001, issued July 24, 2001, maturing annually from January 15, 2002 through July 15, 2013, with interest payable semiannually at rates from 3.00% to 4.60%.	790,000	790,000
$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%.	2,880,000	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%.	6,380,000	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%.	2,220,000	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%.	7,480,000	580,000
$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%.	16,400,000	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%.	25,550,000	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.	9,700,000	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	$ -

NOTE 9 – LONG-TERM OBLIGATIONS (CONTINUED)

	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%.	$ 9,880,000	$ 265,000
$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%.	3,305,000	-
Total General Obligation Bonds	103,560,000	7,755,000
Premium on bonds payable	7,261,193	872,046
Deferred amount on refunding	(2,443,581)	(305,935)
Compensated absences	3,821,448	382,145
Incurred but not reported claims	2,174,275	543,569
Total governmental activity long-term obligations	$ 124,758,335	$ 10,498,825

NOTE 9 – LONG-TERM OBLIGATIONS (CONTINUED)

PRIMARY GOVERNMENT

Business-type activities:

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

Fiscal Year	Revenue Bonds Principal	Revenue Bonds Interest
2014	$ 385,000	$ 234,122
2015	400,000	218,481
2016	420,000	198,669
2017	440,000	178,656
2018	460,000	157,619
2019-2023	2,155,000	440,453
2024-2028	405,000	176,048
2029-2033	505,000	67,527
Total	$ 5,170,000	$ 1,671,575

The following is a summary of long-term obligations of the enterprise funds for the year ended June 30, 2013:

	Balance July 1, 2012	Additions	Retirements	Balance June 30, 2013	Amount Due Within One Year
Business-type activities long-term obligations:					
Revenue bonds	$ 5,170,000	$ -	$ -	$ 5,170,000	$ 385,000
Premium on bonds payable	878,016	-	112,225	765,791	109,697
Compensated absences	94,092	88,421	63,319	119,194	11,919
Landfill closure and postclosure liability	11,840,472	1,024,527	-	12,864,999	-
Total business-type activity long-term obligations	$ 17,982,580	$ 1,112,948	$ 175,544	$ 18,919,984	$ 506,616

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%.	$ 5,170,000	$ 385,000
Premium on bonds payable	765,791	109,697
Compensated absences	119,194	11,919
Landfill closure and postclosure liability	12,864,999	-
Total business-type activity long-term obligations	$ 18,919,984	$ 506,616

NOTE 9 – LONG-TERM OBLIGATIONS (CONTINUED)

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, 2013:

	Balance July 1, 2012	Additions	Retirements	Balance June 30, 2013	Amount Due Within One Year
General long-term obligations:					
Compensated absences	$ 4,402,855	$ 4,142,324	$ 4,256,178	$ 4,289,001	$ 428,900
Total general long-term obligations	$ 4,402,855	$ 4,142,324	$ 4,256,178	$ 4,289,001	$ 428,900

Details of long-term obligations are as follows:

	Amount Outstanding	Amount Due Within One Year
Compensated absences, component unit	$ 4,289,001	$ 428,900
Total component unit long-term obligations	$ 4,289,001	$ 428,900

NOTE 10 – LONG-TERM COMMITMENTS

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 Special Revenue Fund as a contribution to the individual stations. The required debt service reserve of 10% annually for 10 years will be funded from the Fire and Rescue Levy and 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.

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
2014	$ 225,009	$ 712,449
2015	234,188	703,270
2016	243,742	693,716
2017	253,688	683,770
2018	264,040	673,418
2019-2023	1,490,949	3,196,341
2024-2028	1,821,294	2,865,995
2029-2033	2,225,098	2,462,192
2034-2038	2,718,750	1,968,540
2039-2043	3,322,312	1,364,978
2044-2048	3,900,197	634,640
2049-2051	788,369	59,709
Total	$ 17,487,636	$ 16,019,018

The following is a summary of long-term commitments of the County for the year ended June 30, 2013:

	Balance July 1, 2012	Additions	Retirements	Balance June 30, 2013	Amount Due Within One Year
General long-term commitments:					
USDA Notes	$ 17,636,215	$ -	$ 148,579	$ 17,487,636	$ 225,009

NOTE 10 – LONG-TERM COMMITMENTS (CONTINUED)

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%.	$ 2,760,337	$ 38,589
$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%.	951,976	11,985
$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%.	2,800,084	36,175
$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%.	1,655,911	21,394
$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%.	3,616,328	46,718
$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%.	5,703,000	70,148
Total long-term commitments	$ 17,487,636	$ 225,009

NOTE 11 – CONSTRUCTION COMMITMENTS

At June 30, 2013, 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
Fauquier High School	Whiting Turner	$ 24,236,520	$ 23,559,149	$ 677,371
Fauquier High School Phase II	Whiting Turner	5,860,297	3,830,430	2,029,867
Brookside Parkway	Bay Country Enterprises	1,749,425	1,425,374	324,051
Landfill Cell 1	New Dominion	3,151,554	3,050,708	100,846
Total		$ 34,997,796	$ 31,865,661	$ 3,132,135

NOTE 12 – 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 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 13 – CLAIMS AND LITIGATION

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

The first claim, a pending litigation, 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 representation 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.

In addition to the pending litigation, the County has received an administrative construction delay claim in the amount of $2,303,000. The claim relates to a construction contract originally in the amount of approximately $2.9 million. The contractor alleges that it was delayed on the project and is entitled to additional compensation as a consequence. The County has retained an attorney with construction delay claim expertise to review the claim and assist in preparing the appropriate response. The evaluation of the claim has not been completed at this time.

NOTE 14 – DEFINED BENEFIT PENSION PLAN

A. Plan description

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

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

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

- Members hired before July 1, 2010 and who were vested as of January 1, 2013 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit as early as age 55 with at least five years of service credit or age 50 with at least 10 years of service credit.

- Members hired or rehired on or after July 1, 2010 and Plan 1 members who were not vested on January 1, are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.

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

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2 average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.7% or 1.85% as elected by the employer. The multiplier for Plan 2 members was reduced to 1.65% effective January 1, 2013 unless they are hazardous duty employees and their employer has elected the enhanced retirement multiplier. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5%; under Plan 2, the COLA cannot exceed 6%. During years of no inflation or deflation, the COLA is 0%. The VRS also provides death and disability benefits. Title 51.1 of the *Code of Virginia* (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at http://www.varetire.org/Pdf/Publications/2012-annual-report.pdf or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

B. Funding policy

Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5% member contribution may be 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% member contribution. This could be phased in over a period 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. In addition, the County and the School Board are required to contribute the remaining amounts necessary to fund their participation in the VRS using the actuarial basis specified by the *Code of Virginia* and approved by the VRS Board of Trustees.

The County and School Board employees' contribution rates as a percentage of the annual covered payroll for fiscal year ended June 30, 2013 were:

	Annual Required Contribution (ARC)		
	County	Non-Professional School Board	Professional School Board
Employer contribution rates July 1, 2012 – June 30, 2013	10.93%	8.94%	11.66 %
Employee contribution rates (paid by employee) July 1, 2012 – June 30, 2013	5.00%	5.00%	5.00%
Total contribution rates July 1, 2012 – June 30, 2013	15.93%	13.94%	16.66%

Detailed below are current and required contributions to the cost-sharing pool in dollars and the percentage of that amount actually contributed for the current year and each of the two preceding years:

Actual and required contributions to the cost sharing pool for County non-professional employees:

Fiscal year ending		Annual Actual Contribution Amount (a)	Annual Actual Contribution % of Covered Payroll (a/b)	Annual Required Contribution % of Covered Payroll		Covered Payroll (b)
2013	$	4,646,585	15.93%	15.93%	$	29,168,770
2012		3,515,820	13.39%	13.39%		26,257,059
2011		3,511,410	13.39%	13.39%		26,224,123

Actual and required contributions to the cost-sharing pool for School non-professional employees:

Fiscal year ending		Annual Actual Contribution Amount (a)	Annual Actual Contribution % of Covered Payroll (a/b)	Annual Required Contribution % of Covered Payroll		Covered Payroll (b)
2013	$	967,756	13.94%	13.94%	$	6,942,297
2012		782,863	11.31%	11.31%		6,921,864
2011		792,636	11.31%	11.31%		7,008,278

Actual and required contributions to the cost-sharing pool for School professional employees:

Fiscal year ending		Annual Actual Contribution Amount (a)	Annual Actual Contribution % of Covered Payroll (a/b)	Annual Required Contribution % of Covered Payroll		Covered Payroll (b)
2013	$	11,551,749	16.66%	16.66%	$	69,338,227
2012		7,654,397	11.33%	11.33%		67,558,666
2011		6,083,334	8.93%	8.93%		68,122,443

C. Annual pension cost (APC)

For fiscal year 2013, the County's annual pension cost of $4,646,585 was equal to the County's required and actual contributions which included the 5.00% member contribution and the 10.93% employer's share. In fiscal year 2013, the School Board's annual pension cost for non-professional employees was $967,756 which was equal to the School Board's required and actual contributions, which included the 5.00% member contribution and the 8.94% employer's share.

County:

Fiscal Year Ending		Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (NPO)
June 30, 2013	$	4,646,585	100%	-
June 30, 2012		3,515,820	100%	-
June 30, 2011		3,511,410	100%	-

Component unit − School Board:

Fiscal Year Ending		Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2013	$	967,756	100%	-
June 30, 2012		782,863	100%	-
June 30, 2011		792,636	100%	-

The FY 2013 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government and School non-professional employees, 3.75% to 6.20% per year for School professional employees, and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost of living adjustment of 2.50% per year Plan 1 members and 2.25% Plan 2 members. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County's and School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County's and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

D. Funded status and funding progress

The funded status of the Virginia Retirement System pension plan as of June 30, 2012, the most recent actuarial valuation date, is as follows:

County:

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio Assets as % of AAL (a/b)	Annual Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
June 30, 2012	$ 68,200,108	$ 86,752,363	$ 18,552,255	78.61%	$ 26,369,689	70.35%

Component unit – School Board:

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio Assets as % of AAL (a/b)	Annual Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
June 30, 2012	$ 17,304,701	$ 19,054,336	$ 1,749,635	90.82%	$ 6,658,163	26.28%

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

E. 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 2013 there were 320 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, 2013, 2012, and 2011 were $725,107, $406,505, and $409,127, respectively.

NOTE 15 – FIRE AND RESCUE PENSION TRUST LENGTH OF SERVICE AWARDS PROGRAM

A. Plan description and provisions

On January 1, 1995, the Fauquier County Board of Supervisors adopted the Fire and Rescue Pension Trust Length of Service Awards Program for the Fauquier County Fire and Rescue Association and its member companies to recognize the service provided by the volunteers. The plan was active until January 1, 2002, at which time the Fauquier County Board of Supervisors, at the recommendation of the Fire and Rescue Association, froze all member benefits in the plan. The plan is a single employer defined benefit pension plan which was open to any volunteer firefighter over the age of eighteen. Participants vested in five years and earned a fixed dollar benefit based on years of service. The amortization period is closed. Benefits and refunds of the postemployment defined benefit pension plan are recognized when due and payable in accordance with the terms of the plan.

As of June 30, 2013, the program membership consisted of the following:

Eligible Members	2

No separate financial report is issued for the plan. Per GAAP note disclosure requirements, the following is a summary of financial information held in trust for the Fire and Rescue Pension Trust Length of Service Awards Program:

		Fire and Rescue Pension Trust Length of Service Awards Fund
Assets		
Guaranteed investment contracts	$	71,308
Net Position		
Held in trust for pool participants		71,308
Total net position	$	71,308
Additions		
Contribution for beneficiary	$	279,587
Investment income		51,729
Total additions		331,316
Deductions		
Members' benefits		1,564,056
Annuity contracts		24,200
Insurance		79,898
Administrative fees		5,094
Total deductions		1,673,248
Change in net position		(1,341,932)
Net position - beginning		1,413,240
Net position - ending	$	71,308

NOTE 15 – FIRE AND RESCUE PENSION TRUST LENGTH OF SERVICE AWARDS PROGRAM (CONTINUED)

B. Funding policy

This plan is available to vested volunteer members with no covered payroll. Benefits are amortized on a level dollar basis. They are recognized when due and payable in accordance with the terms of the plan. Benefits accrue at the rate of $10 per month for each two years of active service prior to January 1, 1985, and $10 per year of service completed between January 1, 1985 and January 1, 1995, with a maximum of $250 per month. Since the County fully funds the plan, refunds are not paid. The plan does not provide for postretirement increases. The contribution rate is determined using a projected unit credit funding method. The actuarial value of the plan assets is equal to the market value of the assets. Present and future assets in the plan are assumed to earn an investment rate of return of 5.00% compounded annually which reflects the actuary's best estimate of long-term investment results. There is no inflation factor or salary increase factor used since there is no covered payroll. When actual investment results are less than the assumed rate, additional contributions will be required in future years.

The contributions to the plan for the fiscal year ended June 30, 2013, totaled $279,587. The program's funding policy provides for periodic County contributions at actuarially determined rates that are sufficient to accumulate adequate assets to pay benefits when due. At June 30, 2013, the plan had net position available for benefits totaling $71,308. The plan additions fund the cost of administering the plan and is fully funded.

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed
June 30, 2013	$ 279,587	100%
June 30, 2012	272,501	100%
June 30, 2011	283,192	100%
June 30, 2010	265,245	100%
June 30, 2009	248,749	100%
June 30, 2008	265,245	100%

The funded status of the Fire and Rescue Pension Trust Length of Service Awards Program as of June 30, 2013, 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
June 30, 2013	$ 71,308	$ 49,885	$ -	142.95%

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.

NOTE 16 – 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.

NOTE 16 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

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 14, section E.

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	$	2,662,549
Net Position		
Held in trust for OPEB benefits		2,662,549
Total net position	$	2,662,549
Additions		
Contribution for beneficiary	$	327,054
Investment income		220,237
Total additions		547,291
Deductions		
Administrative fees		2,594
Total deductions		2,594
Change in net position		544,697
Net position - beginning		2,117,852
Net position - ending	$	2,662,549

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	54
Active employees	2,003

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, 2012. The actuarial valuation estimated the Unfunded Actuarial Accrued Liability (UAAL) at $6,130,793 and an Annual Required Contribution (ARC) of $930,551. The County and School Board have paid $603,497 towards this obligation during fiscal year 2013, the estimated pay as you go cost for OPEB benefits, and in addition contributed $327,054 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 2013 are as follows:

Fiscal Year Ending	Actuarial Valuation Annual OPEB Cost	Percentage of ARC Contributed	Net OPEB Obligation/(Assets)
June 30, 2013	$ 930,551	100%	$ -
June 30, 2012	1,019,270	100%	-
June 30, 2011	970,000	98%	-

D. Trend information

As of July 1, 2012 the annual healthcare cost trend rate is 7.5%, trending down over the next five years to a rate of 5.7% 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, 2012, 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, 2012	$ 2,117,852	$ 8,248,645	$ 6,130,793	25.70%	$ 105,388,943	5.80%

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.

In the July 1, 2012 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, 2012 include a discount rate of 7.5%, 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 17 – DEBT DEFEASANCE

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, 2013, $23,113,000 of outstanding debt is considered defeased.

NOTE 18 – 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 $12,864,999 reported as landfill closure/postclosure care liability at June 30, 2013, represents the cumulative amount reported based on the use of 100% of the estimated capacity of the old landfill, the use of 63.90% of the estimated capacity of the new landfill, and the closure costs for the Construction and Demolition Recycling facility of $27,291. The County will recognize the remaining estimated cost of closure and postclosure care of $3,934,196 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 2013. The County is in the process of constructing 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 19 – FUND BALANCES

The following is a summary of fund balances as of June 30, 2013:

Primary government

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Primary Government
Fund balances:					
Nonspendable:					
Inventories	$ 50,162	$ -	$ -	$ -	$ 50,162
Prepaid assets	96,831	642,522	2,370,625	187,775	3,297,753
Advances to other funds	203,823	-	-	-	203,823
Total nonspendable	350,816	642,522	2,370,625	187,775	3,551,738
Restricted:					
Parks, recreation, and cultural	-	-	-	306,121	306,121
Public safety	-	-	-	232,118	232,118
Public works	-	-	-	32,979	32,979
Proffers	-	-	-	985,330	985,330
Affordable housing	-	-	-	153,057	153,057
Grants	208,194	-	-	-	208,194
SNAP arbitrage	4,724	-	-	-	4,724
Capital projects	-	4,503,238	-	-	4,503,238
Total restricted	212,918	4,503,238	-	1,709,605	6,425,761
Committed:					
Public safety	-	-	-	4,031,681	4,031,681
Budgeted use of fund balance	1,459,328	-	-	-	1,459,328
Purchase development rights	-	-	-	548,900	548,900
Affordable housing	-	-	-	238,860	238,860
Capital projects	-	4,736,630	-	-	4,736,630
Asset replacement	-	-	-	2,517	2,517
Total committed	1,459,328	4,736,630	-	4,821,958	11,017,916
Assigned:					
Encumbrances	524,979	-	-	-	524,979
Asset replacement	-	-	-	1,372,457	1,372,457
Other purposes	5,694,031	-	-	-	5,694,031
Total assigned	6,219,010	-	-	1,372,457	7,591,467
Unassigned	15,949,166	-	(2,150,688)	-	13,798,478
Total	$ 24,191,238	$ 9,882,390	$ 219,937	$ 8,091,795	$ 42,385,360

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	$ -	$ -	$ -	$ 178,112	$ 178,112
Prepaid assets	150	-	-	-	150
Total nonspendable	150	-	-	178,112	178,262
Restricted:					
Grants	5,000	-	-	-	5,000
Assigned:					
Other purposes	7,950	2,556,241	264,582	124,970	2,953,743
Unassigned:	-	-	-	-	-
Total	$ 13,100	$ 2,556,241	$ 264,582	$ 303,082	$ 3,137,005

NOTE 20 – RISK MANAGEMENT

A. County government

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The identification and analysis of exposures to risk, implementation of risk control techniques, and utilization of appropriate risk financing alternatives accomplish management of these risks.

The County Government is a member of the Virginia Association of Counties Risk Pool (VACoRP) insurance programs for its property, automobile, liability, public officials, and workers' compensation coverage. This pool is a non-profit, tax-exempt association. Each Association member jointly and severally agrees to assume, pay, and discharge any liability. The County pays VACoRP contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County carries commercial insurance for all other risks of loss, including airport liability. During the last three fiscal years, settled claims from these risks have not exceeded commercial coverage.

B. Component unit – School Board

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

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

In the event the pool, VACoRP, incurs a loss deficit and depletion of all available excess insurance, the pool may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

C. Fire and Rescue Association component

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

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 Delta Plans are fully insured by Delta Dental of Virginia. This means that the employer has to set up a fund into which payroll dental insurance deductions, as well as the employer's share of the premiums are deposited.

NOTE 20 – RISK MANAGEMENT (CONTINUED)

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:

	2012	2013
Unpaid claims, beginning of fiscal year	$ 1,728,978	$ 2,078,438
Incurred claims, (including IBNR)	19,568,749	19,769,780
Claim payments	(19,219,289)	(19,673,943)
Unpaid claims, end of fiscal year	$ 2,078,438	$ 2,174,275

NOTE 21 – 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 14.09% of the regional jail's operating expenses, including debt service, totaling $1,334,783 in fiscal year 2013.

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 2013, Fauquier County contributed a total of $63,995.

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 2013, Fauquier County contributed a total of $225,818.

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 six divisions (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 six school divisions contribute annually based on the number of students each school board proposes to send to the governor's school. In fiscal year 2013, the Fauquier County School Board contributed a total of $170,069, with $458,763 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.

NOTE 21 – RELATED ORGANIZATIONS AND JOINTLY GOVERNED ORGANIZATIONS (CONTINUED)

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 22 – SURETY BONDS

		Amount
Commonwealth of Virginia Faithful Performance of Duty Bond Plan (Obligee) by and through Travelers Casualty and Surety Company of America of Hartford, Connecticut – Surety		
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 23 – 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	40,527
Economic Development Office, 35 Culpeper Street	25,602
Reassessment Office, 98 Alexandria Pike	40,260

All leases are subject to annual appropriation of rental payments.

NOTE 24 – GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENTS

The County implemented the following GASB Statements in fiscal year 2013:

Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, effective for periods beginning after December 15, 2011. This Statement addresses how to account for and report service concession arrangements (SCAs), a type of public-private or public-public partnership that state and local governments are increasingly entering into. An SCA is an arrangement between a transferor (a governmental entity) and an operator (governmental or nongovernmental entity) in which the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset in exchange for significant consideration and in which the operator collects and is compensated by fees from third parties.

Statement No. 61, *The Financial Reporting Entity: Omnibus – an Amendment of GASB Statements No. 14 and No. 34* effective for periods beginning after June 15, 2012. The objective of this Statement is to improve financial reporting for governmental entities by amending the requirements of Statements No. 14, *The Financial Reporting Entity*, and No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, to better meet user needs and address reporting entity issues that have come to light since those statements were issued in 1991 and 1999, respectively. It modifies certain requirements for inclusion of component units in the reporting entity, amends and adds to the criteria for reporting blended component units, and clarifies reporting of equity interests in legally separate organizations.

Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, effective for periods beginning after December 15, 2011. This Statement is intended to enhance the usefulness of its Codification by incorporating guidance that previously could only be found in certain Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements.

Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* effective for periods beginning after December 15, 2011. The objective of this Statement is to improve financial reporting by providing citizens and other users of state and local government financial reports with information about how past transactions will continue to impact a government's financial statements in the future. This Statement provides financial reporting guidance for deferred outflows of resources (the consumption of net position by the government that is applicable to a future reporting period) a deferred inflows of resources (the acquisition of net position by the government that is applicable to a future reporting period), and the components of net position.

Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions-an Amendment of GASB Statement No. 53* effective for periods beginning after June 15, 2011. The objective of this Statement is to improve financial reporting by state and local governments by clarifying the circumstances in which a hedge accounting continues to be applied when a swap counterparty, or a swap counterparty's credit support provider, is replaced. The County does not own any derivatives and therefore is not affected by this Statement.

The County will implement the following GASB Statements in fiscal year 2014:

Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective for periods beginning after December 15, 2012. This Statement established accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognized, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62,* effective for periods beginning after December 15, 2012. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62. *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPAPronouncements*.

Statement No. 67, *Financial Reporting for Pension Plans-an amendment of GASB Statement No. 25*, effective for periods beginning after June 15, 2013. The objective of this Statement is to improve financial reporting by state and local government pension plans. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures,* an amendment of GASB Statements No. 25 and No. 27 as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of the statement and to defined contribution plans that provide postemployment benefits other than pensions.

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. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, effective for periods beginning after June 15, 2013. This Statement improves accounting and financial reporting and specifies disclosure requirements for state and local governments that extend and receive nonexchange financial guarantees. This Statement requires governments that extend a nonexchange financial guarantee to recognize a liability and provides guidance on how that obligation should be valued and how long it should be reported. It also provides guidance on intra-entity nonexchange financial guarantees involving component units.

The County will implement 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.

REQUIRED SUPPLEMENTARY INFORMATION

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Exhibit 13

Schedule of Funding Progress
Virginia Retirement System, Fire and Rescue Pension Trust Length of Service Awards Program,
and Other Postemployment Benefits Program
Fiscal Year Ended June 30, 2013

Virginia Retirement System

County:

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
June 30, 2012	$ 68,200,108	$ 86,752,363	$ 18,552,255	78.61%	$ 26,369,689	70.35%
June 30, 2011	66,514,023	84,072,944	17,558,921	79.11%	26,682,268	65.81%
June 30, 2010	63,078,692	78,115,602	15,036,910	80.75%	26,212,986	57.36%

Component unit − School Board:

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
June 30, 2012	$ 17,304,701	$ 19,054,336	$ 1,749,635	90.82%	$ 6,658,163	26.28%
June 30, 2011	16,951,314	18,864,453	1,913,139	89.86%	6,934,402	27.59%
June 30, 2010	16,273,785	17,409,848	1,136,063	93.47%	7,113,425	15.97%

Analysis of the dollar amounts of the actuarial value of assets (AVA), actuarial accrued liability (AAL), and unfunded actuarial accrued liability (UAAL) in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarial accrued liability (see funded ratio) provides one indication of the program's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the plan is becoming financially stronger or weaker.

Fire and Rescue Pension Trust Length of Service Awards Program

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio Assets as % of AAL
June 30, 2013	$ 71,308	$ 49,885	$ -	142.95%
June 30, 2012	1,413,138	1,604,123	190,985	88.10%
December 31, 2010	1,242,569	1,429,088	186,519	86.95%
December 31, 2009	1,076,896	1,444,464	367,568	74.55%
December 31, 2008	909,474	1,420,651	511,177	64.02%
December 31, 2007	774,144	1,437,122	662,978	53.87%
December 31, 2006	741,241	1,570,411	829,170	47.20%

Due to the freezing of assets, an actuarial report is no longer being completed. Therefore, the June 30, 2012 and June 30, 2013 reports are annual reports.

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, 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.

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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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 14
Page 1 of 2

Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Capital Projects Fund
Fiscal Year Ended June 30, 2013

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
Revenue from use of money and property	$ -	$ -	$ 8,998	$ 8,998
Miscellaneous	-	505,463	480,463	(25,000)
Intergovernmental:				
Commonwealth of Virginia	1,420,068	1,900,531	670,375	(1,230,156)
Federal Government	1,772,434	4,114,434	34,789	(4,079,645)
Total revenues	3,192,502	6,520,428	1,194,625	(5,325,803)
Expenditures				
Current operating:				
Capital projects:				
Public works:				
Marshall Main Street	903,035	3,111,035	67,059	3,043,976
Salem Meeting House	85,531	85,531	-	85,531
Catlett/Calverton sewer	7,000,000	7,000,000	-	7,000,000
Brookside Parkway extension	2,455,680	2,455,680	1,606,455	849,225
Vint Hill Public Streets Network	466,399	1,427,326	629,088	798,238
Oak Lake street construction	2,841	-	-	-
Meadfield street construction	44,631	87,452	87,452	-
Total public works	10,958,117	14,167,024	2,390,054	11,776,970
Education:				
Fauquier high school	17,737,739	22,671,137	16,979,651	5,691,486
Kettle Run high school	7,371	-	-	-
Academic avenue construction	74,308	-	-	-
New elementary school #12	31,936	31,936	-	31,936
Total education	17,851,354	22,703,073	16,979,651	5,723,422
Parks, recreation, and cultural:				
Lord Fairfax Community College	14,066	14,066	-	14,066
Palmer extension	562,875	562,875	840	562,035
Woods of Warrenton	113,396	113,396	7,849	105,547
M M Pierce trail project	-	341,500	-	341,500
Safe routes to school	-	508,000	-	508,000
Northern swimming pool	52,293	52,293	-	52,293
Northern sports complex	104,542	104,542	43,980	60,562
Central sports complex	87,760	87,760	-	87,760
Total parks, recreation, and cultural	$ 934,932	$ 1,784,432	$ 52,669	$ 1,731,763

Schedule of Revenues, Expenditures, and
Changes in Fund Balances − Budget and Actual
Capital Projects Fund
Fiscal Year Ended June 30, 2013

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Expenditures (continued)				
Current operating: (continued)				
Capital projects: (continued)				
Community development:				
Airport sewer project	$ 68,957	$ 68,957	$ -	$ 68,957
Vint hill expansion	-	-	-	-
Total community development	68,957	68,957	-	68,957
Total current operating	29,813,360	38,723,486	19,422,374	19,301,112
Capital outlay:				
General Government	200,000	200,000	-	200,000
Public safety	769,248	769,248	110,996	658,252
Public works	1,714,506	781,526	12,645	768,881
Education	827,656	256,638	28,982	227,656
Parks, recreation, and cultural	3,946	3,946	-	3,946
Community development	-	-	145,574	(145,574)
Total capital outlay	3,515,356	2,011,358	298,197	1,713,161
Debt service:				
Revenue bond covenant	58,853	58,853	-	58,853
Interest charges	-	-	15,300	(15,300)
Total debt service	58,853	58,853	15,300	43,553
Total expenditures	33,387,569	40,793,697	19,735,871	21,057,826
Excess (deficiency) of revenues over (under) expenditures	(30,195,067)	(34,273,269)	(18,541,246)	15,732,023
Other financing sources (uses)				
Transfers in	200,000	847,500	847,500	-
Transfers (out)	-	(250,000)	(250,000)	-
Issuance of debt	-	3,651,719	3,305,000	(346,719)
Premiums on issuance of debt	-	-	346,719	346,719
Total other financing sources (uses)	200,000	4,249,219	4,249,219	-
Net change in fund balances	(29,995,067)	(30,024,050)	(14,292,027)	15,732,023
Fund balances, beginning	24,174,417	24,174,417	24,174,417	-
Fund balances, ending	$ (5,820,650)	$ (5,849,633)	$ 9,882,390	$ 15,732,023

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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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COUNTY OF FAUQUIER, VIRGINIA

Exhibit 15

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Debt Service Fund
Fiscal Year Ended June 30, 2013

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
Miscellaneous	$ -	$ -	$ 31,298	$ 31,298
Intergovernmental:				
Federal Government	-	-	406,512	406,512
Total revenues	-	-	437,810	437,810
Expenditures				
Debt service:				
Principal retirement	8,826,681	8,826,681	8,826,681	-
Interest charges	4,613,190	4,613,190	5,113,915	(500,725)
Bond issuance cost	-	-	34,284	(34,284)
Fiscal charges	6,850	6,850	6,950	(100)
Total expenditures	13,446,721	13,446,721	13,981,830	(535,109)
Excess (deficiency) of revenues over (under) expenditures	(13,446,721)	(13,446,721)	(13,544,020)	(97,299)
Other financing sources (uses)				
Transfers in	12,996,945	12,996,945	12,996,945	-
Premiums on issuance of debt	-	-	107,261	107,261
Total other financing sources (uses)	12,996,945	12,996,945	13,104,206	107,261
Net change in fund balances	(449,776)	(449,776)	(439,814)	9,962
Fund balances, beginning	659,751	659,751	659,751	-
Fund balances, ending	$ 209,975	$ 209,975	$ 219,937	$ 9,962

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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 *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 *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 *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 *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.

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

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

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 *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 16
Page 1 of 2

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

		Special Revenue				
	Asset Replacement Fund	**Parks and Recreation Fund**	**Library Fund**	**Conservation Easement Service District Fund**	**Marshall Electric Light and Business Improvement District Fund**	**Fire and Rescue Fund**
Assets						
Current assets:						
Cash, cash equivalents, and investments	$ 1,597,784	$ -	$ 81	$ 545,061	$ 932	$ 3,231,317
Cash, cash equivalents, and investments - restricted	-	194,054	112,067	-	32,896	232,118
Receivables, net of allowance for uncollectibles:						
Taxes, including penalties	-	-	-	19,693	70	147,762
Accounts	84	-	-	1,120	13	161,665
Prepaid assets	-	-	-	-	-	187,775
Due from other governmental units	-	-	-	-	-	24,440
Total assets	1,597,868	194,054	112,148	565,874	33,911	3,985,077
Liabilities						
Accounts payable	222,894	-	81	324	891	93,565
Accrued liabilities	-	-	-	2,566	-	2,997
Deferred revenue	-	-	-	14,084	41	105,984
Escrows	-	-	-	-	-	-
Total liabilities	222,894	-	81	16,974	932	202,546
Fund balances						
Nonspendable	-	-	-	-	-	187,775
Restricted	-	194,054	112,067	-	32,979	232,118
Committed	2,517	-	-	548,900	-	3,362,638
Assigned	1,372,457	-	-	-	-	-
Total fund balances	1,374,974	194,054	112,067	548,900	32,979	3,782,531
Total liabilities and fund balances	$ 1,597,868	$ 194,054	$ 112,148	$ 565,874	$ 33,911	$ 3,985,077

Funds

Ambulance Revenue Fund	Proffer Fund	Affordable Housing Fund	Vint Hill Transportation Fund	Total Nonmajor Governmental Funds	
					Assets
$ 522,245	$ -	$ 222,437	$ -	$ 6,119,857	Cash, cash equivalents, and investments
-	1,528,115	153,057	203,542	2,455,849	Cash, cash equivalents, and investments - restricted
					Receivables, net of allowance for uncollectibles:
-	-	-	-	167,525	Taxes, including penalties
848,818	-	-	-	1,011,700	Accounts
-	-	-	-	187,775	Prepaid assets
-	-	16,878	-	41,318	Due from other governmental units
1,371,063	1,528,115	392,372	203,542	9,984,024	Total assets
					Liabilities
85,363	-	353	-	403,471	Accounts payable
1,043	-	102	-	6,708	Accrued liabilities
615,614	-	-	-	735,723	Deferred revenue
-	746,327	-	-	746,327	Escrows
702,020	746,327	455	-	1,892,229	Total liabilities
					Fund balances
-	-	-	-	187,775	Nonspendable
-	781,788	153,057	203,542	1,709,605	Restricted
669,043	-	238,860	-	4,821,958	Committed
-	-	-	-	1,372,457	Assigned
669,043	781,788	391,917	203,542	8,091,795	Total fund balances
$ 1,371,063	$ 1,528,115	$ 392,372	$ 203,542	$ 9,984,024	Total liabilities and fund balances

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 17

Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances – Nonmajor Governmental Funds
Fiscal Year Ended June 30, 2013

		Special Revenue				
	Asset Replacement Fund	**Parks and Recreation Fund**	**Library Fund**	**Conservation Easement Service District Fund**	**Marshall Electric Light and Business Improvement District Fund**	**Fire and Rescue Fund**
Revenues						
General property taxes	$ -	$ -	$ -	$ 617,084	$ 8,781	$ 4,625,634
Revenue from use of money and property	272	502	323	-	-	4,103
Charges for services	31,157	-	-	-	-	-
Gifts and donations	-	13,461	29,528	-	-	-
Recovered costs	21,638	-	-	-	-	-
Miscellaneous revenue	-	-	-	-	-	39,350
Intergovernmental:						
Commonwealth of Virginia	-	-	-	439,986	-	231,734
Federal Government	-	-	-	75,000	-	-
Total revenues	53,067	13,963	29,851	1,132,070	8,781	4,900,821
Expenditures						
Current operating:						
Public safety	104,336	-	-	-	-	4,107,878
Public works	-	-	-	-	9,470	-
Parks, recreation, and cultural	-	2,115	37,804	-	-	-
Community development	-	-	-	838,795	-	-
Capital outlay	1,166,771	-	-	-	-	-
Total expenditures	1,271,107	2,115	37,804	838,795	9,470	4,107,878
Excess (deficiency) of revenues over (under) expenditures	(1,218,040)	11,848	(7,953)	293,275	(689)	792,943
Other financing sources (uses)						
Transfers in	1,782,000	-	-	2,001	-	-
Transfers (out)	-	-	-	-	-	(155,201)
Total other financing sources (uses)	1,782,000	-	-	2,001	-	(155,201)
Net change in fund balances	563,960	11,848	(7,953)	295,276	(689)	637,742
Fund balances, beginning	811,014	182,206	120,020	253,624	33,668	3,144,789
Fund balances, ending	$ 1,374,974	$ 194,054	$ 112,067	$ 548,900	$ 32,979	$ 3,782,531

Funds

Ambulance Revenue Fund	Proffer Fund	Affordable Housing Fund	Vint Hill Transportation Fund	Total Nonmajor Governmental Funds	
					Revenues
$ -	$ -	$ -	$ -	$ 5,251,499	General property taxes
-	3,044	-	544	8,788	Revenue from use of money and property
1,417,350	-	-	-	1,448,507	Charges for services
-	120,400	-	30	163,419	Gifts and donations
-	-	-	-	21,638	Recovered costs
-	-	-	-	39,350	Miscellaneous revenue
					Intergovernmental:
-	-	-	-	671,720	Commonwealth of Virginia
-	-	56,464	-	131,464	Federal Government
1,417,350	123,444	56,464	574	7,736,385	Total revenues
					Expenditures
					Current operating:
489,214	-	-	-	4,701,428	Public safety
-	-	-	-	9,470	Public works
-	-	-	-	39,919	Parks, recreation, and cultural
-	-	622,014	-	1,460,809	Community development
-	-	-	-	1,166,771	Capital outlay
489,214	-	622,014	-	7,378,397	Total expenditures
928,136	123,444	(565,550)	574	357,988	Excess (deficiency) of revenues over (under) expenditures
					Other financing sources (uses)
1,198	-	208,632	-	1,993,831	Transfers in
(948,629)	-	-	-	(1,103,830)	Transfers (out)
(947,431)	-	208,632	-	890,001	Total other financing sources (uses)
(19,295)	123,444	(356,918)	574	1,247,989	Net change in fund balances
688,338	658,344	748,835	202,968	6,843,806	Fund balances, beginning
$ 669,043	$ 781,788	$ 391,917	$ 203,542	$ 8,091,795	Fund balances, ending

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 18

Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Nonmajor Governmental Funds – Asset Replacement Fund
Fiscal Year Ended June 30, 2013

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
Revenue from use of money and property	$ -	$ -	$ 272	$ 272
Charges for services	35,000	35,000	31,157	(3,843)
Recovered costs	-	21,638	21,638	-
Total revenues	35,000	56,638	53,067	(3,571)
Expenditures				
Current operating:				
Capital projects:				
Public safety	11,853	106,853	104,336	2,517
Total current operating	11,853	106,853	104,336	2,517
Capital outlay:				
General government	319,499	852,470	506,213	346,257
Public safety	516,000	576,132	320,612	255,520
Public works	263,775	609,821	224,213	385,608
Parks, recreation, and cultural	233,581	503,009	115,733	387,276
Total capital outlay	1,332,855	2,541,432	1,166,771	1,374,661
Total expenditures	1,344,708	2,648,285	1,271,107	1,377,178
Excess/(deficiency) of revenues over/(under) expenditures	(1,309,708)	(2,591,647)	(1,218,040)	1,373,607
Other financing sources				
Transfers in	1,187,000	1,782,000	1,782,000	-
Total other financing sources	1,187,000	1,782,000	1,782,000	-
Net change in fund balances	(122,708)	(809,647)	563,960	1,373,607
Fund balances, beginning	811,014	811,014	811,014	-
Fund balances, ending	$ 688,306	$ 1,367	$ 1,374,974	$ 1,373,607

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 19

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, 2013

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
General property taxes	$ 603,173	$ 603,173	$ 617,084	$ 13,911
Intergovernmental:				
Commonwealth of Virginia	126,500	453,607	439,986	(13,621)
Federal Government	-	75,000	75,000	-
Total revenues	729,673	1,131,780	1,132,070	290
Expenditures				
Current operating:				
Community development	729,673	1,387,405	838,795	548,610
Total expenditures	729,673	1,387,405	838,795	548,610
Excess/(deficiency) of revenues over/(under) expenditures	-	(255,625)	293,275	548,900
Other financing sources				
Transfers in	-	2,001	2,001	-
Total other financing sources	-	2,001	2,001	-
Net change in fund balances	-	(253,624)	295,276	548,900
Fund balances, beginning	253,624	253,624	253,624	-
Fund balances, ending	$ 253,624	$ -	$ 548,900	$ 548,900

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 20

Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Nonmajor Governmental Funds – Fire and Rescue Fund
Fiscal Year Ended June 30, 2013

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
General property taxes	$ 4,545,492	$ 4,545,492	$ 4,625,634	$ 80,142
Revenue from use of money and property	-	-	4,103	4,103
Miscellaneous	-	38,350	39,350	1,000
Intergovernmental:				
Commonwealth of Virginia	215,084	221,937	231,734	9,797
Total revenues	4,760,576	4,805,779	4,900,821	95,042
Expenditures				
Current operating:				
Public safety	3,337,363	4,817,819	4,107,878	709,941
Total expenditures	3,337,363	4,817,819	4,107,878	709,941
Excess/(deficiency) of revenues over/(under) expenditures	1,423,213	(12,040)	792,943	804,983
Other financing (uses)				
Transfers (out)	(1,423,213)	(1,423,213)	(155,201)	1,268,012
Total other financing (uses)	(1,423,213)	(1,423,213)	(155,201)	1,268,012
Net change in fund balances	-	(1,435,253)	637,742	2,072,995
Fund balances, beginning	3,144,789	3,144,789	3,144,789	-
Fund balances, ending	$ 3,144,789	$ 1,709,536	$ 3,782,531	$ 2,072,995

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 21

Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Nonmajor Governmental Funds – Ambulance Revenue Fund
Fiscal Year Ended June 30, 2013

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
Charges for services	$ 1,588,928	$ 1,588,928	$ 1,417,350	$ (171,578)
Total revenues	1,588,928	1,588,928	1,417,350	(171,578)
Expenditures				
Current operating:				
Public safety	640,299	641,497	489,214	152,283
Total expenditures	640,299	641,497	489,214	152,283
Excess/(deficiency) of revenues over/(under) expenditures	948,629	947,431	928,136	(19,295)
Other financing sources (uses)				
Transfers in	-	1,198	1,198	-
Transfers (out)	(948,629)	(948,629)	(948,629)	-
Total other financing sources (uses)	(948,629)	(947,431)	(947,431)	-
Net change in fund balances	-	-	(19,295)	(19,295)
Fund balances, beginning	688,338	688,338	688,338	-
Fund balances, ending	$ 688,338	$ 688,338	$ 669,043	$ (19,295)

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 22

Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Nonmajor Governmental Funds – Affordable Housing Fund
Fiscal Year Ended June 30, 2013

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
Intergovernmental:				
Federal Government	$ -	$ 58,881	$ 56,464	$ (2,417)
Total revenues	-	58,881	56,464	(2,417)
Expenditures				
Current operating:				
Community development	203,632	795,615	622,014	173,601
Total expenditures	203,632	795,615	622,014	173,601
(Deficiency) of revenues (under) expenditures	(203,632)	(736,734)	(565,550)	171,184
Other financing sources				
Transfers in	203,632	208,632	208,632	-
Total other financing sources	203,632	208,632	208,632	-
Net change in fund balances	-	(528,102)	(356,918)	171,184
Fund balances, beginning	748,835	748,835	748,835	-
Fund balances, ending	$ 748,835	$ 220,733	$ 391,917	$ 171,184

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 23

Combining Statement of Net Position
Internal Service Funds
June 30, 2013

	Internal Service Funds		
	Fleet Maintenance Fund	**Health Insurance Fund**	**Total**
Assets			
Current assets:			
Cash and cash equivalents	$ 448,767	$ 4,829,067	$ 5,277,834
Receivables, net of allowance for uncollectibles	22,716	111,437	134,153
Inventories	193,354	-	193,354
Prepaid assets	-	133,245	133,245
Total current assets	664,837	5,073,749	5,738,586
Noncurrent assets:			
Capital assets (depreciable):			
Buildings and improvements	349,000	-	349,000
Machinery and equipment	418,614	-	418,614
Accumulated depreciation	(721,755)	-	(721,755)
Total capital assets	45,859	-	45,859
Total noncurrent assets	45,859	-	45,859
Total assets	710,696	5,073,749	5,784,445
Liabilities			
Current liabilities:			
Accounts payable	36,692	488,704	525,396
Accrued and other liabilities	14,302	-	14,302
Unearned revenue	-	407,428	407,428
Current portion of compensated absences	9,211	-	9,211
Current portion of incurred but not reported claims	-	543,569	543,569
Total current liabilities	60,205	1,439,701	1,499,906
Noncurrent liabilities:			
Noncurrent portion of compensated absences	82,898	-	82,898
Noncurrent portion of incurred but not reported claims	-	1,630,706	1,630,706
Total noncurrent liabilities	82,898	1,630,706	1,713,604
Total liabilities	143,103	3,070,407	3,213,510
Net Position			
Net investment in capital assets	45,859	-	45,859
Unrestricted (deficit)	521,734	2,003,342	2,525,076
Total net position	567,593	2,003,342	2,570,935
Total liabilities and net position	$ 710,696	$ 5,073,749	$ 5,784,445

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 24

Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
Fiscal Year Ended June 30, 2013

	Internal Service Funds		
	Fleet Maintenance Fund	**Health Insurance Fund**	**Total**
Operating revenues			
Charges for services	$ 3,595,202	$ 24,081,392	$ 27,676,594
Forfeitures	-	6,679	6,679
Total operating revenues	3,595,202	24,088,071	27,683,273
Operating expenses			
Personal services	627,368	-	627,368
Fringe benefits	254,320	-	254,320
Claims and benefits paid	-	19,769,780	19,769,780
Premiums	-	4,911,873	4,911,873
Contractual services	138,511	93,346	231,857
Other operating expenses	2,595,997	28,000	2,623,997
Contribution to OPEB	-	327,054	327,054
Depreciation	10,295	-	10,295
Total operating expenses	3,626,491	25,130,053	28,756,544
Operating income (loss)	(31,289)	(1,041,982)	(1,073,271)
Nonoperating revenues (expenses)			
Interest income	-	13,692	13,692
Gain on disposal of capital asset	9,085	-	9,085
Total nonoperating revenues (expenses)	9,085	13,692	22,777
Income (loss) before transfers	(22,204)	(1,028,290)	(1,050,494)
Transfers in	16,768	1,478,000	1,494,768
Change in net position	(5,436)	449,710	444,274
Net position - beginning	573,029	1,553,632	2,126,661
Net position - ending	$ 567,593	$ 2,003,342	$ 2,570,935

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 25

Combining Statement of Cash Flows
Internal Service Funds
Fiscal Year Ended June 30, 2013

	Internal Service Funds		
	Fleet Maintenance Fund	**Health Insurance Fund**	**Total**
Cash Flow from Operating Activities			
Receipts from customers and users	$ 3,609,487	$ 24,291,732	$ 27,901,219
Payment to suppliers and other operating activities	(2,736,052)	(24,562,185)	(27,298,237)
Payment to employees (including fringes)	(877,618)	-	(877,618)
Forfeitures	-	6,679	6,679
Prepaid assets	-	(133,245)	(133,245)
Contribution to OPEB	-	(327,054)	(327,054)
Net cash provided by (used for) operating activities	(4,183)	(724,073)	(728,256)
Cash Flow from Noncapital Financing Activities			
Transfers in	16,768	1,478,000	1,494,768
Net cash provided by (used for) noncapital financing activities	16,768	1,478,000	1,494,768
Cash Flow from Capital and Related Financing Activities			
Gain on disposal of capital asset	9,085	-	9,085
Net cash provided by (used for) capital and related financing activities	9,085	-	9,085
Cash Flow from Investing Activities			
Interest	-	13,692	13,692
Net cash provided by (used for) investing activities	-	13,692	13,692
Net increase (decrease) in cash and cash equivalents	21,670	767,619	789,289
Cash and cash equivalents - beginning of the year	427,097	4,061,448	4,488,545
Cash and cash equivalents - end of the year	448,767	4,829,067	5,277,834
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Cash flows from operations:			
Operating income (loss)	(31,289)	(1,041,982)	(1,073,271)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	10,295	-	10,295
Changes in operating assets and liabilities:			
Decrease in receivables	14,285	176,224	190,509
Increase in incurred but not reported claims	-	95,837	95,837
Decrease in inventory	7,175	-	7,175
(Increase) in prepaid assets	-	(133,245)	(133,245)
Increase (decrease) in accounts payable	(8,719)	144,977	136,258
Increase in unearned revenue	-	34,116	34,116
Increase in accrued liabilities	4,070	-	4,070
Net cash provided by (used for) operating activities	$ (4,183)	$ (724,073)	$ (728,256)

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 *Fire and Rescue Pension Trust Length of Service Awards Fund* is used to account for and report assets held in trust by the County for employees and beneficiaries of the County Fire & Rescue Association and its member companies.

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.

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 *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 26

Combining Statement of Fiduciary Net Position
Pension (and other employee benefit) Trust Funds
June 30, 2013

	Pension (and other employee benefit) Trust Funds		
	Fire and Rescue Pension Trust Length of Service Awards Fund	**Other Postemployment Benefit Plans Fund**	**Total**
Assets			
Guaranteed investment contracts	$ 71,308	$ -	$ 71,308
Investments at fair value:			
Investment in pooled funds	-	2,662,549	2,662,549
Total assets	71,308	2,662,549	2,733,857
Net position			
Held in trust for pool participants	71,308	-	71,308
Held in trust for OPEB benefits	-	2,662,549	2,662,549
Total net position	71,308	2,662,549	2,733,857
Total net position	$ 71,308	$ 2,662,549	$ 2,733,857

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 27

Combining Statement of Changes in Fiduciary Net Position
Pension (and other employee benefit) Trust Funds
Fiscal Year Ended June 30, 2013

	Pension (and other employee benefit) Trust Funds		
	Fire and Rescue Pension Trust Length of Service Awards Fund	**Other Postemployment Benefit Plans Fund**	**Total**
Additions			
Contribution for beneficiary	$ 279,587	$ 327,054	$ 606,641
Investment income	51,729	220,237	271,966
Total additions	331,316	547,291	878,607
Deductions			
Members' benefits	1,564,056	-	1,564,056
Annuity contracts	24,200	-	24,200
Insurance	79,898	-	79,898
Administrative fees	5,094	2,594	7,688
Total deductions	1,673,248	2,594	1,675,842
Change in net position	(1,341,932)	544,697	(797,235)
Net position - beginning	1,413,240	2,117,852	3,531,092
Net position - ending	$ 71,308	$ 2,662,549	$ 2,733,857

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 28

Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2013

	Agency Funds				
	Working Together Fund	**Special Welfare Fund**	**Detention Center Fund**	**Service to Outside Agencies Fund**	**Total**
Assets					
Cash and cash equivalents	$ 19,340	$ 62,348	$ -	$ 103,351	$ 185,039
Cash in custody of others	-	-	101,999	-	101,999
Receivables, net of allowance for uncollectibles:					
Accounts	-	-	-	6,905	6,905
Total assets	19,340	62,348	101,999	110,256	293,943
Liabilities					
Accrued liabilities	-	-	-	18,403	18,403
Amounts held for clients/others	19,340	62,348	101,999	91,853	275,540
Total liabilities	$ 19,340	$ 62,348	$ 101,999	$ 110,256	$ 293,943

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 29
Page 1 of 2

Combining Statement of Changes in Assets and Liabilities
Agency Funds
Fiscal Year Ended June 30, 2013

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Working Together Fund				
Assets:				
Cash and cash equivalents	$ 19,945	$ 63,250	$ 63,855	$ 19,340
Liabilities:				
Amounts held for clients/others	$ 19,945	$ 63,250	$ 63,855	$ 19,340
Special Welfare Fund				
Assets:				
Cash and cash equivalents	$ 68,344	$ 143,415	$ 149,411	$ 62,348
Liabilities:				
Amounts held for clients/others	$ 68,344	$ 143,415	$ 149,411	$ 62,348
Detention Center Fund				
Assets:				
Cash in custody of others:				
Cash - canteen account	$ 88,483	$ 69,917	$ 64,081	$ 94,319
Cash - inmate accounts	4,945	113,592	113,523	5,014
Cash - work release	4,108	126,462	127,904	2,666
Total assets	97,536	309,971	305,508	101,999
Liabilities:				
Amounts held for clients/others	$ 97,536	$ 309,971	$ 305,508	$ 101,999

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 29
Page 2 of 2

Combining Statement of Changes in Assets and Liabilities
Agency Funds
Fiscal Year Ended June 30, 2013

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Service to Outside Agencies Fund				
Assets:				
Cash and cash equivalents	$ 158,155	$ 857,936	$ 912,740	$ 103,351
Accounts receivable	9,425	6,905	9,425	6,905
Total assets	167,580	864,841	922,165	110,256
Liabilities:				
Accrued liabilities	33,362	18,402	33,361	18,403
Amounts held for clients/others	134,218	846,439	888,804	91,853
Total liabilities	$ 167,580	$ 864,841	$ 922,165	$ 110,256
Total - All Agency Funds				
Assets:				
Cash and cash equivalents	$ 246,444	$ 1,064,601	$ 1,126,006	$ 185,039
Cash in custody of others	97,536	309,971	305,508	101,999
Accounts receivable	9,425	6,905	9,425	6,905
Total assets	353,405	1,381,477	1,440,939	293,943
Liabilities:				
Accrued liabilities	33,362	18,402	33,361	18,403
Amounts held for clients/others	320,043	1,363,075	1,407,578	275,540
Total liabilities	$ 353,405	$ 1,381,477	$ 1,440,939	$ 293,943

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, 2013

	Governmental Funds				
	School General Fund	**School Asset Replacement Fund**	**School Textbook Fund**	**School Nutrition Fund**	**Total Governmental Funds**
Assets					
Cash and cash equivalents (1)	$ 10,081,831	$ 3,028,984	$ 264,582	$ 702,544	$ 14,077,941
Cash and cash equivalents - restricted (1)	5,000	-	-	-	5,000
Accounts receivable	24,091	63,187	-	23	87,301
Inventories	-	-	-	178,112	178,112
Prepaid assets	150	-	-	-	150
Due from other governmental units	3,186,661	-	-	-	3,186,661
Total assets	13,297,733	3,092,171	264,582	880,679	17,535,165
Liabilities					
Accounts payable	836,798	528,674	-	228,756	1,594,228
Accrued liabilities	12,429,979	7,256	-	259,691	12,696,926
Deferred revenue	17,856	-	-	89,150	107,006
Total liabilities	13,284,633	535,930	-	577,597	14,398,160
Fund balances					
Nonspendable	150	-	-	178,112	178,262
Restricted	5,000	-	-	-	5,000
Assigned	7,950	2,556,241	264,582	124,970	2,953,743
Unassigned	-	-	-	-	-
Total fund balances	13,100	2,556,241	264,582	303,082	3,137,005
Total liabilities and fund balances	$ 13,297,733	$ 3,092,171	$ 264,582	$ 880,679	$ 17,535,165

(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, 2013

Total fund balances - discretely presented component unit - School Board	**$**	**3,137,005**
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:		
Capital assets used in governmental activities are not current financial resources and therefore not reported in the governmental funds.		193,459,026
Long-term liabilities consist of compensated absences which are not due and payable in the current year and therefore not reported as liabilities in the governmental funds.		
Compensated absences		(4,289,001)
Net position of governmental activities	**$**	**192,307,030**

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, 2013

	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	$ -	$ -	$ -	$ 96	$ 96
Charges for services	439,317	-	-	2,868,712	3,308,029
Gifts and donations	18,760	10,528	-	-	29,288
Recovered costs	827	89,081	-	173,458	263,366
Miscellaneous revenue	327,497	4,700	9,592	-	341,789
Intergovernmental:					
Contribution from primary government	75,987,668	28,982	-	-	76,016,650
Commonwealth of Virginia	44,340,929	-	453,747	75,470	44,870,146
Federal Government	3,704,129	-	-	1,848,912	5,553,041
Total revenues	124,819,127	133,291	463,339	4,966,648	130,382,405
Expenditures					
Current operating:					
Education	122,545,168	1,411,219	504,241	5,150,886	129,611,514
Total expenditures	122,545,168	1,411,219	504,241	5,150,886	129,611,514
Excess (deficiency) of revenues over (under) expenditures	2,273,959	(1,277,928)	(40,902)	(184,238)	770,891
Other financing sources (uses)					
Transfers in	-	2,013,155	267,308	-	2,280,463
Transfers (out)	(2,280,463)	-	-	-	(2,280,463)
Total other financing sources (uses)	(2,280,463)	2,013,155	267,308	-	-
Net change in fund balances	(6,504)	735,227	226,406	(184,238)	770,891
Fund balances, beginning	19,604	1,821,014	38,176	487,320	2,366,114
Fund balances, ending	$ 13,100	$ 2,556,241	$ 264,582	$ 303,082	$ 3,137,005

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, 2013

Net change in fund balances - discretely presented component unit - School Board		**$**	**770,891**
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:			
The primary government donates school board capital assets constructed in the primary government's capital improvement fund. Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.			16,979,652
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense, which is not a use of current financial resources.			
Capital outlays	1,524,264		
Depreciation	(6,994,644)		(5,470,380)
Donated capital assets			20,571
Governmental funds report only proceeds from the sale of capital assets. However, in the statement of activities, gains or losses resulting from the sale or disposal of capital assets is reported. This amount reflects the gain/(loss) related to the disposal of capital assets.			(10,055)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This amount reflects the change in accrued leave in the current year.			113,854
Change in net position of governmental activities		**$**	**12,404,533**

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, 2013

	School General Fund				School Asset Replacement Fund			
	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues								
Revenue from use of money and property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Charges for services	268,387	268,817	439,317	170,500	-	-	-	-
Gifts and donations	5,000	16,617	18,760	2,143	-	10,528	10,528	-
Recovered costs	1,000	64,205	827	(63,378)	50,000	34,772	89,081	54,309
Miscellaneous revenue	235,500	292,084	327,497	35,413	-	4,700	4,700	-
Intergovernmental:								
Contribution from primary government	76,892,228	77,344,480	75,987,668	(1,356,812)	-	28,982	28,982	-
Commonwealth of Virginia	44,210,925	44,526,301	44,340,929	(185,372)	-	-	-	-
Federal Government	3,954,377	6,640,126	3,704,129	(2,935,997)	-	-	-	-
Total revenues	125,567,417	129,152,630	124,819,127	(4,333,503)	50,000	78,982	133,291	54,309
Expenditures								
Current operating:								
Education:								
Instruction	100,264,194	102,831,008	98,825,612	4,005,396	-	39,510	13,342	26,168
Administration, attendance, and health	4,723,530	4,774,717	4,510,531	264,186	-	-	-	-
Public transportation services	8,862,657	9,271,662	9,262,500	9,162	-	635,934	-	635,934
Operation and maintenance services	9,946,573	10,008,034	9,946,525	61,509	2,053,605	3,161,845	1,397,877	1,763,968
School food services	-	-	-	-	-	-	-	-
Technology	-	-	-	-	-	74,272	-	74,272
Total education	123,796,954	126,885,421	122,545,168	4,340,253	2,053,605	3,911,561	1,411,219	2,500,342
Total expenditures	123,796,954	126,885,421	122,545,168	4,340,253	2,053,605	3,911,561	1,411,219	2,500,342
Excess (deficiency) of revenues over (under) expenditures	1,770,463	2,267,209	2,273,959	6,750	(2,003,605)	(3,832,579)	(1,277,928)	2,554,651
Other financing sources (uses)								
Transfers in	-	-	-	-	1,503,155	2,013,155	2,013,155	-
Transfers (out)	(1,770,463)	(2,280,463)	(2,280,463)	-	-	-	-	-
Total other financing sources (uses)	(1,770,463)	(2,280,463)	(2,280,463)	-	1,503,155	2,013,155	2,013,155	-
Net change in fund balances	-	(13,254)	(6,504)	6,750	(500,450)	(1,819,424)	735,227	2,554,651
Fund balances, beginning	19,604	19,604	19,604	-	1,821,014	1,821,014	1,821,014	-
Fund balances, ending	$ 19,604	$ 6,350	$ 13,100	$ 6,750	$ 1,320,564	$ 1,590	$ 2,556,241	$ 2,554,651

School Textbook Fund				School Nutrition Fund				
Original Budget	**Amended Budget**	**Actual**	**Variance From Amended Positive (Negative)**	**Original Budget**	**Amended Budget**	**Actual**	**Variance From Amended Positive (Negative)**	
								Revenues
$ -	$ -	$ -	$ -	$ 150	$ 150	$ 96	$ (54)	Revenue from use of money and property
-	-	-	-	3,077,331	3,077,331	2,868,712	(208,619)	Charges for services
-	-	-	-	-	-	-	-	Gifts and donations
-	-	-	-	167,936	167,936	173,458	5,522	Recovered costs
-	11,824	9,592	(2,232)	-	-	-	-	Miscellaneous revenue
								Intergovernmental:
-	-	-	-	-	-	-	-	Contribution from primary government
458,378	458,378	453,747	(4,631)	74,100	74,100	75,470	1,370	Commonwealth of Virginia
-	-	-	-	1,832,926	1,832,926	1,848,912	15,986	Federal Government
458,378	470,202	463,339	(6,863)	5,152,443	5,152,443	4,966,648	(185,795)	Total revenues
								Expenditures
								Current operating:
								Education:
775,686	775,686	504,241	271,445	-	-	-	-	Instruction
-	-	-	-	-	-	-	-	Administration, attendance, and health
-	-	-	-	-	-	-	-	Public transportation services
-	-	-	-	-	-	-	-	Operation and maintenance services
-	-	-	-	5,152,443	5,152,763	5,150,886	1,877	School food services
-	-	-	-	-	-	-	-	Technology
775,686	775,686	504,241	271,445	5,152,443	5,152,763	5,150,886	1,877	Total education
775,686	775,686	504,241	271,445	5,152,443	5,152,763	5,150,886	1,877	Total expenditures
(317,308)	(305,484)	(40,902)	264,582	-	(320)	(184,238)	(183,918)	Excess (deficiency) of revenues over (under) expenditures
								Other financing sources (uses)
267,308	267,308	267,308	-	-	-	-	-	Transfers in
-	-	-	-	-	-	-	-	Transfers (out)
267,308	267,308	267,308	-	-	-	-	-	Total other financing sources (uses)
(50,000)	(38,176)	226,406	264,582	-	(320)	(184,238)	(183,918)	Net change in fund balances
38,176	38,176	38,176	-	487,320	487,320	487,320	-	Fund balances, beginning
$ (11,824)	$ -	$ 264,582	$ 264,582	$ 487,320	$ 487,000	$ 303,082	$ (183,918)	Fund balances, ending

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 35

Statement of Fiduciary Net Position
Discretely Presented Component Unit – School Board
June 30, 2013

	Trust Fund Crockett Scholarship Private-Purpose Trust Fund	Agency Funds
Assets		
Cash and cash equivalents	$ 427,321	$ 250,088
Cash in custody of others	-	1,601,566
Due from other governmental units	-	4,406
Land	94,200	-
Total assets	521,521	1,856,060
Liabilities		
Accounts payable	-	2,456
Accrued liabilities	-	93,086
Unearned revenue		100
Amounts held for clients/others	-	1,760,418
Total liabilities	-	$ 1,856,060
Net position		
Held in trust for scholarships	521,521	
Total net position	521,521	
Total liabilities and net position	$ 521,521	

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 36

Statement of Changes in Fiduciary Net Position
Discretely Presented Component Unit – School Board
Fiscal Year Ended June 30, 2013

	Crockett Scholarship Private-Purpose Trust Fund
Additions	
Investment (loss)	$ (3,436)
Total additions	(3,436)
Deductions	
Scholarships awarded	10,000
Administrative fees	2,114
Total deductions	12,114
Change in net position	(15,550)
Net position - beginning	537,071
Net position - ending	$ 521,521

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 37

Combining Statement of Fiduciary Assets and Liabilities
Discretely Presented Component Unit – School Board
Agency Funds
June 30, 2013

	Agency Funds		
	Mountain Vista Regional Governor's School Fund	**School Activity Fund**	**Total**
Assets			
Cash and cash equivalents	$ 250,088	$ -	$ 250,088
Cash in custody of others	-	1,601,566	1,601,566
Due from other governmental units	4,406	-	4,406
Total assets	254,494	1,601,566	1,856,060
Liabilities			
Accounts payable	2,456	-	2,456
Accrued liabilities	93,086	-	93,086
Unearned revenue	100	-	100
Amounts held for clients/others	158,852	1,601,566	1,760,418
Total liabilities	$ 254,494	$ 1,601,566	$ 1,856,060

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, 2013

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Mountain Vista Regional Governor's School Fund				
Assets:				
Cash and cash equivalents	$ 282,771	$ 931,697	$ 964,380	$ 250,088
Due from other governmental units	28,192	4,406	28,192	4,406
Total assets	310,963	936,103	992,572	254,494
Liabilities:				
Accounts payable	2,316	2,456	2,316	2,456
Accrued liabilities	84,047	93,086	84,047	93,086
Unearned revenue	-	100	-	100
Amounts held for clients/others	224,600	840,461	906,209	158,852
Total liabilities	$ 310,963	$ 936,103	$ 992,572	$ 254,494
School Activity Fund				
Assets:				
Cash in custody of others	$ 1,506,444	$ 4,234,392	$ 4,139,270	$ 1,601,566
Total assets	1,506,444	4,234,392	4,139,270	1,601,566
Liabilities:				
Amounts held for clients/others	1,506,444	4,234,392	4,139,270	1,601,566
Total liabilities	$ 1,506,444	$ 4,234,392	$ 4,139,270	$ 1,601,566
Total - All Agency Funds				
Assets:				
Cash and cash equivalents	$ 282,771	$ 931,697	$ 964,380	$ 250,088
Cash in custody of others	1,506,444	4,234,392	4,139,270	1,601,566
Due from other governmental units	28,192	4,406	28,192	4,406
Total assets	1,817,407	5,170,495	5,131,842	1,856,060
Liabilities:				
Accounts payable	2,316	2,456	2,316	2,456
Accrued liabilities	84,047	93,086	84,047	93,086
Unearned revenue	-	100	-	100
Amounts held for clients/others	1,731,044	5,074,853	5,045,479	1,760,418
Total liabilities	$ 1,817,407	$ 5,170,495	$ 5,131,842	$ 1,856,060

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OTHER SUPPLEMENTARY INFORMATION

COUNTY OF FAUQUIER, VIRGINIA

Schedule 1

Governmental Funds and Discretely Presented Component Unit− School Board
Schedule of Revenues – Budget and Actual
Fiscal Year Ended June 30, 2013

Fund, Major, and Minor Revenue Sources	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Primary Government				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	$ 86,275,161	$ 86,275,161	$ 87,826,035	$ 1,550,874
Real and personal public service corporation property taxes	6,340,176	6,340,176	6,536,350	196,174
Personal property taxes	15,280,000	15,280,000	16,044,550	764,550
Penalties	855,000	855,000	794,278	(60,722)
Interest	415,000	415,000	435,562	20,562
Total general property taxes	109,165,337	109,165,337	111,636,775	2,471,438
Other local taxes:				
Local sales and use taxes	6,800,000	6,800,000	7,151,477	351,477
Consumers' utility taxes	1,590,000	1,590,000	1,576,645	(13,355)
Business license taxes	1,305,000	1,305,000	1,381,176	76,176
Motor vehicle taxes	1,750,000	1,750,000	1,786,005	36,005
Bank stock taxes	100,000	100,000	125,416	25,416
Taxes on recordation and wills	1,475,000	1,475,000	1,576,702	101,702
Lodging tax	90,000	90,000	85,240	(4,760)
Total other local taxes	13,110,000	13,110,000	13,682,661	572,661
Permits, privilege fees, and regulatory licenses:				
Animal licenses	40,000	40,000	34,916	(5,084)
Building and related permits	987,000	987,000	950,016	(36,984)
Weapons permits	4,000	4,000	52,202	48,202
Zoning permits and fees	87,000	87,000	85,578	(1,422)
Land use application fees	217,000	217,000	418,810	201,810
Total permits, privilege fees, and regulatory licenses	1,335,000	1,335,000	1,541,522	206,522
Fines and forfeitures:				
Court fines and forfeitures	768,732	768,732	548,076	(220,656)
Revenue from use of money and property:				
Revenue from use of money	250,000	250,000	71,057	(178,943)
Revenue from use of property	202,821	202,821	200,835	(1,986)
Total revenue from use of money and property	452,821	452,821	271,892	(180,929)
Charges for services:				
Charges for commonwealth's and county's attorney	23,700	23,700	48,841	25,141
Charges for court services	146,742	146,742	160,393	13,651
Charges for public safety	264,200	264,200	250,712	(13,488)
Charges for parks and recreation	497,589	497,589	474,579	(23,010)
Charges for library	75,000	75,000	76,664	1,664
Charges for planning and community development	10,100	10,100	8,618	(1,482)
Total charges for services	$ 1,017,331	$ 1,017,331	$ 1,019,807	$ 2,476

Governmental Funds and Discretely Presented Component Unit− School Board
Schedule of Revenues – Budget and Actual
Fiscal Year Ended June 30, 2013

Fund, Major, and Minor Revenue Sources	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Primary Government (continued)				
General Fund: (continued)				
Revenue from local sources: (continued)				
Gifts and donations:				
Donations	$ 1,500	$ 2,900	$ 4,443	$ 1,543
Recovered costs:				
Warrenton Community Center	19,000	19,000	19,905	905
Upperville volunteer fire company	-	-	118,735	118,735
800 MHz Radio - Culpeper County	16,862	16,862	18,635	1,773
800 MHz Radio - Rappahannock County	9,000	9,000	9,700	700
Medical reimbursement - prisoners	6,500	6,500	5,253	(1,247)
Home incarceration fees	12,000	12,000	29,261	17,261
Board of prisoner - other localities	500	500	-	(500)
Other government charges	10,500	10,500	10,500	-
Work release	65,000	65,000	67,184	2,184
CSA shared cost	10,000	10,000	47,928	37,928
Insurance recoveries	-	9,759	29,712	19,953
Advertising	100	100	102	2
Miscellaneous recovered costs	22,000	22,000	55,662	33,662
Total recovered costs	171,462	181,221	412,577	231,356
Miscellaneous revenue:				
Sale of salvage and surplus property	10,600	10,600	5,429	(5,171)
Other miscellaneous revenue	372,410	369,489	326,336	(43,153)
Total miscellaneous revenue	383,010	380,089	331,765	(48,324)
Total revenue from local sources	126,405,193	126,413,431	129,449,518	3,036,087
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	85,000	85,000	88,312	3,312
Mobile home titling taxes	18,000	18,000	21,308	3,308
Auto rental tax	5,000	5,000	15,410	10,410
Recordation tax reimbursement	450,000	450,000	421,431	(28,569)
Commonwealth PPTRA	13,659,496	13,659,496	13,657,509	(1,987)
Communications tax	2,900,000	2,900,000	2,962,565	62,565
Virginia racing commission	-	-	238	238
Local Aid to the Commonwealth revenue reduction	(350,000)	(347,079)	(347,079)	-
Total noncategorical aid	16,767,496	16,770,417	16,819,694	49,277
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	451,337	451,337	442,287	(9,050)
Sheriff	3,382,402	3,382,402	3,359,489	(22,913)
Commissioner of the revenue	169,461	169,461	169,811	350
Treasurer	148,082	148,082	142,630	(5,452)
Registrar/electoral board	$ 48,452	$ 48,452	$ 57,239	$ 8,787

Governmental Funds and Discretely Presented Component Unit− School Board
Schedule of Revenues – Budget and Actual
Fiscal Year Ended June 30, 2013

Fund, Major, and Minor Revenue Sources	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Primary Government (continued)				
General Fund: (continued)				
Intergovernmental: (continued)				
Revenue from the Commonwealth: (continued)				
Categorical aid: (continued)				
Shared expenses: (continued)				
Clerk of the circuit court	$ 462,250	$ 462,250	$ 453,047	$ (9,203)
Jail	225,000	225,000	197,520	(27,480)
Total shared expenses	4,886,984	4,886,984	4,822,023	(64,961)
Welfare:				
Welfare administration and assistance	1,294,613	1,401,878	1,192,290	(209,588)
Comprehensive services act	2,075,697	2,075,697	1,801,774	(273,923)
Child support payments	5,000	5,000	20,382	15,382
Total welfare	3,375,310	3,482,575	3,014,446	(468,129)
Other categorical aid:				
Administrative	-	-	32,875	32,875
Judicial and legal	270,602	277,841	290,928	13,087
Comprehensive community corrections act	253,240	253,240	256,728	3,488
Prisoner transportation	15,000	15,000	4,631	(10,369)
Juvenile community control act and accountability grant	36,836	36,836	36,836	-
E-911 wireless program	100,000	100,000	132,624	32,624
PSAP education grant	-	2,000	2,000	-
Armory	8,500	8,500	8,749	249
Library aid	156,241	156,241	156,041	(200)
Virginia tourism grant	-	2,868	2,868	-
Total other categorical aid	840,419	852,526	924,280	71,754
Total categorical aid	9,102,713	9,222,085	8,760,749	(461,336)
Total revenue from the Commonwealth	25,870,209	25,992,502	25,580,443	(412,059)
Revenue from the Federal Government:				
Categorical aid:				
Transportation safety	-	21,229	28,742	7,513
Emergency management assistance	13,000	13,000	13,000	-
SAFER grant	237,244	240,683	240,683	-
SAFER volunteer recruitment & retention program	134,055	509,991	71,066	(438,925)
Emergency management performance grant	-	-	12,985	12,985
Supplemental emergency management performance grant	-	24,911	24,911	-
SLEMP security grant	-	10,499	10,491	(8)
Welfare administrative and assistance	1,795,709	1,891,719	1,910,447	18,728
Social services block grant	-	-	25,509	25,509
Beginning farmers grant	-	24,800	11,300	(13,500)
Wellhead protection grant	-	20,860	7,359	(13,501)
Total categorical aid	2,180,008	2,757,692	2,356,493	(401,199)
Total revenue from the Federal Government	2,180,008	2,757,692	2,356,493	(401,199)
Total General Fund	$ 154,455,410	$ 155,163,625	$ 157,386,454	$ 2,222,829

Governmental Funds and Discretely Presented Component Unit− School Board
Schedule of Revenues – Budget and Actual
Fiscal Year Ended June 30, 2013

Fund, Major, and Minor Revenue Sources	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Primary Government (continued)				
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	$ -	$ -	$ 8,998	$ 8,998
Miscellaneous revenue:				
Vint Hill Public Streets Network	-	480,463	480,463	-
M. M. Pierce connector trail donation	-	25,000	-	(25,000)
Total miscellaneous revenue	-	505,463	480,463	(25,000)
Total revenue from local sources	-	505,463	489,461	(16,002)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
VDOT-Brookside Parkway Extension	1,186,868	1,186,868	367,400	(819,468)
VDOT-Vint Hill Public Streets Network	233,200	713,663	302,975	(410,688)
Total categorical aid	1,420,068	1,900,531	670,375	(1,230,156)
Total revenue from the Commonwealth	1,420,068	1,900,531	670,375	(1,230,156)
Revenue from the Federal Government:				
Categorical aid:				
TEA-21 grant - Greenway	53,090	53,090	-	(53,090)
TEA-21 Warrenton Branch Greenway - Palmer Extension	565,900	565,900	672	(565,228)
TEA-21 grant - Woods of Warrenton	120,488	120,488	-	(120,488)
TEA-21 grant - safe routes to school	-	500,000	-	(500,000)
TEA-21 grant - M. M. Pierce	-	277,000	-	(277,000)
TEA-21 grant - Marshall Main Street project	947,125	2,512,125	34,117	(2,478,008)
TEA-21 grant - Salem Meeting House	85,831	85,831	-	(85,831)
Total categorical aid	1,772,434	4,114,434	34,789	(4,079,645)
Total revenue from the Federal Government	1,772,434	4,114,434	34,789	(4,079,645)
Total Capital Projects Fund	3,192,502	6,520,428	1,194,625	(5,325,803)
Debt Service Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous revenue	-	-	31,298	31,298
Total revenue from local sources	-	-	31,298	31,298
Intergovernmental:				
Revenue from the Federal Government:				
Categorical aid:				
QSCB tax credit	-	-	406,512	406,512
Total revenue from the Federal Government	-	-	406,512	406,512
Total Debt Service Fund	$ -	$ -	$ 437,810	$ 437,810

Governmental Funds and Discretely Presented Component Unit− School Board
Schedule of Revenues – Budget and Actual
Fiscal Year Ended June 30, 2013

Fund, Major, and Minor Revenue Sources	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Primary Government (continued)				
Nonmajor Funds				
Asset Replacement Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	$ -	$ -	$ 272	$ 272
Charges for services:				
Courthouse maintenance fees	35,000	35,000	31,157	(3,843)
Recovered costs				
Insurance recoveries	-	21,638	21,638	-
Total revenue from local sources	35,000	56,638	53,067	(3,571)
Total Asset Replacement Fund	35,000	56,638	53,067	(3,571)
Nonmajor Funds - Special Revenue Funds:				
Parks and Recreation Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	-	-	502	502
Gifts and donations:				
Donations	-	-	13,461	13,461
Total revenue from local sources	-	-	13,963	13,963
Total Parks and Recreation Fund	-	-	13,963	13,963
Library Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	-	-	323	323
Gifts and donations:				
Donations	-	-	29,528	29,528
Total revenue from local sources	-	-	29,851	29,851
Total Library Fund	$ -	$ -	$ 29,851	$ 29,851

Governmental Funds and Discretely Presented Component Unit− School Board
Schedule of Revenues – Budget and Actual
Fiscal Year Ended June 30, 2013

Fund, Major, and Minor Revenue Sources	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Primary Government (continued)				
Nonmajor Funds - Special Revenue Funds: (continued)				
Conservation Easement Service District Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	$ 557,387	$ 557,387	$ 570,141	$ 12,754
Real and personal public service corporation property taxes	40,786	40,786	42,164	1,378
Penalties	5,000	5,000	2,918	(2,082)
Interest	-	-	1,861	1,861
Total general property taxes	603,173	603,173	617,084	13,911
Total revenue from local sources	603,173	603,173	617,084	13,911
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Virginia land conservation grant	-	115,122	100,000	(15,122)
Virginia department of agriculture and consumer services	125,000	270,168	271,669	1,501
Virginia land conservation foundation	1,500	68,317	68,317	-
Total categorical aid	126,500	453,607	439,986	(13,621)
Total revenue from the Commonwealth	126,500	453,607	439,986	(13,621)
Revenue from the Federal Government:				
Readiness & environmental protection initiative	-	75,000	75,000	-
Total revenue from the Federal Government	-	75,000	75,000	-
Total Conservation Easement Service District Fund	729,673	1,131,780	1,132,070	290
Marshall Electric Light and Business Improvement District Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	-	-	8,682	8,682
Real and personal public service corporation property taxes	-	-	29	29
Penalties	-	-	52	52
Interest	-	-	18	18
Total general property taxes	-	-	8,781	8,781
Total revenue from local sources	-	-	8,781	8,781
Total Marshall Electric Light and Business Improvement District Fund	$ -	$ -	$ 8,781	$ 8,781

Governmental Funds and Discretely Presented Component Unit− School Board
Schedule of Revenues – Budget and Actual
Fiscal Year Ended June 30, 2013

Fund, Major, and Minor Revenue Sources	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Primary Government (continued)				
Nonmajor Funds - Special Revenue Funds: (continued)				
Fire and Rescue Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	$ 4,210,399	$ 4,210,399	$ 4,273,733	$ 63,334
Real and personal public service corporation property taxes	305,093	305,093	316,194	11,101
Penalty	20,000	20,000	21,704	1,704
Interest	10,000	10,000	14,003	4,003
Total general property taxes	4,545,492	4,545,492	4,625,634	80,142
Revenue from use of money and property:				
Revenue from use of money	-	-	4,103	4,103
Miscellaneous revenue:				
Sale of salvage and surplus property	-	38,350	39,350	1,000
Total revenue from local sources	4,545,492	4,583,842	4,669,087	85,245
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Two for life funds	75,374	75,506	75,506	-
Fire programs	139,710	146,431	156,228	9,797
Total categorical aid	215,084	221,937	231,734	9,797
Total revenue from the Commonwealth	215,084	221,937	231,734	9,797
Total Fire and Rescue Fund	4,760,576	4,805,779	4,900,821	95,042
Ambulance Revenue Fund:				
Revenue from local sources:				
Charges for services:				
Charges for emergency medical services care	1,588,928	1,588,928	1,417,350	(171,578)
Total revenue from local sources	1,588,928	1,588,928	1,417,350	(171,578)
Total Ambulance Revenue Fund	$ 1,588,928	$ 1,588,928	$ 1,417,350	$ (171,578)

Governmental Funds and Discretely Presented Component Unit− School Board
Schedule of Revenues – Budget and Actual
Fiscal Year Ended June 30, 2013

Fund, Major, and Minor Revenue Sources	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Primary Government (continued)				
Nonmajor Funds - Special Revenue Funds: (continued)				
Proffer Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	$ -	$ -	$ 3,044	$ 3,044
Gifts and donations:				
Proffers	-	-	120,400	120,400
Total revenue from local sources	-	-	123,444	123,444
Total Proffer Fund	-	-	123,444	123,444
Affordable Housing Fund:				
Intergovernmental:				
Revenue from the Federal Government:				
Categorical aid:				
NSP implementation grant	-	58,881	56,464	(2,417)
Total revenue from the Federal Government	-	58,881	56,464	(2,417)
Total Affordable Housing Fund	-	58,881	56,464	(2,417)
Vint Hill Transportation Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	-	-	544	544
Gifts and donations:				
Proffers	-	-	30	30
Total revenue from local sources	-	-	574	574
Total Vint Hill Transportation Fund	-	-	574	574
Total Nonmajor Funds - Special Revenue Funds	7,079,177	7,585,368	7,683,318	97,950
Total Nonmajor Funds	7,114,177	7,642,006	7,736,385	94,379
Total Revenue – Primary Government	$ 164,762,089	$ 169,326,059	$ 166,755,274	$ (2,570,785)

Governmental Funds and Discretely Presented Component Unit− School Board
Schedule of Revenues – Budget and Actual
Fiscal Year Ended June 30, 2013

Fund, Major, and Minor Revenue Sources	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Component Unit – School Board				
School General Fund:				
Revenue from local sources:				
Charges for services:				
Charges for education	$ 268,387	$ 268,817	$ 439,317	$ 170,500
Gifts and donations:				
Flex program	5,000	16,617	18,760	2,143
Recovered costs:				
Recovered costs	1,000	64,205	827	(63,378)
Miscellaneous revenue:				
Rebates and refunds	176,000	176,000	202,388	26,388
Star talk - local	-	-	160	160
Mental health association grant	31,500	22,227	22,227	-
Local grants	-	7,250	2,500	(4,750)
Typical peers	28,000	28,000	41,670	13,670
Adult education and family literacy	-	58,607	23,714	(34,893)
Other miscellaneous revenue	-	-	34,838	34,838
Total miscellaneous revenue	235,500	292,084	327,497	35,413
Total revenue from local sources	509,887	641,723	786,401	144,678
Intergovernmental:				
Contribution from primary government	76,892,228	77,344,480	75,987,668	(1,356,812)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales taxes	11,000,000	11,000,000	11,241,702	241,702
Basic school aid	22,678,866	23,038,866	22,696,172	(342,694)
Remedial summer school	62,758	62,758	22,304	(40,454)
Regular foster care	-	-	5,887	5,887
Gifted and talented	240,096	240,096	237,670	(2,426)
Remedial education	316,722	316,722	313,522	(3,200)
Special education	3,049,724	3,049,724	3,018,912	(30,812)
Support costs	352,149	352,149	352,149	-
Vocational education - SOQ	812,238	812,238	804,032	(8,206)
Social security instructional	1,399,706	1,399,706	1,385,564	(14,142)
Teacher retirement instructional	2,334,546	2,334,546	2,310,959	(23,587)
Group life insurance instructional	86,843	86,843	85,966	(877)
Early reading intervention	106,497	106,497	107,976	1,479
School standards of learning	570,000	648,000	598,135	(49,865)
EpiPen grants	-	2,000	-	(2,000)
Special education - homebound	26,132	26,132	25,513	(619)
Regional programs	$ 36,930	$ 36,930	$ 13,876	$ (23,054)

Governmental Funds and Discretely Presented Component Unit− School Board
Schedule of Revenues – Budget and Actual
Fiscal Year Ended June 30, 2013

Fund, Major, and Minor Revenue Sources	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Component Unit – School Board (continued)				
School General Fund: (continued)				
Intergovernmental: (c0ntinued)				
Revenue from the Commonwealth: (continued)				
Categorical aid: (continued)				
Occupational education	$ 81,000	$ 81,000	$ 86,918	$ 5,918
ISAEP	15,717	15,717	15,717	-
Special education - foster children	-	-	57,856	57,856
Algebra readiness initiative	48,457	48,457	48,457	-
At risk youth	152,631	152,631	151,058	(1,573)
Alternative education	139,291	150,791	160,185	9,394
Primary class size	220,076	220,076	212,030	(8,046)
Project graduation academic grant	-	-	5,777	5,777
Summer regional governor school	12,264	12,264	12,264	-
English as a second language	212,345	212,345	217,703	5,358
Other state funds	255,937	119,813	152,625	32,812
Total categorical aid	44,210,925	44,526,301	44,340,929	(185,372)
Total revenue from the Commonwealth	44,210,925	44,526,301	44,340,929	(185,372)
Revenue from the Federal Government:				
Categorical aid:				
Adult basic education	-	-	28,077	28,077
Title I	852,833	1,451,184	804,449	(646,735)
Title VI-B – special education	2,313,943	3,282,772	2,147,062	(1,135,710)
Vocational education	109,531	112,184	112,184	-
Title II	248,971	387,349	266,644	(120,705)
English language acquisition	66,935	93,541	60,107	(33,434)
Pre-school incentive (VI-B)	57,164	1,121,343	78,367	(1,042,976)
Homeless grant	10,000	16,753	12,709	(4,044)
ROTC	65,000	65,000	67,267	2,267
Longitudinal data systems grant	-	30,000	30,000	-
Star Talk III grant	80,000	80,000	95,263	15,263
Other federal funds	150,000	-	2,000	2,000
Total categorical aid	3,954,377	6,640,126	3,704,129	(2,935,997)
Total revenue from the Federal Government	3,954,377	6,640,126	3,704,129	(2,935,997)
Total School General Fund	125,567,417	129,152,630	124,819,127	(4,333,503)
School Asset Replacement Fund:				
Revenue from local sources:				
Gifts and donations:				
Donations	-	10,528	10,528	-
Recovered costs:				
Insurance recoveries	50,000	34,772	89,081	54,309
Miscellaneous revenue:				
Other miscellaneous revenue	-	4,700	4,700	-
Total revenue from local sources	50,000	50,000	104,309	54,309
Intergovernmental:				
Contribution from primary government	-	28,982	28,982	-
Total School Asset Replacement Fund	$ 50,000	$ 78,982	$ 133,291	$ 54,309

Governmental Funds and Discretely Presented Component Unit− School Board
Schedule of Revenues – Budget and Actual
Fiscal Year Ended June 30, 2013

Fund, Major, and Minor Revenue Sources	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Component Unit – School Board (continued)				
School Textbook Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Textbooks	$ -	$ 11,824	$ 9,592	$ (2,232)
Total revenue from local sources	-	11,824	9,592	(2,232)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Textbook program	458,378	458,378	453,747	(4,631)
Total revenue from the Commonwealth	458,378	458,378	453,747	(4,631)
Total School Textbook Fund	458,378	470,202	463,339	(6,863)
School Nutrition Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	150	150	96	(54)
Charges for services:				
Cafeteria sales	3,077,331	3,077,331	2,868,712	(208,619)
Recovered costs:				
Miscellaneous recovered costs	167,936	167,936	173,458	5,522
Total revenue from local sources	3,245,417	3,245,417	3,042,266	(203,151)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program	74,100	74,100	75,470	1,370
Total revenue from the Commonwealth	74,100	74,100	75,470	1,370
Revenue from the Federal Government:				
Categorical aid:				
School food program	1,832,926	1,832,926	1,848,912	15,986
Total revenue from the Federal Government	1,832,926	1,832,926	1,848,912	15,986
Total School Nutrition Fund	5,152,443	5,152,443	4,966,648	(185,795)
Total Revenues – Component Unit – School Board	131,228,238	134,854,257	130,382,405	(4,471,852)
Total Revenues – Reporting Entity	$ 295,990,327	$ 304,180,316	$ 297,137,679	$ (7,042,637)

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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

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)

	2004	2005	2006	2007	2008
Governmental Activities:					
Net investment in capital assets	$ 26,618,952	$ 40,644,055	$ 53,879,240	$ 65,945,291	$ 68,340,059
Restricted	37,942,314	18,850,455	12,274,124	11,751,955	1,736,551
Unrestricted (deficit)	(23,890,674)	(7,813,527)	(17,383,106)	(31,024,630)	(69,008,410)
Subtotal governmental activities net position	40,670,592	51,680,983	48,770,258	46,672,616	1,068,200
Business-type Activities:					
Net investment in capital assets	14,850,983	20,621,416	26,282,531	29,787,320	29,397,086
Restricted	-	-	1,496,173	-	-
Unrestricted (deficit)	(2,187,668)	(2,956,053)	(6,379,152)	(7,706,668)	(8,242,666)
Subtotal business-type activities net position	12,663,315	17,665,363	21,399,552	22,080,652	21,154,420
Primary Government:					
Net investment in capital assets	41,469,935	61,265,471	80,161,771	95,732,611	97,737,145
Restricted	37,942,314	18,850,455	13,770,297	11,751,955	1,736,551
Unrestricted (deficit)	(26,078,342)	(10,769,580)	(23,762,258)	(38,731,298)	(77,251,076)
Total Primary Government net position	53,333,907	69,346,346	70,169,810	68,753,268	22,222,620
Component Unit– School Board: (1)					
Net investment in capital assets	93,226,685	95,747,444	107,072,117	129,625,217	179,639,884
Restricted	-	-	-	-	-
Unrestricted (deficit)	(3,059,243)	(3,322,698)	(2,377,077)	(3,617,216)	(3,537,827)
Total Component Unit– School Board net position	90,167,442	92,424,746	104,695,040	126,008,001	176,102,057
Total Reporting Entity: (2)					
Net investment in capital assets	87,881,798	109,038,526	140,141,659	159,597,988	167,486,251
Restricted	37,942,314	18,850,455	13,770,297	11,751,955	1,736,551
Unrestricted	17,677,237	33,882,111	20,952,894	23,411,326	29,101,875
Total Reporting Entity net position	$ 143,501,349	$ 161,771,092	$ 174,864,850	$ 194,761,269	$ 198,324,677

(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.

Fiscal Year 2009	2010	2011	2012	2013	
					Governmental Activities:
$ 69,414,611	$ 69,217,950	$ 68,772,203	$ 68,510,734	$ 67,043,310	Net investment in capital assets
1,841,662	1,953,490	3,654,669	4,372,867	2,637,931	Restricted
(69,745,796)	(66,317,799)	(62,863,906)	(67,622,809)	(75,454,638)	Unrestricted (deficit)
1,510,477	4,853,641	9,562,966	5,260,792	(5,773,397)	Subtotal governmental activities net position
					Business-type Activities:
28,111,135	27,154,708	25,321,853	23,396,142	21,784,510	Net investment in capital assets
-	-	-	-	2,584,793	Restricted
(9,514,739)	(10,188,958)	(10,171,508)	(10,839,843)	(15,099,182)	Unrestricted (deficit)
18,596,396	16,965,750	15,150,345	12,556,299	9,270,121	Subtotal business-type activities net position
					Primary Government:
97,525,746	96,372,658	94,094,056	91,906,876	88,827,820	Net investment in capital assets
1,841,662	1,953,490	3,654,669	4,372,867	5,222,724	Restricted
(79,260,535)	(76,506,757)	(73,035,414)	(78,462,652)	(90,553,820)	Unrestricted (deficit)
20,106,873	21,819,391	24,713,311	17,817,091	3,496,724	**Total Primary Government net position**
					Component Unit– School Board: (1)
182,911,496	179,224,107	175,414,006	181,939,238	193,459,026	Net investment in capital assets
-	-	5,000	5,000	5,000	Restricted
(3,628,205)	(3,590,789)	(1,803,528)	(2,041,741)	(1,156,996)	Unrestricted (deficit)
179,283,291	175,633,318	173,615,478	179,902,497	192,307,030	**Total Component Unit– School Board net position**
					Total Reporting Entity: (2)
168,903,411	169,972,941	171,163,512	170,880,285	174,520,072	Net investment in capital assets
1,841,662	1,953,490	3,659,669	4,377,867	5,227,724	Restricted
28,645,091	25,526,278	23,505,608	22,461,436	16,055,958	Unrestricted
$ 199,390,164	$ 197,452,709	$ 198,328,789	$ 197,719,588	$ 195,803,754	**Total Reporting Entity net position**

Table 2

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

	2004	2005	2006	2007	2008
Primary Government:					
Expenses					
Governmental activities:					
General government	$ 8,056,076	$ 8,271,548	$ 9,788,797	$ 10,004,794	$ 10,896,521
Judicial	2,624,872	2,558,587	2,754,050	3,019,115	3,348,758
Public safety	12,269,680	16,003,921	18,427,447	21,184,526	33,382,090
Public works	8,573,767	5,328,879	6,029,767	6,474,088	7,765,864
Health and welfare	6,457,957	7,047,257	8,003,092	8,661,693	9,899,394
Education	59,085,836	65,320,395	80,157,231	95,181,305	129,908,192
Parks, recreation, and cultural	5,688,379	4,040,458	4,647,337	6,002,774	5,551,667
Community development	4,647,136	5,679,959	5,078,598	6,672,005	8,178,686
Nondepartmental	552,652	732,410	-	550,225	-
Interest on long-term debt	2,841,978	3,115,326	3,146,137	4,441,160	5,397,929
Total governmental activities expenses	110,798,333	118,098,740	138,032,456	162,191,685	214,329,101
Business-type activities:					
Airport	207,616	260,805	850,740	1,450,428	1,849,679
Landfill and recycling	6,098,414	7,952,230	5,531,178	6,486,477	7,102,357
Fleet maintenance (1)	-	-	-	-	-
Health insurance (1)	-	-	-	-	-
Total business-type activities expenses	6,306,030	8,213,035	6,381,918	7,936,905	8,952,036
Total primary government expenses	117,104,363	126,311,775	144,414,374	170,128,590	223,281,137
Program Revenues					
Governmental activities:					
Charges for services:					
General government	12,130	14,022	42,500	266,159	43,048
Judicial	1,020,017	931,368	1,082,951	924,355	733,265
Public safety	168,883	196,302	187,106	206,511	704,232
Parks, recreation, and cultural	580,611	547,467	513,526	559,001	548,467
Community development	1,609,625	890,346	51,959	2,116,948	1,675,560
Other activities	308,515	35,135	32,085	39,596	24,722
Operating grants and contributions	9,655,656	9,910,495	11,653,274	15,782,480	12,678,895
Capital grants and contributions	-	-	-	-	810,000
Total governmental activities program revenues	13,355,437	12,525,135	13,563,401	19,895,050	17,218,189
Business type activities:					
Charges for services:					
Airport	189,279	264,807	217,987	283,402	673,390
Landfill and recycling	6,477,831	7,972,909	6,554,404	6,112,788	6,612,997
Fleet maintenance (1)	-	-	-	-	-
Health insurance (1)	-	-	-	-	-
Operating grants and contributions	32,996	22,741	48,633	45,669	17,739
Capital grants and contributions	3,189,469	4,811,819	3,114,018	1,592,253	34,462
Total business-type activities program revenues	9,889,575	13,072,276	9,935,042	8,034,112	7,338,588
Total primary government program revenues	23,245,012	25,597,411	23,498,443	27,929,162	24,556,777
Net (expense) revenue (2)					
Governmental activities	(97,442,896)	(105,573,605)	(124,469,055)	(142,296,635)	(197,110,912)
Business-type activities	3,583,545	4,859,241	3,553,124	97,207	(1,613,448)
Total primary government net (expense) revenue	$ (93,859,351)	$ (100,714,364)	$ (120,915,931)	$ (142,199,428)	$ (198,724,360)

(1) The Fleet Maintenance Fund and the Health Insurance Fund are reflected in the internal service funds beginning in FY 2004.
(2) 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.
(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.
(4) From the FY 2003 and FY 2004 CAFRs for Commonwealth of Virginia noncategorical aid which was included in Program Revenues in FY 2003 and Contribution from primary government and Commonwealth of Virginia noncategorical aid which were included in Program Revenues in FY 2004 have been restated as general revenues.

Fiscal Year 2009	2010	2011	2012	2013	
					Primary Government:
					Expenses
					Governmental activities:
$ 10,878,525	$ 10,354,069	$ 10,086,678	$ 11,751,449	$ 12,180,275	General government
3,383,922	3,278,333	3,116,374	2,866,625	3,841,643	Judicial
24,167,850	25,443,600	31,122,580	26,262,459	28,864,156	Public safety
7,467,516	8,033,038	7,393,258	8,876,778	10,222,875	Public works
10,052,834	10,265,321	9,851,616	10,158,861	9,739,043	Health and welfare
90,449,761	81,066,768	79,585,044	90,087,245	93,650,633	Education
5,949,804	5,917,529	6,640,464	6,275,016	6,601,379	Parks, recreation, and cultural
8,734,890	11,342,060	7,718,297	6,317,724	5,998,815	Community development
-	-	-	-	-	Nondepartmental
5,687,654	5,182,867	5,000,637	4,738,031	4,710,130	Interest on long-term debt
166,772,756	160,883,584	160,514,948	167,334,188	175,808,949	Total governmental activities expenses
					Business-type activities:
1,848,791	2,083,529	1,896,775	2,275,363	2,450,840	Airport
6,574,806	5,185,773	4,867,277	5,337,583	6,138,446	Landfill and recycling
-	-	-	-	-	Fleet maintenance (1)
-	-	-	-	-	Health insurance (1)
8,423,597	7,269,302	6,764,052	7,612,946	8,589,286	Total business-type activities expenses
175,196,353	168,152,886	167,279,000	174,947,134	184,398,235	Total primary government expenses
					Program Revenues
					Governmental activities:
					Charges for services:
42,618	46,548	41,633	60,664	508,129	General government
946,883	636,265	643,119	609,319	788,467	Judicial
1,774,418	1,198,178	1,155,945	1,786,469	1,650,787	Public safety
502,195	460,562	466,979	549,697	551,243	Parks, recreation, and cultural
1,185,958	932,809	858,848	845,823	1,042,011	Community development
5,583	38,393	-	-	-	Other activities
13,892,991	16,108,365	13,447,591	13,033,159	13,199,292	Operating grants and contributions
222,000	668,544	216,072	9,594	672	Capital grants and contributions
18,572,646	20,089,664	16,830,187	16,894,725	17,740,601	Total governmental activities program revenues
					Business type activities:
					Charges for services:
674,871	666,582	722,674	763,085	737,208	Airport
5,111,345	4,660,868	4,183,540	4,101,680	4,056,293	Landfill and recycling
-	-	-	-	-	Fleet maintenance (1)
-	-	-	-	-	Health insurance (1)
50,460	246,768	58,145	37,052	482,326	Operating grants and contributions
61,585	25,388	210,410	41,572	-	Capital grants and contributions
5,898,261	5,599,606	5,174,769	4,943,389	5,275,827	Total business-type activities program revenues
24,470,907	25,689,270	22,004,956	21,838,114	23,016,428	Total primary government program revenues
					Net (expense) revenue (2)
(148,200,110)	(140,793,920)	(143,684,761)	(150,439,463)	(158,068,348)	Governmental activities
(2,525,336)	(1,669,696)	(1,589,283)	(2,669,557)	(3,313,459)	Business-type activities
$ (150,725,446)	$ (142,463,616)	$ (145,274,044)	$ (153,109,020)	$ (161,381,807)	Total primary government net (expense) revenue

Table 2

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

	2004	2005	2006	2007	2008
Primary Government: (continued)					
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
General property taxes	$ 71,787,496	$ 77,173,781	$ 86,079,820	$ 101,852,501	$ 109,470,150
Local sales and use taxes	5,881,564	6,605,989	7,372,629	7,565,111	7,032,385
Consumers' utility taxes	2,953,432	2,891,289	3,247,767	3,804,003	4,985,109
Business and professional taxes	1,113,242	3,499,758	3,360,897	1,286,470	1,847,520
Motor vehicle taxes	1,387,281	1,421,448	1,440,165	69,473	1,727,843
Taxes on recordation and wills	1,599,694	2,771,674	2,974,115	2,082,839	1,585,129
E-911 tax	797,919	871,924	1,268,347	623,798	-
Other local taxes	236,073	408,185	562,967	517,709	224,995
Investment income	1,182,326	1,647,513	2,826,208	4,933,147	3,893,181
Miscellaneous	503,539	216,810	723,786	222,369	457,724
Grants and contributions not restricted to specific programs	13,201,048	13,307,038	14,705,161	14,259,811	14,260,569
Transfers	(47,535)	(60,559)	(47,941)	81,762	(463,024)
Special Item - Water and Sewer Authority note receivable	-	-	(3,317,857)	-	-
Total governmental activities general revenues and other changes in net position	100,596,079	110,754,850	121,196,064	137,298,993	145,021,581
Business-type activities:					
Investment income (loss)	21,482	79,933	133,124	137,687	39,069
Miscellaneous	-	2,315	-	527,968	185,123
Transfers	47,535	60,559	47,941	(81,762)	463,024
Total business-type activities general revenues and other changes in net position	69,017	142,807	181,065	583,893	687,216
Total primary government general revenues and other changes in net position	100,665,096	110,897,657	121,377,129	137,882,886	145,708,797
Change in Net Position					
Governmental activities	3,153,183	5,181,245	(3,272,991)	(4,997,642)	(52,089,331)
Business-type activities	3,652,562	5,002,048	3,734,189	681,100	(926,232)
Total Primary Government change in net position	6,805,745	10,183,293	461,198	(4,316,542)	(53,015,563)
Component Unit – School Board: (3)					
Expenses					
Education	92,811,594	102,222,451	111,366,590	121,838,270	126,043,880
Program Revenues					
Charges for services	2,795,889	3,211,275	3,470,481	3,392,923	3,465,276
Operating grants and contributions (4)	3,778,296	4,487,022	4,740,080	4,863,970	4,134,985
Capital grants and contributions	-	-	-	1,000,000	-
Total component unit - School Board program revenues	6,574,185	7,698,297	8,210,561	9,256,893	7,600,261
Net (expense) revenue (2)	(86,237,409)	(94,524,154)	(103,156,029)	(112,581,377)	(118,443,619)
General Revenues and Other Changes in Net Position					
Contribution from primary government (4)	58,888,752	65,247,684	81,597,198	95,952,739	129,514,166
Investment income	362	700	956	12,932	1,416
Miscellaneous	480,812	43,183	72,953	635,215	364,411
Grants and contributions not restricted to specific programs (4)	29,183,685	31,650,343	33,988,935	37,293,452	38,657,682
Total component unit - School Board general revenues and other changes in net position	88,553,611	96,941,910	115,660,042	133,894,338	168,537,675
Total Component Unit– School Board change in net position	$ 2,316,202	$ 2,417,756	$ 12,504,013	$ 21,312,961	$ 50,094,056

(1) The Fleet Maintenance Fund and the Health Insurance Fund are reflected in the internal service funds beginning in FY 2004.
(2) 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.
(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.
(4) From the FY 2003 and FY 2004 CAFRs for Commonwealth of Virginia noncategorical aid which was included in Program Revenues in FY 2003 and Contribution from primary government and Commonwealth of Virginia noncategorical aid which were included in Program Revenues in FY 2004 have been restated as general revenues.

Fiscal Year 2009	2010	2011	2012	2013	
					Primary Government: (continued)
					General Revenues and Other Changes in Net Position
					Governmental activities:
					Taxes
$ 117,835,182	$ 114,586,709	$ 111,630,849	$ 114,342,089	$ 115,379,407	General property taxes
6,240,448	5,887,347	6,298,377	6,637,371	7,151,477	Local sales and use taxes
4,561,422	1,513,680	1,617,137	1,557,435	1,576,645	Consumers' utility taxes
1,463,055	1,460,805	1,433,739	1,185,466	1,381,176	Business and professional taxes
1,737,173	1,738,233	1,772,081	1,773,850	1,786,005	Motor vehicle taxes
1,242,537	1,152,451	1,146,468	1,319,617	1,576,702	Taxes on recordation and wills
-	-	-	-	-	E-911 tax
181,577	202,935	177,595	211,306	210,656	Other local taxes
1,318,260	561,508	526,240	440,373	312,455	Investment income
169,889	177,939	1,062,845	2,077,845	882,876	Miscellaneous
13,852,748	16,893,482	16,765,178	16,665,118	16,819,694	Grants and contributions not restricted to specific programs
40,096	(38,005)	228,382	(73,181)	(42,934)	Transfers
-	-	-	-	-	Special Item - Water and Sewer Authority note receivable
148,642,387	144,137,084	142,658,891	146,137,289	147,034,159	Total governmental activities general revenues and other changes in net position
					Business-type activities:
7,408	1,045	2,260	1,830	(4,569)	Investment income (loss)
-	-	-	500	(11,084)	Miscellaneous
(40,096)	38,005	(228,382)	73,181	42,934	Transfers
(32,688)	39,050	(226,122)	75,511	27,281	Total business-type activities general revenues and other changes in net position
148,609,699	144,176,134	142,432,769	146,212,800	147,061,440	Total primary government general revenues and other changes in net position
					Change in Net Position
442,277	3,343,164	(1,025,870)	(4,302,174)	(11,034,189)	Governmental activities
(2,558,024)	(1,630,646)	(1,815,405)	(2,594,046)	(3,286,178)	Business-type activities
(2,115,747)	1,712,518	(2,841,275)	(6,896,220)	(14,320,367)	Total Primary Government change in net position
					Component Unit -- School Board: (3)
					Expenses
133,307,450	131,500,463	130,736,865	129,377,130	134,714,730	Education
					Program Revenues
3,331,139	3,155,966	3,256,125	3,649,906	3,308,029	Charges for services
11,989,341	13,036,391	15,684,062	13,609,856	16,425,197	Operating grants and contributions (4)
122,965	-	-	-	-	Capital grants and contributions
15,443,445	16,192,357	18,940,187	17,259,762	19,733,226	Total component unit - School Board program revenues
(117,864,005)	(115,308,106)	(111,796,678)	(112,117,368)	(114,981,504)	**Net (expense) revenue (2)**
					General Revenues and Other Changes in Net Position
90,120,368	81,953,666	78,601,103	87,973,557	92,996,302	Contribution from primary government (4)
1,193	1,321	499	160	96	Investment income
471,525	445,596	328,778	225,962	341,789	Miscellaneous
30,452,153	29,257,550	30,848,458	30,204,708	34,047,850	Grants and contributions not restricted to specific programs (4)
121,045,239	111,658,133	109,778,838	118,404,387	127,386,037	Total component unit - School Board general revenues and other changes in net position
$ 3,181,234	$ (3,649,973)	$ (2,017,840)	$ 6,287,019	$ 12,404,533	Total Component Unit-- School Board change in net position

COUNTY OF FAUQUIER, VIRGINIA

Table 3

Fund Balances – Governmental Funds
Last Two Fiscal Years (1)
(modified accrual basis of accounting)

	Fiscal Year		
	2011	**2012**	**2013**
General Fund:			
Nonspendable	$ 241,578	$ 385,013	$ 350,816
Restricted	129,861	165,050	212,918
Committed	1,194,682	1,234,803	1,459,328
Assigned	5,778,089	5,843,910	6,219,010
Unassigned	17,059,512	15,555,924	15,949,166
Total General Fund	24,403,722	23,184,700	24,191,238
Other Governmental Funds:			
Nonspendable			
Capital Projects Fund	761,553	704,790	642,522
Debt Service Fund	-	2,420,625	2,370,625
Nonmajor governmental funds	95,244	150,606	187,775
Restricted			
Asset Replacement Fund (2)	1,566,000	-	-
Capital Projects Fund	166,830	15,753,189	4,503,238
Nonmajor governmental funds	1,791,978	2,331,333	1,709,605
Committed			
Asset Replacement Fund (2)	537,079	-	-
Capital Projects Fund	9,942,526	7,716,438	4,736,630
Debt Service Fund	445,920	-	-
Nonmajor governmental funds	4,071,351	4,022,105	4,821,958
Assigned			
Asset Replacement Fund (2)	740,792	-	-
Capital Projects Fund	1,773,511	-	-
Nonmajor governmental funds	-	339,762	1,372,457
Unassigned			
Debt Service Fund	-	(1,760,874)	(2,150,688)
Total Other Governmental Funds	21,892,784	31,677,974	18,194,122
Total Governmental Funds	$ 46,296,506	$ 54,862,674	$ 42,385,360

(1) The County implemented GASB 54, the new standard for fund balance reporting, in FY 2011. 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 FY 2012, the Asset Replacement Fund is classified as a Nonmajor Governmental Fund.

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Table 4

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

	2004	2005	2006	2007	2008
Revenues					
General property and other local taxes	$ 86,178,471	$ 93,092,244	$ 105,484,892	$ 117,395,045	$ 125,634,196
Permits, privilege fees, and regulatory licenses	1,598,890	2,212,566	1,921,717	2,287,326	1,575,699
Fines and forfeitures	504,771	486,847	529,420	526,235	403,870
Revenue from use of money and property	1,182,326	1,647,513	2,499,258	4,595,057	3,643,296
Charges for services	1,596,119	1,240,303	1,380,707	1,299,009	1,749,725
Gifts and donations	503,539	887,490	1,035,693	4,395,470	140,246
Recovered costs	180,538	154,483	257,337	241,385	270,601
Miscellaneous	-	80,100	723,786	222,369	457,724
Intergovernmental:					
Contribution from School Board	1,188,192	526,788	1,316,810	-	-
Contribution from Culpeper County	-	-	369,556	-	-
Commonwealth of Virginia	19,993,164	20,660,061	22,290,152	22,520,192	23,687,021
Federal Government	2,863,540	2,557,472	2,663,034	3,126,629	2,647,758
Total revenues	115,789,550	123,545,867	140,472,362	156,608,717	160,210,136
Expenditures					
Current operating:					
General government administration	10,000,219	9,133,896	9,391,807	10,820,861	10,654,666
Judicial	2,651,525	5,334,255	4,933,976	2,913,670	3,065,299
Public safety	15,284,971	19,869,721	19,157,429	21,101,417	23,453,213
Public works	8,588,341	5,539,741	6,193,511	6,483,272	8,319,953
Health and welfare	6,498,599	7,201,697	8,024,745	8,618,127	9,880,305
Education	70,255,695	67,244,700	81,797,232	95,373,503	129,784,456
Parks, recreation, and cultural	6,864,198	5,691,502	11,725,937	17,173,878	7,269,368
Community development	4,710,489	5,795,456	5,092,111	6,670,589	8,186,119
Nondepartmental	552,652	579,410	640,050	550,225	391,617
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement (1)	6,066,327	4,976,092	5,138,726	5,711,745	6,900,170
Interest & fiscal charges (1)	2,723,740	3,109,014	2,962,402	3,327,139	5,149,438
Bond issuance costs (2)	-	-	-	282,815	-
Total expenditures	134,196,756	134,475,484	155,057,926	179,027,241	213,054,604
Excess (deficiency) of revenues over (under) expenditures	(18,407,206)	(10,929,617)	(14,585,564)	(22,418,524)	(52,844,468)
Other financing sources (uses)					
Transfers in	7,444,089	9,902,280	7,927,776	11,551,635	7,738,049
Transfers (out)	(7,644,624)	(10,115,839)	(8,075,717)	(11,467,873)	(7,772,511)
Issuance of debt (1)	11,630,000	3,720,000	11,540,000	39,615,000	34,075,000
Issuance of refunding bonds	-	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-	-
Premiums on issuance of debt	772,947	282,235	643,395	2,262,669	1,832,846
Total other financing sources (uses)	12,202,412	3,788,676	12,035,454	41,961,431	35,873,384
Net change in fund balances	$ (6,204,794)	$ (7,140,941)	$ (2,550,110)	$ 19,542,907	$ (16,971,084)

(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 FY 2007 through FY 2013 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 2009	2010	2011	2012	2013	
					Revenues
$ 132,573,715	$ 126,626,266	$ 124,880,233	$ 126,471,138	$ 130,570,935	General property and other local taxes
1,213,148	964,288	889,367	900,061	1,541,522	Permits, privilege fees, and regulatory licenses
483,483	515,286	470,323	447,742	548,076	Fines and forfeitures
1,272,923	559,890	507,677	421,223	289,678	Revenue from use of money and property
2,475,872	2,036,829	1,993,776	2,230,281	2,468,314	Charges for services
2,441	1,187,725	177,298	210,633	167,862	Gifts and donations
517,063	216,991	263,985	441,593	434,215	Recovered costs
169,889	177,939	1,062,845	2,077,845	882,876	Miscellaneous
					Intergovernmental:
-	-	-	-	-	Contribution from School Board
-	-	-	-	-	Contribution from Culpeper County
23,577,653	26,929,574	26,577,419	25,934,368	26,922,538	Commonwealth of Virginia
4,165,645	5,553,092	3,674,124	3,562,870	2,929,258	Federal Government
166,451,832	164,767,880	160,497,047	162,697,754	166,755,274	Total revenues
					Expenditures
					Current operating:
10,747,190	10,243,734	10,546,705	11,329,498	11,678,971	General government administration
2,966,916	3,048,533	2,974,541	3,129,590	3,541,030	Judicial
24,314,107	24,380,686	23,490,646	23,021,859	26,477,330	Public safety
6,729,594	7,951,825	7,202,063	8,283,553	9,706,397	Public works
9,942,056	10,302,171	9,889,115	9,937,121	9,586,398	Health and welfare
90,092,039	81,245,018	78,883,664	88,033,156	93,017,474	Education
6,868,414	5,570,383	5,806,542	5,409,843	5,500,954	Parks, recreation, and cultural
8,553,281	11,366,594	7,652,116	5,988,110	5,729,630	Community development
816,428	594,483	649,715	681,335	753,584	Nondepartmental
-	-	877,303	3,637,103	1,464,968	Capital outlay
					Debt service:
8,739,019	8,820,698	8,730,851	8,760,894	8,826,681	Principal retirement (1)
6,386,481	6,069,818	5,986,485	5,735,211	5,136,165	Interest & fiscal charges (1)
-	169,949	143,778	299,881	34,284	Bond issuance costs (2)
176,155,525	169,763,892	162,833,524	174,247,154	181,453,866	Total expenditures
(9,703,693)	(4,996,012)	(2,336,477)	(11,549,400)	(14,698,592)	Excess (deficiency) of revenues over (under) expenditures
					Other financing sources (uses)
3,583,913	1,362,514	18,634,518	18,825,348	16,942,106	Transfers in
(3,588,665)	(1,408,590)	(18,648,531)	(20,288,417)	(18,479,808)	Transfers (out)
-	6,153,000	1,566,000	19,880,000	3,305,000	Issuance of debt (1)
2,115,000	3,565,000	5,430,000	13,260,000	-	Issuance of refunding bonds
(2,285,637)	(3,820,154)	(5,962,000)	(15,124,411)	-	Payments to refunded bond escrow agent
205,787	335,122	657,736	3,563,048	453,980	Premiums on issuance of debt
30,398	6,186,892	1,677,723	20,115,568	2,221,278	Total other financing sources (uses)
$ (9,673,295)	$ 1,190,880	$ (658,754)	$ 8,566,168	$ (12,477,314)	Net change in fund balances

Table 4

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

	2004	2005	2006	2007	2008
Debt Service as a Percentage of Noncapital Expenditures: (1)					
Primary Government:					
Total debt service	$ 8,790,067	$ 8,085,106	$ 8,101,128	$ 9,038,884	$ 12,049,608
Total expenditures	134,196,756	134,475,484	155,057,926	179,027,241	213,054,604
Capital outlay primary government only (3)	7,437,757	11,543,894	12,209,038	14,448,161	4,665,840
Non-capital expenditures	126,758,999	122,931,590	142,848,888	164,579,080	208,388,764
Debt service as a percentage of noncapital expenditures: Primary Government only	6.93%	6.58%	5.67%	5.49%	5.78%
Component Unit - School Board:					
Schools expenditures excluding County contribution	36,016,109	39,528,052	41,363,609	47,200,710	47,144,282
Capital outlay Component Unit – School Board only (3)	15,749,994	7,511,716	1,441,275	2,172,271	2,327,141
Non-capital expenditures	20,266,115	32,016,336	39,922,334	45,028,439	44,817,141
Total Reporting Entity:					
Total debt service	8,790,067	8,085,106	8,101,128	9,038,884	12,049,608
Total non-capital expenditures	$ 147,025,114	$ 154,947,926	$ 182,771,222	$ 209,607,519	$ 253,205,905
Debt service as a percentage of noncapital expenditures: Total Reporting Entity	5.98%	5.22%	4.43%	4.31%	4.76%

(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 FY 2007 through FY 2013 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 2009	2010	2011	2012	2013	
					Debt Service as a Percentage of Noncapital Expenditures: (1)
					Primary Government:
$ 15,125,500	$ 14,890,516	$ 14,717,336	$ 14,496,105	$ 13,962,846	Total debt service
176,155,525	169,763,892	162,833,524	174,247,154	181,453,866	Total expenditures
3,473,135	2,462,775	4,289,680	4,215,022	1,162,088	Capital outlay primary government only (3)
172,682,390	167,301,117	158,543,844	170,032,132	180,291,778	Non-capital expenditures
8.76%	8.90%	9.28%	8.53%	7.74%	Debt service as a percentage of noncapital expenditures: Primary Government only
					Component Unit - School Board:
46,216,452	46,412,036	48,447,441	47,846,703	53,594,864	Schools expenditures excluding County contribution
1,594,750	1,241,997	2,045,997	1,122,708	1,524,264	Capital outlay Component Unit— School Board only (3)
44,621,702	45,170,039	46,401,444	46,723,995	52,070,600	Non-capital expenditures
					Total Reporting Entity:
15,125,500	14,890,516	14,717,336	14,496,105	13,962,846	Total debt service
$ 217,304,092	$ 212,471,156	$ 204,945,288	$ 216,756,127	$ 232,362,378	Total non-capital expenditures
6.96%	7.01%	7.18%	6.69%	6.01%	Debt service as a percentage of noncapital expenditures: Total Reporting Entity

Table 5-A

Assessed Value and Estimated Actual Value of Taxable Property (1)
Last Ten Calendar Years

	Real Property					
Taxable Year (2)	**Residential Property**	**Commercial Property**	**Agricultural Property**	**Public Service SCC Assessed**	**Total Taxable Real Property Assessed Value**	**Add: Tax-Exempt Real Property**
2004	$ 3,949,367,500	$ 520,611,300	$ 1,098,114,300	$ 304,158,721	$ 5,872,251,821	$ 512,628,100
2005	4,153,865,100	537,406,500	1,118,396,200	362,631,919	6,172,299,719	537,928,300
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

Table 5-B

Tax Relief for the Elderly
Last Ten Calendar Years

Taxable Year (2)	**Tax Relief for the Elderly**
2004	$ 92,117,700
2005	94,161,350
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

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 Statement requires that the information in these schedules be shown for each period for which levied.
(3) 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 (3)	Taxable Year (2)
$ 6,384,879,921	$ 550,408,045	$ 37,082,203	$ 587,490,248	$ 6,459,742,069	$ 1.307	2004
6,710,228,019	572,850,102	42,268,883	615,118,985	6,787,418,704	1.305	2005
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

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)

Type of Tax	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
FAUQUIER COUNTY										
Countywide tax levies:										
Real property:										
General Fund	$ 0.920	$ 0.925	$ 0.600	$ 0.600	$ 0.720	$ 0.720	$ 0.919	$ 0.919	$ 0.919	$ 0.929
Fire and Rescue Special Revenue Fund	0.070	0.045	0.035	0.035	0.035	0.035	0.045	0.045	0.045	0.045
Conservation Easement Purchase Levy	-	0.020	0.010	0.010	0.010	0.010	0.006	0.006	0.006	0.006
Total direct real property tax rate	0.990	0.990	0.645	0.645	0.765	0.765	0.970	0.970	0.970	0.980
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	0.600	0.600	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	4.650	4.650	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	0.990	0.990	0.645	0.645	0.765	0.765	0.970	0.970	0.970	0.980
Buses with 30 or more passengers	-	-	-	-	-	-	1.000	1.000	1.000	1.000
Business furniture, fixtures, and equipment	-	-	-	-	-	-	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)	4.476	4.471	4.474	4.514	4.507	4.511	4.434	4.180	4.220	4.255
Total direct tax rate (2)	1.307	1.305	0.856	0.860	0.970	0.970	1.175	1.164	1.169	1.186
Special district levies:										
Marshall Street Light Levy (3)	0.020	0.020	0.005	0.005	0.005	0.005	0.005	0.005	0.005	0.005
OVERLAPPING GOVERNMENTS										
Town of Warrenton:										
Real estate	0.030	0.030	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	0.140	0.140	0.100	0.100	0.100	0.100	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	0.075	0.075	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

Table 7-A

Principal Real Property Taxpayers
Current Year and Nine Years Ago

TAXPAYER	2013 Assessed Valuation	2013 Rank	2013 % of Total Assessed Valuation	2004 Assessed Valuation	2004 Rank	2004 % of Total Assessed Valuation
Virginia Electric & Power Company	$ 318,525,008	1	3.05%	$ 166,563,344	1	2.84%
Old Dominion Electric Co-op	150,146,423	2	1.44%	82,485,188	2	1.40%
Verizon - Virginia, Inc.	35,415,429	3	0.34%	45,045,630	3	0.77%
Northern Virginia Electric Co-op	31,984,609	4	0.31%	13,573,532	5	0.23%
Warrenton Center LLC, Shopping Center	29,666,400	5	0.28%			
Oak Spring Farms LLC	23,858,700	6	0.23%	18,539,400	4	0.32%
Rappahannock Electric Co-op	20,656,508	7	0.20%	9,922,361	7	0.17%
Saul Holdings Limited Partnership	19,582,100	8	0.19%			
Warrenton Development Company	18,774,000	9	0.18%	10,099,500	6	0.17%
Norfolk Southern Railway Company	18,738,825	10	0.18%			
Warrenton Village LLC Shopping Center				9,445,000	8	0.16%
Walmart Real Estate Business				8,991,800	9	0.15%
Evans, Edward P.				8,363,500	10	0.14%
Total	$ 667,348,002		6.40%	$ 373,029,255		6.35%

Source: Fauquier County Commissioner of the Revenue

Table 7-B

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

TAXPAYER	2013 Assessed Valuation	2013 Rank	2013 % of Total Assessed Valuation	2004 Assessed Valuation	2004 Rank	2004 % of Total Assessed Valuation
H & E Equipment Services Inc.	$ 7,187,391	1	1.03%			
Comcast of CA/MD/PA/VA/WV LLC	4,504,910	2	0.64%			
Vulcan Materials Company	3,860,995	3	0.55%	$ 1,346,259	10	0.23%
Walmart Stores East LP	3,418,684	4	0.49%			
Luck Stone Corporation	2,933,031	5	0.42%	5,379,765	1	0.92%
Toyota Motor Credit Corporation	2,169,386	6	0.31%	1,371,551	9	0.23%
D. L. Peterson Trust	1,709,085	7	0.24%			
Financial Services Vehicles Trust	1,707,815	8	0.24%			
Vault	1,677,676	9	0.24%			
Penske Truck Leasing Company LP	1,224,035	10	0.17%			
Piedmont Contracting LLC				2,908,423	2	0.50%
Ford Motor Credit Company				1,728,079	3	0.29%
ME Concrete Products Co, Inc.				1,666,726	4	0.28%
TAC Ceramic Tile Co, Inc.				1,591,944	5	0.27%
Amerigas Propane LP				1,563,796	6	0.27%
Hawk, Inc.				1,527,750	7	0.26%
Safeway Stores Inc.				1,521,781	8	0.26%
Total	$ 30,393,008		4.33%	$ 20,606,074		3.51%

(1) Original TY 2013 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
2004	$ 82,886,242	$ 237,976	$ 83,124,218	$ 81,216,837	97.71%	$ 8,836	$ 81,225,673	97.72%
2005	87,592,939	(115,494)	87,477,445	85,659,133	97.92%	396,548	86,055,681	98.37%
2006	101,562,098	276,545	101,838,643	98,217,478	96.44%	3,032,575	101,250,053	99.42%
2007	113,458,234	73,171	113,531,405	112,279,628	98.90%	298,488	112,578,116	99.16%
2008	121,628,113	184,931	121,813,044	119,513,886	98.11%	2,165,764	121,679,650	99.89%
2009	130,672,014	(24,328)	130,647,686	127,948,474	97.93%	2,292,382	130,240,856	99.69%
2010	125,478,009	177,798	125,655,807	122,961,071	97.86%	2,096,818	125,057,889	99.52%
2011	124,996,220	(4,626)	124,991,594	122,687,302	98.16%	1,736,133	124,423,435	99.55%
2012	126,178,322	209,205	126,387,527	124,456,425	98.47%	1,553,400	126,009,825	99.70%
2013	129,385,080	-	129,385,080	127,508,397	98.55%	-	127,508,397	98.55%

Source: Fauquier County Treasurer

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	Revenue Bonds	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)
2004	$ 8,246,174	$ 2,960,000	$ 8,335,000	$ 40,710,000	$ -	$ 2,220,000	$ -	$ 62,471,174	$ 2,755,285,000	2.27%	$ 1,058
2005	7,690,082	2,840,000	7,450,000	41,015,000	-	1,885,000	-	60,880,082	3,037,650,000	2.00%	1,003
2006	7,116,356	2,715,000	6,580,000	48,985,000	-	1,540,000	-	66,936,356	3,261,337,000	2.05%	1,076
2007	6,519,611	2,585,000	45,335,000	44,860,000	1,192,000	1,180,000	51,937	101,723,548	3,325,147,000	3.06%	1,629
2008	5,899,442	2,450,000	43,270,000	74,855,000	1,192,000	805,000	35,656	128,507,098	3,464,126,000	3.71%	2,015
2009	5,255,423	2,260,000	41,030,000	69,140,000	880,005	410,000	18,362	118,993,790	3,248,712,000	3.66%	1,842
2010	4,592,107	8,258,000	38,205,000	64,050,000	596,000	-	-	115,701,107	3,426,035,000	3.38%	1,794
2011	5,455,024	7,375,000	35,390,000	59,325,000	298,000	-	-	107,843,024	3,594,251,000	3.00%	1,647
2012	4,706,680	7,010,000	33,245,000	74,505,000	-	5,170,000	-	124,636,680	*	*	1,895
2013	3,735,000	6,650,000	30,450,000	73,110,000	-	5,170,000	-	119,115,000	*	*	1,801

(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)
2004	$ 8,335,000	$ 40,710,000	$ 49,045,000	1.78%	0.76%	$ 830
2005	7,450,000	41,015,000	48,465,000	1.60%	0.71%	799
2006	6,580,000	48,985,000	55,565,000	1.70%	0.44%	894
2007	45,335,000	44,860,000	90,195,000	2.71%	0.68%	1,444
2008	43,270,000	74,855,000	118,125,000	3.41%	0.87%	1,852
2009	41,030,000	69,140,000	110,170,000	3.39%	0.81%	1,706
2010	38,205,000	64,050,000	102,255,000	2.98%	0.94%	1,585
2011	35,390,000	59,325,000	94,715,000	2.64%	0.87%	1,447
2012	33,245,000	74,505,000	107,750,000	*	0.98%	1,638
2013	30,450,000	73,110,000	103,560,000	*	0.93%	1,566

(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

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COUNTY OF FAUQUIER, VIRGINIA

Table 11

Pledged-Revenue Coverage
Last Ten Fiscal Years

		Sewer Revenue Bonds			
			Debt Service		
Fiscal Year	**Sewer Tap Fees**	**Principal**	**Interest**	**Total**	**Coverage (1)**
2004	$ 10,500	$ 115,000	$ 147,425	$ 262,425	0.04
2005	6,000	120,000	142,710	262,710	0.02
2006	42,500	125,000	137,790	262,790	0.16
2007	57,983	130,000	132,665	262,665	0.22
2008	114,500	135,000	127,010	262,010	0.44
2009	-	140,000	121,138	261,138	-
2010	36,000	155,000	86,649	241,649	0.15
2011	-	351,000	371,035	722,035	-
2012	-	365,000	312,761	677,761	-
2013	-	360,000	325,213	685,213	-

(1) Debt Service payments are covered by the General Fund.
(2) Includes total operating revenues, interest income, and operating grants.
(3) Operating expenses exclude non-cash expenses such as depreciation and closure costs.

Solid Waste Bonds							
			Debt Service				
Landfill and Recycling Fund Revenues (2)	Less: Operating Expenses (3)	Net Available Revenues	Principal	Interest	Total	Coverage	Fiscal Year
$ 6,531,316	$ 4,372,640	$ 2,158,676	$ 325,000	$ 103,675	$ 428,675	5.04	2004
8,075,461	4,715,826	3,359,635	335,000	90,675	425,675	7.89	2005
6,736,161	5,018,829	1,717,332	345,000	77,275	422,275	4.07	2006
6,788,579	4,841,936	1,946,643	360,000	63,475	423,475	4.60	2007
6,762,973	5,248,841	1,514,132	375,000	49,075	424,075	3.57	2008
5,135,953	4,514,737	621,216	395,000	32,200	427,200	1.45	2009
4,676,177	3,806,076	870,101	410,000	16,400	426,400	2.04	2010
4,202,943	3,575,192	627,751	-	-	-	-	2011
4,117,645	3,922,344	195,301	-	-	-	-	2012
4,077,408	4,286,000	(208,592)	-	212,629	212,629	(0.98)	2013

COUNTY OF FAUQUIER, VIRGINIA

Table 12

County Policy Debt Margin
Last Ten Fiscal Years

	2004	2005	2006	2007	2008
Primary Government general revenues	$ 107,742,248	$ 115,802,686	$ 130,354,175	$ 142,714,982	$ 151,241,607
Budgeted revenues (1)	-	-	-	-	-
Debt limit (2)	10,774,225	11,580,269	13,035,418	14,271,498	15,124,161
Total net debt applicable to limit	8,784,217	8,080,098	8,095,810	9,029,884	12,044,958
County policy margin	$ 1,990,008	$ 3,500,171	$ 4,939,608	$ 5,241,614	$ 3,079,203
Total net debt applicable to the limit as a percentage of general revenues	8.15%	6.98%	6.21%	6.33%	7.96%

(1) Effective FY 2010, 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 FY 2010, Fauquier County's debt capacity was defined as 10% of the aggregate total of budgeted revenues in the General Fund, the Conservation Easement Service District Fund, and the Volunteer Fire and Rescue Fund.

Fiscal Year					
2009	**2010**	**2011**	**2012**	**2013**	
$ 157,808,035	$ -	$ -	$ -	$ -	Primary Government general revenues
-	161,131,819	154,965,925	157,396,115	159,945,659	Budgeted revenues (1)
15,780,804	16,113,182	15,496,593	15,739,612	15,994,566	Debt limit (2)
15,119,500	14,881,996	14,710,693	14,485,068	13,955,896	Total net debt applicable to limit
$ 661,304	$ 1,231,186	$ 785,900	$ 1,254,544	$ 2,038,670	County policy margin
9.58%	9.24%	9.49%	9.20%	8.73%	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 (3)	County Civilian Labor Force (3)	At-Place Employment Annual Average (3)	School Enrollment (4)
2004	59,056	$ 2,755,285	$ 44,934	2.7%	34,194	20,713	10,295
2005	60,678	3,037,650	48,458	2.6%	35,643	21,579	10,717
2006	62,184	3,261,337	51,149	2.4%	36,601	22,022	10,940
2007	62,450	3,325,147	51,857	2.5%	37,041	21,710	11,117
2008	63,789	3,464,126	53,659	3.4%	37,689	21,396	11,263
2009	64,594	3,248,712	50,052	5.6%	37,959	20,271	11,244
2010	64,497	3,426,035	52,399	5.9%	35,632	20,133	11,222
2011	65,460	3,594,251	54,400	5.1%	35,879	20,771	11,184
2012	65,780	*	*	4.7%	36,190	21,381	11,210
2013	66,131	*	*	4.6%	36,397	20,881	11,097

Sources:

(1) Weldon Cooper Center for Public Service final population estimates as of July 1st for FY 2004 through FY 2012, and provisional estimate for FY 2013, as of July 1, 2012.
(2) Bureau of Economic Analysis, calendar year data.
(3) Virginia Employment Commission calendar year data for 2004 through 2012. Data for 2013 Unemployment Rate and County Civilian Labor Force is the six month average rate for January 2013 through June 2013. Data for 2013 At-Place employment is for the 1st quarter of 2013.
(4) FY2004 through FY 2012 enrollment from the Fauquier County Public Schools Adopted Budgets. FY2013 enrollment provided by the Fauquier County School Board Office.

* Unavailable

COUNTY OF FAUQUIER, VIRGINIA

Table 14

Principal Employers
Current Year and Nine Years Ago

	2013		2004	
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		
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	100 to 249	5	100 to 249
Town of Warrenton	6	100 to 249		
Food Lion	7	100 to 249	10	100 to 249
Pearson Government Solutions, Inc.	8	100 to 249		
Oak Springs Nursing Home	9	100 to 249		
Lord Fairfax Community College	10	100 to 249		
Fauquier Hospital			2	500 to 999
Trinity Packaging Corporation			6	100 to 249
General Excavation			7	100 to 249
America House Four			8	100 to 249
Giant Food			9	100 to 249

Source: Virginia Employment Commission Top 50 Employers (1st Quarter of 2013 and 2nd Quarter of 2004)

COUNTY OF FAUQUIER, VIRGINIA

Table 15

County Government Employees by Function
Last Ten Fiscal Years

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government	112.9	117.9	119.1	116.6	114.8	115.2	109.8	112.2	113.2	113.5
Judicial administration	37.5	37.7	39.7	39.5	39.7	38.7	38.8	38.4	38.8	42.8
Public safety	138.0	141.0	153.0	158.0	184.6	192.3	189.5	190.5	206.5	237.0
Public works	47.5	48.5	52.5	56.5	58.6	63.6	67.1	60.1	60.1	62.1
Health and welfare	42.5	43.7	45.5	46.8	47.1	45.1	45.1	45.1	46.5	47.5
Parks, recreation, and cultural	49.7	54.2	58.2	65.6	65.6	63.5	61.7	58.7	60.6	62.0
Community development	36.0	43.6	46.6	52.7	51.0	51.0	42.1	41.1	42.1	41.6
Other funds										
Airport	1.0	2.1	2.1	2.6	2.0	2.0	2.0	2.0	2.0	2.0
Joint Communications (1)	22.0	22.6	24.6	24.6	-	-	-	-	-	-
Ambulance billing	-	-	-	-	-	-	-	1.0	1.0	1.0
Environmental Services	21.5	21.5	22.0	28.0	31.0	25.0	17.5	16.5	17.5	17.5
Fleet Maintenance	16.0	16.0	16.0	15.0	15.0	15.0	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
Subtotal	60.5	62.2	64.7	71.0	49.0	43.0	35.5	35.5	36.5	36.5
Total Primary Government	524.6	548.8	579.3	606.6	610.4	612.4	589.6	581.6	604.3	643.0
Component Unit – School Board										
Education	1,509.8	1,598.5	1,625.1	1,644.2	1,640.0	1,725.0	1,853.3	1,863.1	1,863.1	1,816.3
Total Reporting Entity	2,034.4	2,147.3	2,204.4	2,250.8	2,250.4	2,337.4	2,442.9	2,444.7	2,467.4	2,459.3

(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:
FY 2004 though FY2009: Fauquier County Public Schools Adopted Budgets
FY2010 through FY2013: Fauquier County Adopted Budgets

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Table 16

Operating Indicators by Function (1)
Last Ten Fiscal Years

Function	2004	2005	2006	2007	2008
General government					
Commissioner of the revenue					
Real estate number of parcels	30,299	30,934	31,402	32,218	32,404
Land use number of parcels	4,048	3,829	3,861	3,855	3,886
PPTRA qualifying vehicles	70,861	72,644	69,280	68,806	69,141
County attorney					
Total litigation files opened	38	40	73	45	45
Finance					
Vendor checks issued	19,227	21,564	19,927	20,227	19,525
Payroll annual checks/direct deposits	41,441	44,676	44,900	47,360	48,296
Human resources					
Employment applications received	4,436	4,755	7,775	8,626	13,438
New employees orientated	802	995	1,027	1,147	941
Information technology					
Web pages updated	2,500	2,500	2,500	*	*
Web site hits	7,000,000	7,000,000	7,000,000	1,671,308	1,705,740
Treasurer					
Real estate bills mailed	59,146	59,652	61,172	60,080	62,239
Personal property bills mailed	57,977	59,843	61,498	59,773	60,961
Vehicle decals issued	62,294	65,085	67,401	-	-
Dog tags issued	725	773	874	969	2,025
Judicial administration					
Adult court services					
Average daily caseload	403	359	301	395	366
Circuit court (2)					
Law cases (3)	475	438	*	*	*
Chancery cases (3)	427	360	*	*	*
Civil cases (3)	*	938	881	941	1,052
Criminal cases	983	905	1,028	1,005	904
Clerk of the circuit court (by calendar year)					
Deed book recording	23,334	23,807	19,778	15,132	10,928
Judgments	1,767	1,845	1,911	2,461	2,510
Criminal cases	983	905	1,028	1,005	930
Concealed weapon permits	274	215	224	387	644

(1) Operating indicators for the current year-end will not be available until the publication of the subsequent year's budget. Therefore, no FY 2013 information is available.

(2) Circuit court data reporting revised to calendar year from fiscal year as of 2005.

(3) Law and chancery cases have been combined into civil cases category as of CY 2006.

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

(5) As of FY 2009 CSA revised reporting categories.

(6) Park attendance revised to include all sites as of FY 2004.

(7) Writing element added to SAT in FY 2006.

(8) Prior to FY 2006 number of residents using the landfill included recycling visits.

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

* Unavailable

Fiscal Year					
2009	2010	2011	2012	2013(1)	Function
					General government
					Commissioner of the revenue
31,484	31,639	32,638	32,805	*	Real estate number of parcels
3,930	3,941	3,953	3,941	*	Land use number of parcels
68,662	67,161	69,326	70,846	*	PPTRA qualifying vehicles
					County attorney
71	30	32	32	*	Total litigation files opened
					Finance
18,604	19,131	17,518	16,349	*	Vendor checks issued
47,434	49,430	52,750	53,826	*	Payroll annual checks/direct deposits
					Human resources
14,690	15,290	18,941	15,248	*	Employment applications received
996	633	535	607	*	New employees orientated
					Information technology
*	*	*	*	*	Web pages updated
1,014,468	1,253,348	1,094,809	1,154,107	*	Web site hits
					Treasurer
63,105	62,080	63,064	63,165	*	Real estate bills mailed
60,942	60,916	61,782	62,500	*	Personal property bills mailed
-	-	-	-	-	Vehicle decals issued
2,941	3,495	3,374	3,293	*	Dog tags issued
					Judicial administration
					Adult court services
372	385	415	522	*	Average daily caseload
					Circuit court (2)
*	*	*	*	*	Law cases (3)
*	*	*	*	*	Chancery cases (3)
906	798	1,002	699	*	Civil cases (3)
989	1,099	964	1,165	*	Criminal cases
					Clerk of the circuit court (by calendar year)
12,328	11,493	10,858	13,883	*	Deed book recording
2,734	2,706	2,343	2,129	*	Judgments
1,069	1,000	1,054	1,187	*	Criminal cases
662	526	593	958	*	Concealed weapon permits

Table 16

Operating Indicators by Function (1)
Last Ten Fiscal Years

Function	2004	2005	2006	2007	2008
Public safety					
Detention center					
Prisoner transports	4,452	7,622	6,237	6,201	5,311
Average daily inmate population	67	59	75	104	111
Juvenile detention					
Youth detained	67	54	76	98	45
Child care days	1,592	922	2,179	3,851	1,000
Juvenile probation					
Probation and parole per month	211	93	92	97	100
Community service hours	2,509	2,793	2,608	2,482	2,482
Fire, rescue, and emergency services					
911 calls for service	14,411	15,298	15,552	16,820	15,773
Hazardous material response	500 hrs.	600 hrs.	500 hrs.	500 hrs.	43 calls
Emergency response	300 calls	300 calls	300 calls	300 calls	*
Sheriff					
Traffic summonses issued	7,745	9,511	10,357	9,835	6,862
Misdemeanor arrests	1,609	1,534	1,470	1,880	1,671
Felony arrests	613	708	807	890	733
Civil papers served	13,392	13,969	15,855	14,807	16,580
Calls for service	35,938	38,541	41,182	44,010	44,421
Animal control calls for service	1,947	2,428	3,691	3,917	3,845
Joint communications (4)					
Telephone calls processed	-	-	-	-	197,531
Dispatch actions performed	-	-	-	-	745,337
Calls for service	-	-	-	-	85,671
Public works					
Environmental services - convenience sites					
Solid waste - tons	74,715	74,337	72,682	66,063	100,745
Recycled materials - tons	54,730	49,000	10,855	10,183	34,093
Resident visits	734,091	757,405	672,645	664,778	649,384
General services					
Facility work orders completed	8,410	8,720	9,462	9,553	9,555
Fleet vehicles/small engines	539	610	671	751	773
Preventive maintenance schedule	931	1,024	1,426	1,811	1,492
Surplus property	2,232	2,318	2,558	*	*
Health and welfare					
Comprehensive services act					
Comprehensive Services for At-Risk Youth and Families (CSA):					
Congregate care (5)	-	-	-	-	-
Foster care - therapeutic, specialized, regular (5)	-	-	-	-	-
Regular and residential foster care	70	80	53	102	54
Preventive foster care	34	38	38	45	40
Social services					
Adoption assistance	21	37	26	29	29
Adults receiving services	268	220	233	263	350
Approved foster/adoptive homes	29	29	*	*	*

(1) Operating indicators for the current year-end will not be available until the publication of the subsequent year's budget. Therefore, no FY 2013 information is available.
(2) Circuit court data reporting revised to calendar year from fiscal year as of 2005.
(3) Law and chancery cases have been combined into civil cases category as of CY 2006.
(4) As of FY 2008 Joint Communications is no longer reported as a separate fund.
(5) As of FY 2009 CSA revised reporting categories.
(6) Park attendance revised to include all sites as of FY 2004.
(7) Writing element added to SAT in FY 2006.
(8) Prior to FY 2006 number of residents using the landfill included recycling visits.

Sources: Fauquier County Adopted Budgets; Fauquier County Departments; Fauquier County Superintendent's Annual Reports
* Unavailable

Fiscal Year					
2009	2010	2011	2012	2013(1)	Function
					Public safety
					Detention center
4,835	4,297	4,238	5,370	*	Prisoner transports
112	110	110	110	*	Average daily inmate population
					Juvenile detention
75	72	53	44	*	Youth detained
622	740	788	258	*	Child care days
					Juvenile probation
105	177	116	62	*	Probation and parole per month
*	*	*	*	*	Community service hours
					Fire, rescue, and emergency services
13,823	10,653	10,693	27,180	*	911 calls for service
39 calls	22 calls	10 calls	8 calls	*	Hazardous material response
*	*	*	*	*	Emergency response
					Sheriff
11,361	9,075	8,183	7,224	*	Traffic summonses issued
2,068	2,159	2,499	3,082	*	Misdemeanor arrests
850	790	882	1,068	*	Felony arrests
17,365	15,732	16,572	15,667	*	Civil papers served
58,015	59,031	59,448	66,260	*	Calls for service
3,936	3,396	3,501	3,765	*	Animal control calls for service
					Joint communications (4)
176,009	170,553	157,299	158,821	*	Telephone calls processed
776,786	810,569	793,509	857,133	*	Dispatch actions performed
99,211	104,980	101,786	110,305	*	Calls for service
					Public works
					Environmental services - convenience sites
73,027	64,366	53,454	52,245	*	Solid waste - tons
24,677	18,337	20,274	21,980	*	Recycled materials - tons
597,580	555,266	509,204	512,827	*	Resident visits
					General services
8,580	8,620	7,979	8,499	*	Facility work orders completed
759	770	665	618	*	Fleet vehicles/small engines
1,216	1,513	1,699	1,891	*	Preventive maintenance schedule
*	*	*	*	*	Surplus property
					Health and welfare
					Comprehensive services act
					Comprehensive Services for At-Risk Youth and Families (CSA):
35	25	26	21	*	Congregate care (5)
82	56	71	64	*	Foster care - therapeutic, specialized, regular (5)
-	-	-	-	*	Regular and residential foster care
-	-	-	-	*	Preventive foster care
					Social services
24	34	33	34	*	Adoption assistance
431	386	461	449	*	Adults receiving services
*	*	*	*	*	Approved foster/adoptive homes

Table 16

Operating Indicators by Function (1)
Last Ten Fiscal Years

Function	2004	2005	2006	2007	2008
Parks, recreation, and cultural					
Library					
Materials cataloged/processed	15,157	14,344	16,515	14,364	12,793
Periodicals cataloged/processed	3,829	3,758	3,869	4,820	4,137
Library patron visits	222,783	253,533	248,112	268,635	278,842
Parks and recreation					
Park attendance (6)	420,785	624,780	615,263	646,026	890,292
Shelter rentals	167	208	210	190	257
Education					
Per pupil expenditures	8,601	8,878	9,546	10,427	10,925
High school completion rate	87%	94%	93%	94%	95%
SAT scores (7)	1,045	1,057	1,534	1,515	1,525
Federal subsidized meals program	15.2%	15.7%	15.5%	16.2%	16.7%
Community development					
Web page updated	287	462	462	408	300
Rezoning/comp plans	11	32	9	15	7
Preliminary/final subdivisions	14	29	26	14	5
Zoning permits issued	2,189	2,462	2,763	1,416	1,723
Building plans reviewed	2,227	2,407	2,788	2,071	1,607
Land disturbing permits issued	75	85	83	130	87
Marketing response to web site	202	408	84,118	88,638	150,801
Other funds					
Environmental services					
Residents using the landfill (8)	262,103	250,000	6,979	6,846	6,743
Total tons recycled	54,730	49,000	10,855	10,183	34,093
Recycling rate	33%	27%	25%	28%	31%
Fleet maintenance					
Internal service fund county users	28	28	26	42	28
Internal service fund non-county users	9	9	7	16	9
Total vehicles serviced	3,704	4,200	4,385	4,603	4,338
Joint communications (4)					
Telephone calls processed	246,286	292,750	201,225	203,809	-
Dispatch actions performed	631,597	646,312	651,756	737,995	-
Calls for service	71,925	74,782	74,232	84,827	-

(1) Operating indicators for the current year-end will not be available until the publication of the subsequent year's budget. Therefore, no FY 2013 information is available.

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(6) Park attendance revised to include all sites as of FY 2004.

(7) Writing element added to SAT in FY 2006.

(8) Prior to FY 2006 number of residents using the landfill included recycling visits.

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

* Unavailable

Fiscal Year					
2009	2010	2011	2012	2013(1)	Function
					Parks, recreation, and cultural
					Library
13,483	12,701	13,642	16,443	*	Materials cataloged/processed
7,882	7,590	3,423	3,514	*	Periodicals cataloged/processed
277,461	278,078	255,009	265,770	*	Library patron visits
					Parks and recreation
513,813	739,564	714,352	791,948	*	Park attendance (6)
232	249	283	334	*	Shelter rentals
					Education
10,935	11,255	11,284	11,045	*	Per pupil expenditures
94%	90%	91%	93%	*	High school completion rate
1,535	1,528	1,532	1,537	*	SAT scores (7)
19.8%	22.2%	21.6%	24.9%	*	Federal subsidized meals program
					Community development
*	*	*	*	*	Web page updated
14	10	8	7	*	Rezoning/comp plans
6	2	12	3	*	Preliminary/final subdivisions
1,366	1,000	881	1,021	*	Zoning permits issued
1,289	1,134	1,225	1,103	*	Building plans reviewed
38	42	114	82	*	Land disturbing permits issued
165,212	160,420	168,446	169,088	*	Marketing response to web site
					Other funds
					Environmental services
5,456	6,404	3,714	2,615	*	Residents using the landfill (8)
24,677	18,337	20,274	21,980	*	Total tons recycled
32%	35%	39%	44%	*	Recycling rate
					Fleet maintenance
46	42	46	42	*	Internal service fund county users
26	22	26	12	*	Internal service fund non-county users
5,016	5,300	5,016	5,908	*	Total vehicles serviced
					Joint communications (4)
-	-	-	-	-	Telephone calls processed
-	-	-	-	-	Dispatch actions performed
-	-	-	-	-	Calls for service

COUNTY OF FAUQUIER, VIRGINIA

Table 17

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Judicial administration										
Detention center capacities	56	56	56	56	56	56	56	56	56	56
Public safety										
Fire and rescue companies	13	13	13	13	11	11	11	11	11	11
Public works										
Active vehicles	243	266	279	272	253	260	271	287	263	270
County owned buildings	48	49	49	54	54	57	57	57	57	57
Sq. ft. in buildings	381,630	384,174	384,574	392,532	392,532	396,744	396,744	396,744	396,744	396,744
Parks, recreation, and cultural										
Libraries	3	3	3	3	3	3	3	3	3	3
Volumes	181,606	185,951	194,618	202,794	205,791	211,950	211,562	214,029	208,313	208,691
Parks and recreation facilities	27	32	32	33	34	32	35	35	35	35
Land acres	576	576	576	897	899	732	825	885	899	932
Water acres	189	189	190	190	193	113	113	116	116	110
Trails (miles)	*	8.50	8.50	8.75	12.00	12.75	13	14	14	14
Fields	*	53	58	58	58	71	59	63	63	58
Boats	36	36	36	59	59	33	34	35	58	35
Shelters	*	9	10	20	20	15	19	19	19	21
Swimming pools	-	1	1	1	1	2	2	2	2	2
Education										
Elementary schools										
Buildings	10	10	10	10	10	11	11	11	11	11
Sq. ft. in buildings	625,222	625,222	625,222	625,222	625,222	717,016	717,016	717,016	717,016	717,016
Capacity	5,495	5,495	5,495	5,495	5,495	6,095	6,095	6,095	6,095	6,095
Middle schools										
Buildings	4	5	5	5	5	5	5	5	5	5
Sq. ft. in buildings	379,865	493,865	493,865	493,865	493,865	514,110	514,110	514,110	514,110	514,110
Capacity	2,583	3,183	3,183	3,183	3,183	3,183	3,183	3,183	3,183	3,183
High schools										
Buildings	2	2	2	2	2	3	3	3	3	3
Sq. ft. in buildings	523,995	523,995	523,995	523,995	523,995	742,272	742,272	742,272	742,272	817,163
Capacity	3,000	3,000	3,000	3,000	3,000	4,500	4,500	4,500	4,500	4,554
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	17,547	17,547	19,563	19,563
Capacity	191	191	191	191	191	191	191	191	191	191
Number of school buses	161	173	164	173	178	174	180	184	178	181
Airport										
Miles of runways	0.92	0.96	0.96	0.96	0.96	0.96	0.96	0.96	0.96	0.96
Number of hangars	7	7	7	10	10	10	10	10	10	10

Sources: Fauquier County Budget Office; 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

* Unavailable

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
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 units and each major fund, and the aggregate remaining fund information of the County of Fauquier, Virginia as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County of Fauquier, Virginia's basic financial statements, and have issued our report dated October 17, 2013.

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 County's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and 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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
October 17, 2013

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
Warrenton, Virginia

Report on Compliance for Each Major Federal Program

We have audited the County of Fauquier, Virginia's compliance with the types of compliance requirements described in the *OMB 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, 2013. 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, 2013.

Report on Internal Control Over Compliance

Management of the County of Fauquier, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County of Fauquier, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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

Charlottesville, Virginia
October 17, 2013

Schedule of Expenditures of Federal Awards
Primary Government and Discretely Presented Component Unit
For the Year Ended June 30, 2013

Federal Granting Agency/Pass-Through Agency/Grant Program	Federal CFDA Number	Pass-Through Agency Identifying Number	Total Federal Expenditures
Primary Government:			
DEPARTMENT OF AGRICULTURE:			
Pass-through payments from Commonwealth of Virginia:			
Department of Agriculture and Consumer Services:			
Beginning Farmer and Rancher Development Program	10.311	422168-19998	$ 11,300
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutritional Assistance Program (SNAP)	10.561	0010111 0010112 0040111 0040112	378,049
Total Department of Agriculture			389,349
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
Pass-through payments from Commonwealth of Virginia:			
Department of Housing and Community Development:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	53305-49380	56,464
Total Department of Housing and Urban Development			56,464
DEPARTMENT OF TRANSPORTATION:			
Direct payments:			
Airport Improvement Program	20.106	Not Applicable	124,691
Pass-through payments from Commonwealth of Virginia:			
Department of Transportation:			
Transportation Enhancement Program (TEA-21)	Not available	UPC 70309 UPC 87017 UPC 91228	34,789
Department of Motor Vehicles:			
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	60507-53082 60507-52056	28,742
Total Department of Transportation			$ 188,222

Federal Granting Agency/Pass-Through Agency/Grant Program	Federal CFDA Number	Pass-Through Agency Identifying Number	Total Federal Expenditures
Primary Government: (continued)			
ENVIRONMENTAL PROTECTION AGENCY:			
Pass-through payments from Commonwealth of Virginia:			
Department of Environmental Quality:			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	15152	$ 7,359
Total Environmental Protection Agency			7,359
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Pass-through payments from Commonwealth of Virginia:			
Department of Social Services:			
Temporary Assistance for Needy Families	93.558	0400111 0400112	331,715
Refugee and Entrant Assistance - State Administered Programs	93.566	0500111 0500112	2,920
Low-Income Home Energy Assistance	93.568	0600411 0600412	15,739
Child Care and Development Funds Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760111 0760112	44,129
Chafee Education and Training Vouchers Program (ETV)	93.599	9160111	2,737
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900111 0900112	1,136
Foster Care-Title IV-E	93.658	1100111 1100112	563,440
Adoption Assistance	93.659	1120111 1120112	114,705
Social Services Block Grant	93.667	1000111 1000112	236,717
Chafee Foster Care Independence Program	93.674	9150111 9150112	3,286
Children's Health Insurance Program	93.767	0540111 0540112	9,693
Medical Assistance Program	93.778	1200111 1200112	231,690
Total Department of Health and Human Services			$ 1,557,907

Schedule of Expenditures of Federal Awards
Primary Government and Discretely Presented Component Unit
For the Year Ended June 30, 2013

Federal Granting Agency/Pass-Through Agency/Grant Program	Federal CFDA Number	Pass-Through Agency Identifying Number		Total Federal Expenditures
Primary Government: (continued)				
DEPARTMENT OF HOMELAND SECURITY:				
Direct payments:				
Assistance to Firefighters Grant	97.044	Not Applicable		$ 71,066
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	Not Applicable		240,683
Pass-through payments from Commonwealth of Virginia:				
Department of Emergency Management:				
Emergency Management Performance Grants	97.042	77501-52740		61,387
Total Department of Homeland Security				373,136
Total Expenditures of Federal Awards - Primary Government				2,572,437
Component Unit - School Board:				
DEPARTMENT OF AGRICULTURE:				
Pass-Through Payments from Commonwealth of Virginia:				
Child Nutrition Cluster:				
Department of Education:				
School Breakfast Program (SBP)	10.553	17901-40591		290,555
National School Lunch Program (NSLP)	10.555	17901-40623	1,254,061	
Department of Agriculture and Consumer Services:				
National School Lunch Program (NSLP) - Commodities	10.555	Not Applicable	304,296	1,558,357
Total Department of Agriculture				1,848,912
DEPARTMENT OF DEFENSE:				
Direct Payments:				
Junior ROTC Program	12.000	Not Applicable		67,267
Mathematical Sciences Grants Program	12.901	Not Applicable		95,263
Pass-through payments from Commonwealth of Virginia:				
Department of Education:				
Department of Defense Payments	12.000	17901-43850		2,000
Total Department of Defense				$ 164,530

Schedule of Expenditures of Federal Awards
Primary Government and Discretely Presented Component Unit
For the Year Ended June 30, 2013

Federal Granting Agency/Pass-Through Agency/Grant Program	Federal CFDA Number	Pass-Through Agency Identifying Number	Total Federal Expenditures
Component Unit - School Board: (continued)			
DEPARTMENT OF EDUCATION:			
Pass-Through Payments from Commonwealth of Virginia:			
Department of Education:			
Adult Education - Basic Grants to States	84.002	17901-42801	$ 28,077
Title I Grants to Local Educational Agencies	84.010	17901-42901 17901-42892	804,449
Special Education Cluster (IDEA):			
Special Education-Grants to States (IDEA, Part B)	84.027	17901-43071	2,147,062
Special Education - Preschool Grants (IDEA Preschool)	84.173	17901-62521	78,367
Career and Technical Education - Basic Grants to States	84.048	17901-61095	112,184
Education Technology State Grants	84.318	17901-61600	3,347
English Language Acquisition Grants	84.365	17901-60509 17901-60512	60,107
Improving Teacher Quality State Grants	84.367	17901-61480	263,297
Statewide Data Systems	84.384	17901-47944	30,000
Pass-Through Payments from The College of William & Mary			
Education for Homeless Children and Youth	84.196	738092 738532	12,709
Total Department of Education			3,539,599
Total Expenditures of Federal Awards - Component Unit - School Board			5,553,041
Total Expenditures of Federal Awards - Reporting Entity			$ 8,125,478

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

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, 2013. 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.

(3) Food donation - Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

Note 3 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:	
Primary government:	
General Fund	$ 2,356,493
Capital Projects Fund	34,789
Debt Service Fund	406,512
Special Revenue Funds	131,464
Airport Fund	124,691
Total primary government	3,053,949
Component Unit − School Board:	
School General Fund	3,704,129
School Nutrition Fund	1,848,912
Total component unit school board	5,553,041
Total federal revenues per basic financial statements	8,606,990
Reconcile Federal revenues to expenditures	
Less: Easement payment	(75,000)
Less: Federal Tax Credit Subsidy on QSCB Bond	(406,512)
Total reconciling items	(481,512)
Total expenditures reimbursed by federal revenues	8,125,478
Total federal expenditures per the Schedule of Expenditures of Federal Awards	$ 8,125,478

Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiency(ies) identified?	No
Noncompliance material to financial statements noted?	No

Federal Awards

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

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
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 Audit Findings and Questioned Costs

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