County of Louisa, Virginia

Comprehensive Annual Financial Report

Year Ended June 30, 2017

County of Louisa, Virginia

Comprehensive Annual Financial Report

For the Year Ended June 30, 2017

Prepared By:

Wanda H. Colvin, Finance Director
Faye Stewart, Accountant

COUNTY OF LOUISA, VIRGINIA

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

TABLE OF CONTENTS

COUNTY OF LOUISA, VIRGINIA

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

TABLE OF CONTENTS

(Continued)

TABLE OF CONTENTS
(Continued)

November 29, 2017

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

The Commonwealth of Virginia requires local governments to publish, within five months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accounts. Pursuant to that requirement, we are pleased to present the Comprehensive Annual Financial Report of the County of Louisa, Virginia, ("the County"), for the fiscal year ended June 30, 2017.

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

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

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

Robinson, Farmer, Cox Associates, Certified Public Accountants, have issued an unqualified opinion on the County's financial statements for the year ended June 30, 2017. The independent auditor's report is located at the front of the financial section of this report.

In additional to the general financial statement audit the County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Title 2 U.S. Code of Federal Regulations Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Information related to this single audit, including the findings and recommendations, and auditors' reports on the internal control structure and compliance with laws and regulations, is contained in this report. These requirements have been complied with and the auditor's opinion is included in the compliance section of this report.

Reporting standards 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), which can be located immediately following the report of the independent auditors. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

WOOLFOLK AVENUE ⬩ P.O. BOX 160 ⬩ LOUISA, VIRGINIA ⬩ 23093 ⬩ *www.louisacounty.com* ⬩ 540 ⬩ 967 ⬩ 3430

Profile of Louisa County

On June 9, 1740, an Act of the House of Burgesses separated Upper Hanover from the rest of Hanover County and in May 1742, Louisa County was named in honor of Princess Louisa, daughter of King George II and Queen Caroline of England. The Towns of Louisa and Mineral were incorporated in 1873 and 1890 respectively.

The County has the traditional board form of county government with a County Administrator. Policies governing the administration of the County are set by a seven-member Board of Supervisors elected from seven magisterial districts. This body also has responsibility for appointing the County Administrator. The County has taxing powers subject to statewide restrictions and tax limits.

The County, located in heart of central Virginia, is situated between Richmond, Charlottesville and Fredericksburg. The County encompasses a land area of 514 square miles. The primary roads traversing the county are Interstate 64 and routes 15, 22, 33, 208 and 522. Louisa County is bordered by Hanover, Albemarle, Fluvanna, Spotsylvania and Orange Counties. Lake Anna, the third largest freshwater inland lake in Virginia, lies along the northeastern border of the County. With its 200 miles of shoreline and 13,000 surface acres of water, the lake has become a premier location in Central Virginia for water sports and fishing. The number of full time residents has grown steadily since the lake was built in 1972.

Louisa has a growing and diversified economy comprised of manufacturing, services, commercial and agricultural sectors. Agriculture remains an important factor in Louisa's economy, with beef cattle representing the principal livestock and a number of major cash crops including hay, corn and soybeans. Grape vineyards and wines are showing growth and giving rise to increased tourism. Major regional commercial development continues in Zion Crossroads. The Ferncliff Business Park has gained momentum in the region with the development of new industrial and commercial space. In 2015, new water and sewer infrastructure developments were initiated, and further growth is anticipated. High speed fiber has been developed within this park and will continue to drive growth in this area of the County. The James River Water Project is underway, and at full build out it will initially serve the Zion and Ferncliff Growth Areas. This corridor will continue to be the focus of responsible industrial and commercial development, with the James River Water Project serving as the catalyst for new development along this corridor.

Employment in Louisa continues to trend positively with local unemployment at 3.2% as of June 2017, down from 3.6% in the prior year[1]. Louisa County's population continues to increase. Since the 2010 census, Louisa County's population has increased by over 6.1%. The increase in population has brought additional demands for services such as 24/7 career fire and rescue coverage, and demands for increased capacity in the County educational facilities. In addition to increases in County services, the growth has spurred a need to upgrade the County's water and sewer infrastructure.

Reporting Entity

The County of Louisa report includes all funds of the "primary government." In Virginia, cities and counties are distinct units of government; therefore, the county is responsible for providing all services normally provided by a local government. These services include public safety, social services, recreation and cultural activities, and community development. For financial reporting purposes and in accordance with the Governmental Accounting Standards Board (GASB), Statement 14, "The Financial Reporting Entity," the County has identified two discretely presented component units. The GASB statement establishes the criteria used in making this determination and identifies each as a blended component unit or discretely presented component unit. Blended component units, although legally separate entities, are, in substance,

[1] United States Department of Labor, Bureau of Labor Statistics: June 2017 data.

Reporting Entity: (Continued)

part of the primary government's operations and are included as part of the primary government. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of this primary government. Therefore, the Louisa County School Board and the Louisa County Water Authority are reported in a discrete presentation. Based on GASB Statement 14 criteria, the Louisa County School Board is a legally separate organization providing educational services to the public whose board is elected and is fiscally dependent on the local government. The financial statements of the Louisa County Industrial Development Authority are not included in the county report. This organization is administered by a board separate from and independent of the Board of Supervisors.

Budgetary Controls

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

As a recipient of federal and state financial assistance, the County is responsible for ensuring that adequate internal controls are in place to ensure and document compliance with applicable laws and regulations. The audit for the fiscal year ended June 30, 2017, has been completed and no material internal control weaknesses or material violations of laws and regulations have been found.

In addition to the internal accounting controls, the County also maintains budgetary controls. These budgetary controls ensure compliance with provisions embodied in the appropriated budget approved by the Board of Supervisors. Activities of the general fund and capital projects fund are included in the appropriated budget.

Major Initiatives

Following the goals and objectives established by the County of Louisa Board of Supervisors, and with the assistance and guidance of the County Administrator, staff and agencies implemented and continued a number of programs designed to provide cost efficient services while enhancing the home and employment environment for the citizens.

Major initiatives begun, continued, or completed during the fiscal year are:

- The James River Water Project has been approved, and construction began in 2016. The project will serve the County's water needs for a projected 50 years and could ultimately provide service to all of the County's growth areas. This project will also serve as the catalyst for more economic development in key corridors while improving the quality of life for our citizens. Completion of testing and start-up is tentatively scheduled for March 2019.

- The Zion Crossroads market continues to sustain ongoing commercial growth. The Stonegate Apartments complex is complete and leasing units is underway. The development includes 282 residential units and approximately 130,000 square feet of commercial space. Additional residential population from Stonegate will continue to support commercial growth in the area. In addition, several businesses have announced plans to locate in the Zion market, including a new hotel and restaurant.

- The Spring Creek development has sold over half of the planned 1,200 lots within the subdivision. Nearly 700 homes have been built to date and new sections of the phased development opened in early 2017.

Major Initiatives: (Continued)

- The Ferncliff Business Park continues to grow with the development of new industrial and commercial space. In 2015, three new businesses announced plans to locate within the business park. Cavalier Produce opened a state of the art cold storage distribution facility, and the company has experienced tremendous growth since locating in Louisa. The Industrial Development Authority completed 58,000 square feet of new industrial flex space within the Park in 2017. Water and sewer infrastructure is complete and ready for new customers. High speed fiber has also been installed and will continue to facilitate commercial growth in the area. To meet demand, the Authority bought and sold an adjoining 40 acres for future expansion of the Ferncliff Business Park.

- The Spring Creek Business Park continues to thrive as a medical office cluster development, and Charlottesville Pediatric Dentistry joined the Park in 2017. Six medical related facilities are now located in the Park.

- Dominion Power completed the new 20 megawatt Whitehouse Solar Facility in Louisa County in 2017. Encompassing 245 acres, the facility produces enough power for 5,500 homes.

- Several existing business expansions and other new businesses completed construction of their facilities along the route 250 corridor, spurring continued economic growth within the County. Capital investment related to the new construction and expansion projects approached $16 million in fiscal year 2017. Newly constructed space totaled approximately 102,000 square feet, and over 160 new jobs were added in the County. This corridor will continue to be the focus of responsible industrial and commercial growth, with the James River Water Project driving new development.

- The Nanofiltration upgrade at the Northeast Creek Water Treatment Plant is complete, and subsequent testing indicates that compliance issues have been resolved by the new system.

- The current cell at the Louisa County Landfill has been in operation for 4 years and has 2.8 years of usable space remaining. There are 2 additional permitted cells on site with an estimated 16 additional years of available space.

Awards and Achievements

The County received its 15th consecutive Certificate of Achievement on its fiscal year 2016 Comprehensive Annual Financial Report that was submitted to the Government Finance Officers Association of the United States and Canada (GFOA), Certificate for Excellence in Financial Reporting Program. 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 year only.

Louisa County also received the Distinguished Budget Presentation Award from the Government Financial Officers Association for the second year in a row for its FY2018 budget documents. To be eligible for this award, a government must prepare budget documents of the very highest quality that reflect both the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOAs best practices on budgeting.

The Virginia Association of Counties (VACo) presented the County the 2016 Go Green Award, a program designed to encourage implementation of specific environmental policies and practical actions that reduce emissions, and save local governments money. This was the second time the county has received this award.

Awards and Achievements (Continued)

The County also received the 2016 Virginia Association of Counties (VACo) Achievement Award for its School Garden and Classroom Breakfast Program. The effort is a collaboration between Louisa County Public Schools and the County Extension Office, and the program was also named a statewide finalist for the best model local government program for 2016. The program focuses on childhood obesity and childhood hunger, and implements creative solutions to these issues, enhancing the quality of instructional efforts for elementary children.

Future Budget Considerations

For fiscal year 2018, the Board of Supervisors has approved a General Fund Operating Budget of $101,898,716. The approved CIP Budget is $4,303,900. The real estate tax rate was set at $0.72 per $100 of assessed value. The FY2018 Budget is a balanced budget with no reserves required to support operations. Fund balance reserves in the amount of $1,331,066 will be needed to support CIP projects.

The County faces continued financial pressures in FY2018 from increased federal and state mandates that are not always funded by federal or state revenues. With limited funding sources of revenue, these unfunded or partially funded mandates place the burden on local funding streams. Healthcare costs continue to rise, required services continue to increase and the federal and state political landscapes are continually changing. Additional financial pressures can be expected in costs associated with the Children's Services Act, mental health care and incarceration.

Acknowledgments

The preparation of this report on a timely basis could not have been accomplished without the dedicated services of the Department of Finance, and the Offices of the Treasurer and Commissioner of the Revenue. We would also like to thank the Board of Supervisors for their guidance, support and fiscally responsible approach to governance.

Respectfully submitted,

Christian R. Goodwin
County Administrator

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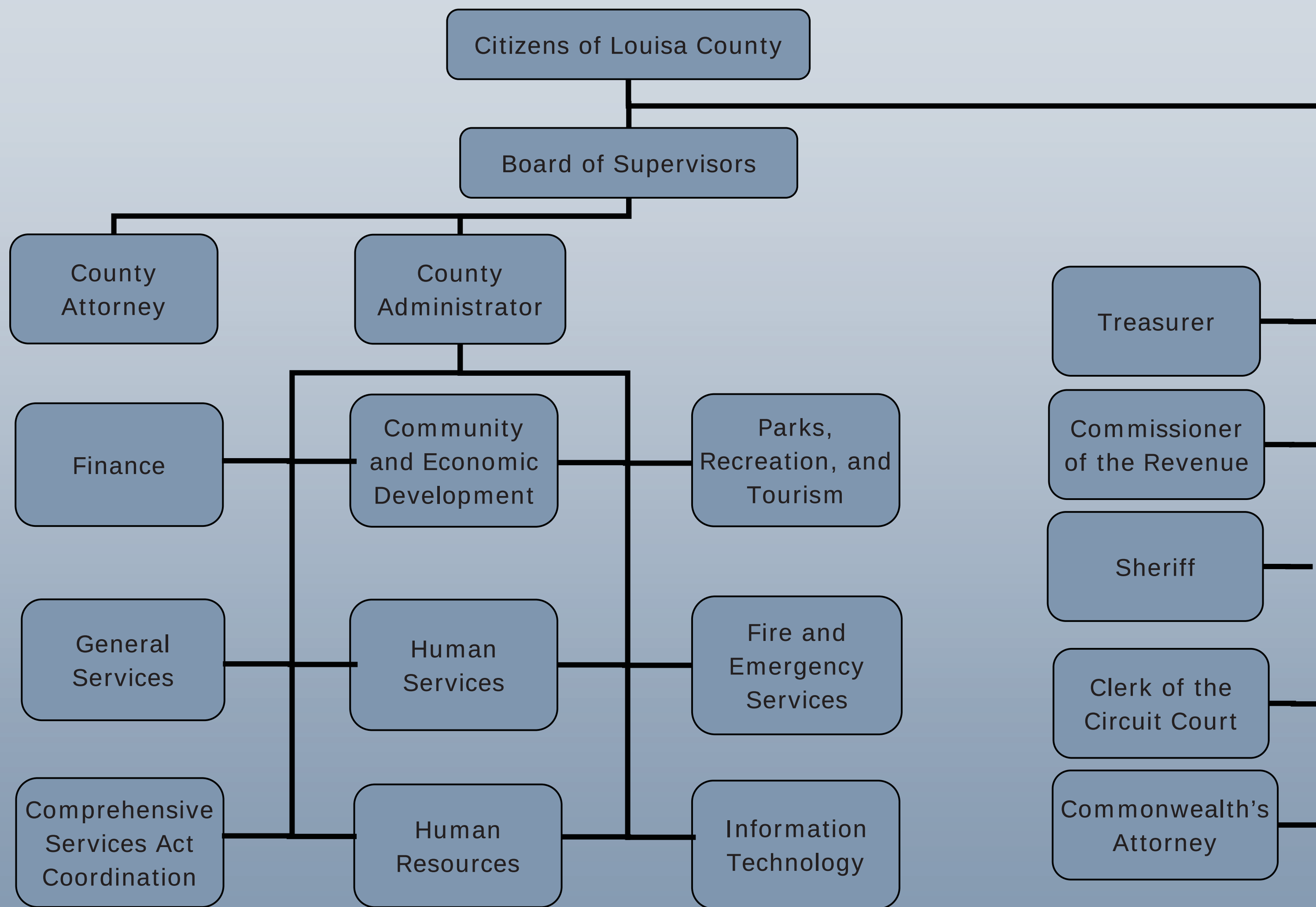
County of Louisa
Organizational Structure



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Stephanie Koren, Vice-Chairman

Richard A. Havasy	Tommy Barlow
Fitzgerald A. Barnes	Willie L. Gentry, Jr

R.T. Williams Jr.

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Gail O. Proffitt, Vice-Chairman

Stephen C. Harris	William A. Seay
Deborah A. Hoffman	Sherman T. Shifflett

Frances B. Goodman

OTHER OFFICIALS

Judge of the Circuit Court	Timothy K. Sanner
Clerk of the Circuit Court	Patty C. Madison
Judge of the General District Court	Claiborne H. Stokes Jr.
Judge of Juvenile and Domestic Relations Court	Deborah S. Tinsley
Commonwealth's Attorney	Russell E. McGuire
Commissioner of the Revenue	Nancy M. Pleasants
Treasurer	Henry B. Wash
Sheriff	Ashland D. Fortune
Superintendent of Schools	J. Douglas Straley II
Clerk of the School Board	Rebecca A. Fisher
County Administrator	Christian R. Goodwin
Director of Finance	Wanda H. Colvin

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Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Louisa

Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

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ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY *CERTIFIED PUBLIC ACCOUNTANTS*

Independent Auditors' Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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 discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Louisa, Virginia, as of June 30, 2017, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 5-13, 85-88, and 89-94 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2017, on our consideration of the County of Louisa, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Louisa, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
November 29, 2017

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

As management of the County of Louisa, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-v of this report.

Financial Highlights FY 2017[1]

- The general fund balance increased $1,569,414.

- Revenues exceeded the original budget estimate by $5,089,044 and revenues exceeded the amended budget by $3,715,359.

- Expenditures were more than the original budget estimate by $4,522,514 and expenditures were less than the amended budget by $5,706,134.

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $87,756,042, (net position). Of this amount, $61,946,226 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

- Louisa County funds reported combined ending fund balances of $98,153,687, a decrease of $8,038,466 in comparison with the prior year. Approximately 29% of this total amount, or $28,887,913, is available for spending at the County's discretion (unassigned fund balance), and 71%, or $69,265,774, is nonspendable, restricted, committed, or assigned for specific projects. The overall decrease in fund balance is largely attributable to the repayment of revenue anticipation notes that had been issued for Natural Disaster Capital Projects.

- Unassigned fund balance comprised 38% of total general fund expenditures.

- The County of Louisa, Virginia's total long-term obligations decreased by $8,617,735, mostly from payments made on general obligation bonds and the payoff of revenue anticipation notes.

Overview of the Financial Statements

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

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

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

[1] Fiscal Year ended June 30, 2017.

Overview of the Financial Statements: (Continued)

Government-wide financial statements - The Government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the excess of assets and deferred outflows of resources over liabilities and deferred inflows of resources reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, courts, police protection, sanitation, social services, education, cultural events, and recreation.

The Government-wide financial statements include not only the County of Louisa, Virginia itself (known as the primary government), but also a legally separate school district and a water authority for which the County of Louisa, Virginia is financially accountable. Financial information for these component units is reported separately from the financial information present for the primary government itself.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Louisa, Virginia, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds - *Governmental funds* are used to account for essentially the same functions reported as Governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Capital Projects Fund which are considered to be major funds. The Natural Disaster Capital Projects Fund is considered non-major.

The County adopts an annual appropriated budget for its Governmental funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Overview of the Financial Statements: (Continued)

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $87,756,042 at the close of the most recent fiscal year.

A significant portion (29 percent) of the County's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

County of Louisa, Virginia's Net Position

	Governmental Activities	
	2017	**2016**
Current and other assets	$ 165,974,584	$ 169,506,163
Capital assets	65,090,497	57,256,347
Total assets	$ 231,065,081	$ 226,762,510
Deferred outflows of resources	$ 1,618,633	$ 982,983
Long-term liabilities outstanding	$ 79,074,796	$ 87,692,531
Current liabilities	8,615,571	3,889,027
Total liabilities	$ 87,690,367	$ 91,581,558
Deferred inflows of resources - unavailable revenue	$ 57,237,305	$ 57,941,291
Net position:		
Net investment in capital assets	$ 25,809,816	$ 23,278,507
Restricted	0	1,483,266
Unrestricted	61,946,226	53,460,871
Total net position	$ 87,756,042	$ 78,222,644

At the end of the current fiscal year, the County is able to report positive balances in all categories of net position.

Government-wide Financial Analysis: (Continued)

During fiscal year 2017, the County's net position increased by $9,533,398. Key elements of this increase are as follows:

County of Louisa, Virginia's Changes in Net Position		
	Governmental Activities	
	2017	2016
Revenues:		
Program revenues:		
Charges for services	$ 2,557,268	$ 2,670,409
Operating grants and contributions	7,856,460	7,291,389
Capital grants and contributions	103,629	2,795,787
General revenues:		
Property taxes	58,183,294	55,134,815
Other local taxes	7,642,740	6,973,199
Other	3,184,773	2,905,396
Total revenues	$ 79,528,164	$ 77,770,995
Expenses:		
General government	$ 3,542,581	$ 3,478,169
Judicial administration	1,938,254	1,979,935
Public safety	14,179,090	12,929,011
Public works	3,754,577	4,764,676
Health and welfare	8,593,657	7,838,939
Education	32,406,304	35,829,452
Parks, recreation and culture	1,549,298	1,090,803
Community development	1,453,747	3,897,447
Interest	2,577,258	1,848,496
Total expenses	$ 69,994,766	$ 73,656,928
Increase (decrease) in net position	$ 9,533,398	$ 4,114,067
Net position – beginning, as restated	78,222,644	74,108,577
Net position - ending	$ 87,756,042	$ 78,222,644

- Capital grants and contributions decreased by $2,692,158. This was a result of larger natural disaster reimbursements from the Federal Emergency Management Agency and the Virginia Department of Emergency Management in FY2016. Reimbursements in FY2017 were considerably smaller.

- Local revenues increased by $3,997,397 and were driven by a combination of increased delinquent tax collections, increased sales tax and motor vehicle tax collections along with an increase on property values of approximately 3%.

- Operating grants and contributions increased by $565,071 as a result of increased state and federal cost recoveries collected which were higher than projected due to increased expenditures in 2017 for health and human services, such as CSA and other public assistance programs.

- Education related costs decreased by $3,423,148, primarily as a result of a decrease in school related capital projects, reductions in transportation and technology related operational costs, and earthquake reconstruction completion. Charges incurred in FY2016 for this purpose were not incurred in FY2017.

Government-wide Financial Analysis: (Continued)

- Public safety related costs increased $1,250,079. Increased payments for regional jail operations, equipment, equipment maintenance and additional costs for personnel compensation account for the rise in expenditures.

- Public Works related costs decreased $1,010,099 as a result of reduced landfill projects associated with cell opening and closure, reduced building enhancement projects, and operational efficiencies, such as operating our own landfill and performing solid waste hauling in-house.

- Health & Welfare related costs increased by $754,718 as a result of increased program costs required to meet public needs, such as CSA and other public assistance programs.

- Community development expenses (which include some infrastructure projects) decreased by $2,443,700, as a result of a decrease in Louisa County Water Authority projects in 2017.

- Interest expense increased by $728,762 due to increased long-term obligations incurred to cover the James River Water project.

Financial Analysis of the County's Funds

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

Governmental Funds - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a County's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of $98,153,687, which represents a decrease of $8,038,466 in comparison with the prior year. Approximately 29% of this total amount, ($28,887,913), constitutes unassigned general fund balance, which is available for spending at the County's discretion. $255,671 of fund balance is non-spendable (prepaid and JRWA receivables). The remainder of fund balance is restricted, committed, or assigned to indicate that it is not available for new spending without further Board of Supervisors' action. These funds are restricted, committed, or assigned for items including:

- North Anna Power Station (NAPS) Stabilization expenditures
- Zion Crossroads future debt
- Earthquake repairs
- Future capital improvement expenditures
- Other purposes

The general fund is the operating fund of the County. As a measure of the general fund's liquidity, it may be useful to compare total general fund balance to the total general fund expenditures. The total general fund balance represents sixty-two percent of the total general fund expenditures.

The general fund balance increased $1,569,414 during the current fiscal year. The change is linked to a combination of decreased operating costs and additional revenues collected; primarily prior year tax receivables.

The fund balance for the capital projects fund decreased by $2,194,449 due to the James River Water Project progressing as planned and costs incurred were larger in 2017 than in the prior year.

The fund balance for the natural disaster capital projects fund decreased by $7,413,431 primarily due to the repayment of $7,500,000 of revenue anticipation notes during the fiscal year.

General Fund Budgetary Highlights

Differences between the original expenditure budget and the final amended budget totaled an increase of $10,228,648. The increase in appropriations can be briefly summarized as follows:

- $111,171 increase in judicial administration expenditures are the results of secure remote access expenses and funds received from the Victim Witness and the VSTOP Assistant Attorney grants.

- $1,192,324 increase in public safety expenditures results from workers compensation that is budgeted in the non-departmental budget, medical costs associated with inmates at our regional jail, several grants from Rescue Squad Assistance Funds, Internet Crimes Against Children, State Fire Programs, Four for Life, Homeland Security, and re-appropriation of FY16 carryover.

- $217,246 increase in public works expenditures is primarily the result of re-appropriation of FY2016 carryover for completion of the earthquake repairs on the Circuit Courthouse Dome and other facilities upgrades.

- $1,120,397 increase in Human Services expenditures was primarily due to cover expenses associated with an increase is caseloads handled by CSA.

- $280,540 increase in education expenditures was primarily due to an increase in salaries for school employees during the fiscal year. A compensation study was performed and salaries were increased accordingly.

- $361,018 decrease in miscellaneous expenditures due to the allocation of the non-departmental budget to actual functions that occurred during the year.

- $7,545,558 increase in debt service to cover expenses associated with the repayment of revenue anticipation notes.

Other increases in final budget amounts are generally attributable to other grant awards (the County does not budget for un-awarded grants); workers compensation costs and continuing education costs (which are allocated from the non-departmental budget at the close of the year); and other miscellaneous expenditures.

During the year revenues exceeded the original budget estimate by $5,089,044 and actual revenues exceeded the amended budget by $3,715,359. Expenditures were more than the original budget estimate by $4,522,514 and less than the amended budget by $5,706,134. Savings in school operating expenditures accounted for 34%, savings in debt service expenditures accounted for 13%, and savings in public works operating expenditures accounted for 10% of this positive variance. The remaining $2.5 million is associated with building enhancement work in progress, firing range work in process, grant awards which were not expended during the fiscal year, personnel savings due to vacancies, and conservative projections and budget management contributed significantly to the budget surplus.

Significant variances between the final amended budget and actual revenue and expenditures are as follows:

Revenue

- $2,088,741 of actual revenue in excess of the amended budget is materially attributed to conservative property tax assessment estimates, increased collection efforts by the Treasurer’s Office as well as increased rate of collection by a third party collection agency.

- $811,905 is associated with increased tax collection of sales and use tax, utility tax, business license tax, and other local taxes.

- $67,321 increase in permit, fees, and license revenue is primarily attributed in an increase in collection of building and zoning permits.

- $205,288 increase is attributed to an additional collection of ambulance fees over the amended budget. These recovered fees help support the expenses of our fire and emergency management departments.

General Fund Budgetary Highlights: (Continued)

Expenditures:

- $238,020 under budget in General Government Administration is attributable to unfilled positions, savings associated with staff turnover, and reduced contractual expenses.

- $140,929 under budget in Judicial Administration is attributable to savings in unfilled positions for a significant portion of the year as a result of staff turnover.

- $923,950 under budget in Public Safety is attributed to savings in payroll and related expenses within the Sheriff's Department, Department of Emergency Services, and Correction and Detention. In addition, fuel consumption was lower than budget expectations. Funding provided for fire programs and volunteer rescue from the Commonwealth has not been spent by the volunteers and is being carried over. Also, funding for the firing range project is unspent and is being carried over into FY18.

- $543,598 under budget in General Services is largely attributable to landfill and other projects for which funding has been appropriated, but work has not yet been completed. There were also savings attributed to reduced solid waste hauling costs.

- $524,987 under budget in Health and Human Services is attributed to savings associated with staff turnover, special needs adoptions program costs less than expected, and CSA program costs less than expected.

- $1,953,043 under budget in Education expenses. Conservative budgeting in transportation fuel costs, technology costs, and energy costs couples with savings associated with staff turnover and vacancies produced this positive variance.

- $715,459 under budget in Debt Service is attributed to not financing the new public safety radio communication system, but instead purchasing it with reserve funds.

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental funds as of June 30, 2017 amounts to $65,090,497 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment. The total increase in the County's investment in capital assets for the current fiscal year was $7,834,150 and is largely associated with the James River Water Project, Courthouse Dome enhancement/replacement, hauling equipment purchases, new vehicles, and parking lot repairs/enhancements at the Louisa County Library.

County of Louisa, Virginia's Capital Assets

	Governmental Activities	
	2017	**2016**
Land	$ 2,328,523	$ 2,328,523
Buildings and improvements	26,481,986	26,135,231
Equipment	11,619,985	11,419,561
Construction in progress	22,774,058	12,159,936
Tenancy in common	22,793,958	24,704,400
Total	$ 85,998,510	$ 76,747,651
Less: accumulated depreciation	(20,908,013)	(19,491,304)
Net capital assets	$ 65,090,497	$ 57,256,347

Additional information on the County's capital assets can be found in Note 5.

Capital Asset and Debt Administration: (Continued)

Long-term debt - At the end of the current fiscal year, General Obligation Bonds, Revenue Bonds and premium on bonds payable outstanding totaled $68,938,856. During the current fiscal year, the County's long-term obligations decreased by $8,617,735 due to the repayment of revenue anticipation notes and payments on general obligation and lease revenue bonds.

During FY2017, the County of Louisa secured a 48 month, $214,660 capital lease. These funds were used to purchase hauling equipment. The county will see a significant savings by performing solid waste hauling in-house versus on a contractual basis.

Additional information on the County of Louisa, Virginia's long-term debt can be found in Note 6 of this report.

Economic Factors and Next Year's Budgets and Rates

- The local unemployment rate decreased to 3.2%[2] for June 2017.

- The Zion Crossroads market continues to sustain ongoing commercial growth. The Stonegate Apartments complex is complete and leasing units is underway. The development includes 282 residential units and approximately 130,000 square feet of commercial space. Additional residential population from Stonegate will continue to support commercial growth in the area. In addition, several businesses have announced plans to locate in the Zion market, including a new hotel and restaurant.

- The Spring Creek development has sold over half of the planned 1,200 lots within the subdivision. Nearly 700 homes have been built to date and new sections of the phased development opened in early 2017.

- The Ferncliff Business Park continues to grow with the development of new industrial and commercial space. In 2015, three new businesses announced plans to develop new space within the business park. Cavalier Produce opened a state of the art cold storage distribution facility, and the company has experienced tremendous growth since locating in Louisa. The Industrial Development Authority completed 58,000 square feet of new industrial flex space within the park in 2017. Water and sewer infrastructure is complete and ready for new customers. High Speed Fiber has also been installed and will continue to facilitate commercial growth in the area. To meet demand, the Authority bought and sold an adjoining 40acres for future expansion of the Ferncliff Business Park.

- The Spring Creek Business Park continues to thrive as a medical office cluster development and Charlottesville Pediatric Dentistry joined the Park in 2017. Six medical related facilities are now located in the park.

- The Nanofiltration upgrade at the Northeast Creek Water Treatment Plant is complete and subsequent testing indicates that compliance issues have been resolved by the new system.

- The James River Water Project has been approved and construction began in 2016. The project will serve the County's water needs for a projected 50 years and can ultimately provide service to all of the County's growth areas. This project will also serve as the catalyst for more economic development in key corridors while improving the quality of life for our citizens. Completion of testing and start-up is tentatively scheduled for March 2019.

- Several existing business expansions and other new businesses completed construction of their facilities along the route 250 corridor, spurring continued economic growth within the County. Capital investment related to the new construction and expansion projects approached $16 million in fiscal year 2017. Newly constructed space totaled approximately 102,000 square feet, and over 160 new jobs were added in the County. This corridor will continue to be the focus of responsible industrial and commercial growth, with the James River Water Project driving new development.

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[2] United States Department of Labor, Bureau of Labor Statistics: June 2017 data

Economic Factors and Next Year's Budgets and Rates: (Continued)

- Dominion Power completed the new 20 megawatt Whitehouse Solar Facility in Louisa County in 2017. The facility encompasses 245 acres and produces enough power for 5,500 homes.

- The County's population continues to increase. Since the 2010 census, the County's population has increased by over 6.1%. The increase in population has placed additional demands for services not previously provided, such as 24/7 career fire and rescue coverage, and demands for increased capacity in the County educational facilities. In addition to increases in County services, the growth has spurred a continued need for water and sewer infrastructure.

All of these factors were considered in preparing the County's budget for the 2018 fiscal year.

For fiscal year 2018, the Board of Supervisors has approved a General Fund Operating Budget of $101,898,716. The approved CIP Budget is $4,303,900. The approved FY 2018 budget set the real estate tax rate at $0.72 per $100 of assessed value, and the budget was balanced.

Requests for Information

This financial report is designed to provide a general overview of the County of Louisa, Virginia's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, 1 Woolfolk Ave, Louisa, Virginia 23093.

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BASIC FINANCIAL STATEMENTS

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Government-wide Financial Statements

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Statement of Net Position
June 30, 2017

	Primary Government	Component Units	
	Governmental Activities	School Board	Louisa County Water Authority
ASSETS			
Cash and cash equivalents	$ 97,363,050	$ 7,948,732	$ 1,310,176
Receivables (net of allowance for uncollectibles):			
Taxes receivable	64,112,977	-	-
Accounts receivable	592,551	5,919	157,193
Landfill accounts	27,993	-	-
Due from component unit	2,057,838	-	-
Due from other governmental units	1,799,648	1,848,405	-
Prepaid items	20,527	-	288
Restricted assets:			
Cash and cash equivalents	-	-	328,158
Capital assets (net of accumulated depreciation):			
Land	2,328,523	866,127	913,325
Buildings and system	36,862,195	75,304,063	257,050
Machinery and equipment	3,125,721	3,249,460	106,809
Intangible assets	-	-	20,919,114
Infrastructure	-	-	352,248
Construction in progress	22,774,058	-	2,486,615
Total assets	$ 231,065,081	$ 89,222,706	$ 26,830,976
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions subsequent to the measurement date	$ 759,641	$ 4,159,943	$ 60,617
Items related to the measurement of the net pension liability	858,992	3,133,772	72,039
Changes in proportionate share of net pension liability	-	806,000	-
Total deferred outflows of resources	$ 1,618,633	$ 8,099,715	$ 132,656
LIABILITIES			
Accounts payable	$ 3,506,739	$ 377,781	$ 210,354
Retainage payable	604,530	-	-
Accrued liabilities	142,043	6,115,713	2,500
Amounts held for future projects	-	-	10,000
Customers' deposits	-	-	61,741
Accrued interest payable	877,999	-	-
Due to primary government	-	2,057,838	-
Unearned revenue	49,451	-	90,906
Long-term liabilities:			
Due within one year	3,699,240	85,706	68,232
Due in more than one year	75,375,556	53,692,787	191,202
Total liabilities	$ 84,255,558	$ 62,329,825	$ 634,935
DEFERRED INFLOWS OF RESOURCES			
Items related to the measurement of the net pension liability	$ 263,795	$ 1,647,943	$ 20,253
Deferred revenue - property taxes	60,408,319	-	-
Total deferred inflows of resources	$ 60,672,114	$ 1,647,943	$ 20,253
NET POSITION			
Net investment in capital assets	$ 25,809,816	$ 79,419,650	$ 25,035,161
Restricted:			
Future capital expenses	-	-	237,245
Unrestricted (deficit)	61,946,226	(46,074,997)	1,036,038
Total net position	$ 87,756,042	$ 33,344,653	$ 26,308,444

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

COUNTY OF LOUISA, VIRGINIA

Statement of Activities
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	$ 3,542,581	$ 7,134	$ 446,106	$ -
Judicial administration	1,938,254	108,997	660,820	-
Public safety	14,179,090	1,607,597	1,560,054	-
Public works	3,754,577	323,192	51,081	17,108
Health and welfare	8,593,657	-	4,907,113	-
Education	32,406,304	-	-	86,521
Parks, recreation, and cultural	1,549,298	497,948	5,000	-
Community development	1,453,747	12,400	-	-
Interest on long-term debt	2,577,258	-	226,286	-
Total governmental activities	$ 69,994,766	$ 2,557,268	$ 7,856,460	$ 103,629
COMPONENT UNITS:				
School Board	$ 59,648,429	$ 1,223,665	$ 24,576,458	$ 211,548
Louisa County Water Authority	2,783,070	2,111,002	-	537,093
Total component units	$ 62,431,499	$ 3,334,667	$ 24,576,458	$ 748,641

General revenues:
- General property taxes
- Local sales and use taxes
- Taxes on recordation and wills
- Motor vehicle licenses taxes
- Consumers' utility taxes
- Meals taxes
- Other local taxes
- Unrestricted revenues from use of money and property
- Miscellaneous
- Payment from primary government
- Grants and contributions not restricted to specific programs

Total general revenues
Change in net position
Net position - beginning
Net position - ending

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Position					
Primary Government		Component Units			
Governmental Activities		School Board		Louisa County Water Authority	
$	(3,089,341)				
	(1,168,437)				
	(11,011,439)				
	(3,363,196)				
	(3,686,544)				
	(32,319,783)				
	(1,046,350)				
	(1,441,347)				
	(2,350,972)				
$	(59,477,409)				
		$	(33,636,758)	$	-
			-		(134,975)
		$	(33,636,758)	$	(134,975)
$	58,183,294	$	-	$	-
	3,673,209		-		-
	579,547		-		-
	1,329,437		-		-
	610,599		-		-
	1,094,835		-		-
	355,113		-		-
	741,813		3,374		16,143
	442,706		154,865		24,442
	-		31,348,635		-
	2,000,254		-		-
$	69,010,807	$	31,506,874	$	40,585
$	9,533,398	$	(2,129,884)	$	(94,390)
	78,222,644		35,474,537		26,402,834
$	87,756,042	$	33,344,653	$	26,308,444

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Fund Financial Statements

Balance Sheet
Governmental Funds
June 30, 2017

	General	Capital Projects	Nonmajor Fund Natural Disaster Capital Projects	Total
ASSETS				
Cash and cash equivalents	$ 42,844,169	$ 47,270,639	$ 7,248,242	$ 97,363,050
Receivables (net of allowance for uncollectible):				
Taxes receivable	64,112,977	-	-	64,112,977
Accounts receivable	482,139	110,412	-	592,551
Landfill accounts	27,993	-	-	27,993
Due from component unit	2,057,838	-	-	2,057,838
Due from other governmental units	1,760,207	39,441	-	1,799,648
Prepaid items	20,527	-	-	20,527
Total assets	$ 111,305,850	$ 47,420,492	$ 7,248,242	$ 165,974,584
LIABILITIES				
Accounts payable	$ 1,003,809	$ 2,502,930	$ -	$ 3,506,739
Accrued liabilities	142,043	-	-	142,043
Retainage payable	-	503,569	100,961	604,530
Unearned revenue	44,451	5,000	-	49,451
Total liabilities	$ 1,190,303	$ 3,011,499	$ 100,961	$ 4,302,763
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	$ 63,518,134	$ -	$ -	$ 63,518,134
Fund balances:				
Nonspendable:				
Prepaids	$ 20,527	$ -	$ -	$ 20,527
JRWA receivable	235,144	-	-	235,144
Committed:				
NAPS stabilization	15,800,000	-	-	15,800,000
Capital projects	-	26,091,584	7,147,281	33,238,865
Assigned:				
Earthquake repairs	136,252	-	-	136,252
Zion Crossroads development debt	357,130	-	-	357,130
Debt service	1,160,447	-	-	1,160,447
Capital projects	-	18,317,409	-	18,317,409
Unassigned	28,887,913	-	-	28,887,913
Total fund balances	$ 46,597,413	$ 44,408,993	$ 7,147,281	$ 98,153,687
Total liabilities, deferred inflows of resources, and fund balances	$ 111,305,850	$ 47,420,492	$ 7,248,242	$ 165,974,584

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

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
Governmental Funds
June 30, 2017

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	$	98,153,687
Amounts reported for governmental activities in the Statement of Net Position are different because:		
When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the assets of the locality as a whole.		65,090,497
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Items related to measurement of net pension liability		595,197
Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds.		759,641
Interest on long-term debt is not accrued in governmental funds, but rather is recognized when paid.		(877,999)
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets are offset by unavailable revenues in the governmental funds and thus are not included in the fund balance.		3,109,815
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. All liabilities--both current and long-term--are reported in the Statement of Net Position.		(79,074,796)
Net position of governmental activities	$	87,756,042

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

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	General	Capital Projects	Nonmajor Fund: Natural Disaster Capital Projects	Total
REVENUES				
General property taxes	$ 58,357,514	$ -	$ -	$ 58,357,514
Other local taxes	6,547,905	1,094,835	-	7,642,740
Permits, privilege fees, and regulatory licenses	506,821	-	-	506,821
Fines and forfeitures	29,299	-	-	29,299
Revenue from the use of money and property	413,234	328,531	48	741,813
Charges for services	2,021,148	-	-	2,021,148
Miscellaneous	201,587	241,119	-	442,706
Recovered costs	561,074	17,108	-	578,182
Intergovernmental:				
Commonwealth	7,410,233	167,167	7,818	7,585,218
Federal	2,296,422	-	78,703	2,375,125
Total revenues	$ 78,345,237	$ 1,848,760	$ 86,569	$ 80,280,566
EXPENDITURES				
Current:				
General government administration	$ 3,272,417	$ -	$ -	$ 3,272,417
Judicial administration	1,952,842	-	-	1,952,842
Public safety	13,054,257	-	-	13,054,257
Public works	3,089,009	-	-	3,089,009
Health and welfare	8,678,611	-	-	8,678,611
Education	29,057,136	-	-	29,057,136
Parks, recreation, and cultural	1,471,176	-	-	1,471,176
Community development	1,305,182	-	-	1,305,182
Capital projects	-	13,319,089	-	13,319,089
Debt service:				
Principal retirement	10,490,358	-	-	10,490,358
Interest and other fiscal charges	2,843,615	-	-	2,843,615
Total expenditures	$ 75,214,603	$ 13,319,089	$ -	$ 88,533,692
Excess (deficiency) of revenues over (under) expenditures	$ 3,130,634	$ (11,470,329)	$ 86,569	$ (8,253,126)
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 7,954,219	$ 9,511,220	$ -	$ 17,465,439
Transfers out	(9,515,439)	(450,000)	(7,500,000)	(17,465,439)
Issuance of capital leases	-	214,660	-	214,660
Total other financing sources (uses)	$ (1,561,220)	$ 9,275,880	$ (7,500,000)	$ 214,660
Net change in fund balances	$ 1,569,414	$ (2,194,449)	$ (7,413,431)	$ (8,038,466)
Fund balances - beginning	45,027,999	46,603,442	14,560,712	106,192,153
Fund balances - ending	$ 46,597,413	$ 44,408,993	$ 7,147,281	$ 98,153,687

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

Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2017

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds			$	(8,038,466)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Details supporting this adjustment are as follows:				
Capital outlay	$	11,689,279		
Depreciation expense		(2,147,562)		
Transfer of joint tenancy assets from Primary Government to the Component Unit		(1,707,567)		7,834,150
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.				
Property taxes		(174,220)		
Change in deferred inflows related to the measurement of the net pension liability		878,206		703,986
The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. Details supporting this adjustment are as follows:				
Principal retired on general obligation bonds	$	1,910,442		
Principal retired on revenue anticipation notes		7,500,000		
Principal retired on lease revenue bonds		715,000		
Principal retired on capital leases		364,916		
Amortization of premiums on bonds payable		486,014		
Issuance of capital lease		(214,660)		10,761,712
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. Details supporting this adjustment are as follows:				
Change in landfill closure and postclosure liability	$	(703,354)		
Change in net OPEB obligation		(86,651)		
Change in accrued interest payable		(219,657)		
Change in net pension liability		(1,309,521)		
Change in deferred outflows related to the measurement of the net pension liability		858,992		
Change in deferred outflows related to pension contributions subsequent to the measurement date		(223,342)		
Change in compensated absences		(44,451)		(1,727,984)
Change in net position of governmental activities			$	9,533,398

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

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

		Agency Funds
ASSETS		
Cash and cash equivalents	$	2,012,986
LIABILITIES		
Amounts held for social services clients	$	7,159
Amounts held for projects		1,950,624
Amounts held for others		55,203
Total liabilities	$	2,012,986

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

Note 1−Summary of Significant Accounting Policies:

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

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

Financial Statement Presentation - The County's financial report is prepared in accordance with GASB statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.

Management's Discussion and Analysis - GASB Statement No. 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "Management's Discussion and Analysis" (MD&A).

Government-wide and Fund Financial Statements

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

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

Statement of Net Position - The Statement of Net Position is designed to display the financial position of the primary government and its discretely presented component units. 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.

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

Note 1−Summary of Significant Accounting Policies: (Continued)

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

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

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

A. Financial Reporting Entity

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

B. Individual Component Unit Disclosures

The Louisa County Broadband Authority is reported as a blended component unit of the County of Louisa, Virginia. The Authority is governed by a board appointed by the government’s elected supervisors. There is a financial burden/benefit relationship between the Authority and the County. In addition the Authority benefits the primary government even though it does not provide services directly to it. The Authority does not issue a separate financial report.

Note 1−Summary of Significant Accounting Policies: (Continued)

B. Individual Component Unit Disclosures: (Continued)

Discretely Presented Component Units

Component Unit School Board

The School Board members are elected by the voters and are responsible for the operations of the County's School System. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2017.

Component Unit Louisa County Water Authority

The Louisa County Water Authority was formed by the Louisa County Board of Supervisors who appoint all Board members of the Authority. The Authority provides water and sewer services to County residents. The Board of Supervisors cannot impose its will on the Authority, but since there is a potential financial benefit or burden in the relationship, as evidenced by the large capital contributions from the County to the Authority, the Board of Supervisors is financially accountable for the Authority. Accordingly, the Authority is considered a component unit of the County and is included as a discrete presentation in the County’s financial report. Financial statements for the Authority can be obtained from their Administrative Offices in Louisa, Virginia.

Other Related Organizations

James River Water Authority

The six-member JRWA Board is comprised of three representatives from Fluvanna County and three from Louisa County (2 citizen representatives and the County Administrator from each county). Each member serves a 4 year term which is appointed by the respective Board of Supervisors on an at-large basis. Each County Administrator provides regular reports back to their respective Board of Supervisors. Board of Supervisor members may then discuss matters with appointed JRWA Board representatives as necessary. The Authority is a separate legal entity and is not included in the County’s financial report. Financial Statements for the Authority can be obtained from the Administrative Offices.

Included in the County's Comprehensive Annual Financial Report

None

Note 1−Summary of Significant Accounting Policies: (Continued)

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts.

Property taxes not collected within 60 days after year-end are reflected as unavailable revenues. Sales and utility taxes which are collected by the state or utilities and subsequently remitted to the County are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the County. Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied. 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. 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.

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

Note 1−Summary of Significant Accounting Policies: (Continued)

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

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

The government reports the following governmental funds:

a. General Fund

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

b. Capital Projects Fund

The Capital Projects Fund (Capital Improvements) accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for the acquisition or construction of major capital facilities. The Capital Projects Fund is a major fund.

c. Natural Disaster Capital Projects Fund

The Natural Disaster Capital Projects Fund accounts for and reports financial resources that are restricted, committed or assigned to expenditure for capital projects related to natural disasters.

Fiduciary Funds: Trust and Agency Funds account for assets held by the County unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Agency Funds. Trust and Agency funds use the accrual basis of accounting to recognize receivables and payables. Fiduciary funds are not included in the government-wide financial statements. Agency funds include the Special Welfare Fund, Bond Escrow Fund and the Spencer Scholarship Fund.

Note 1−Summary of Significant Accounting Policies: (Continued)

D. Budgets and Budgetary Accounting

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

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

2. Public hearings are conducted to obtain citizen comments.

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

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

5. Formal budgetary integration is employed as a management control device during the year for all governmental funds; the General Fund, School Fund, and the Capital Projects Fund.

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

7. Appropriations lapse on June 30, for all County units. Several supplemental appropriations were necessary during the year and at year-end.

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

E. Cash and Cash Equivalents

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

F. Investments

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

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

Note 1−Summary of Significant Accounting Policies: (Continued)

G. Receivables and payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately $497,201 at June 30, 2017 and is comprised of the following:

Property taxes	$ 481,480
Landfill billings	15,721
Total	$ 497,201

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Taxes are payable December 5th and if necessary are prorated during the year. The County bills and collects its own property taxes.

H. Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The County reported no capitalized interest as of June 30, 2017.

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

Assets	Years
Buildings	40
Building Improvements	20-40
Vehicles	5
Office and Computer Equipment	5
Buses	12

Note 1−Summary of Significant Accounting Policies: (Continued)

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has two items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the government-wide statement of net position. One item is comprised of certain items related to the measurement of the net pension liability. These include differences between expected and actual experience, change in assumptions, and the net difference between projected and actual earnings on pension plan investments. The County also reports contributions to the pension plan made during the current year and subsequent to the net pension asset or liability measurement date, which will be recognized as a reduction of the net pension liability next fiscal year. For more detailed information on these items, reference the pension note.

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

J. Compensated Absences

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

Note 1−Summary of Significant Accounting Policies: (Continued)

K. Pensions

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

L. Long-term Obligations

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

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

M. Fund Balances

Financial Policies

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

The County reports fund balance in accordance with GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

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

Note 1−Summary of Significant Accounting Policies: (Continued)

M. Fund Balances: (Continued)

Committed fund balance – Amounts that can only be used for specific purposes through a formal action (resolution or ordinance) by the government's highest level of decision-making authority. A change can only be made through the same (similar) formal action.

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

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

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

The Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. Based on County policy the Board of Supervisors is authorized to assign amounts for specific purposes. Exhibit 3 and 19 provide details of the amounts that have been assigned for specific purposes. The Board of Supervisors is also authorized to commit amounts for purposes. The Board has committed $15,800,000 for the North Anna Power Station stabilization fund via a resolution. Funds can be used, at Board discretion, to stabilize the local economy, or to budget and replace, supplant, or otherwise account for losses to County revenue in the event of specific and nonroutine revenue losses from the North Anna Power Station.

N. Use of Estimates

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

O. Net Position

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

Note 1−Summary of Significant Accounting Policies: (Continued)

P. Net Position Flow Assumption

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

Q. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid expenses are reported on the consumption method.

Note 2−Deposits and Investments:

Deposits

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

Investments

Statutes authorize the County to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements, State Treasurer's Local Government Investment Pool (LGIP).

The County has not adopted a formal investment policy to address the various types of risks associated with investments.

Note 2−Deposits and Investments: (Continued)

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2017 were rated by Standard & Poor's and the ratings are presented below using Standard & Poor's rating scale.

County's Rated Debt Investments' Values

Rated Debt Investments	Fair Quality Ratings AAAm
Local Government Investment Pool	$ 7,968,053
State Non-Arbitrage Pool (SNAP)	30,349,219
Total	$ 38,317,272

External Investment Pools

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

The fair value of the positions in the external investment pools (Local Government Investment Pool and State Non-Arbitrage Pool) is the same as the value of the pool shares. As LGIP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP and SNAP are amortized cost basis portfolios under the provisions of GASB Statement No. 79. There are no withdrawal limitations or restrictions imposed on participants.

Interest Rate Risk

The County does not have a policy related to interest rate risk.

Note 3–Due From Other Governmental Units:

At June 30, 2017 the County and School Board had receivables from other governments as follows:

	Primary Government	Discretely Presented Component Unit School Board
Commonwealth of Virginia:		
State Sales Taxes	$ -	$ 952,458
Local Sales Taxes	643,530	-
Communication Tax	53,939	-
Recordation Tax	39,441	-
VPA Funds	143,983	-
Shared Expenses	179,234	-
FEMA Funds	-	507,758
Children's Services Act Reimbursement	461,867	-
Other State Aid	85,234	-
Federal Government:		
School Funds	-	388,189
Public Safety Grants	17,053	-
VPA Funds	170,965	-
Other Federal Aid	4,402	-
Total	$ 1,799,648	$ 1,848,405

Note 4–Due To/From Primary Government/Component Units:

Fund	Due From Component Unit School Board	Due to Primary Government
General	$ 2,057,838	$ -
School Board	-	2,057,838
Totals	$ 2,057,838	$ 2,057,838

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

Note 5−Capital Assets:

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

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Government Activities:				
Capital assets, not being depreciated:				
Land	$ 2,328,523	$ -	$ -	$ 2,328,523
Construction in Progress	12,159,936	10,614,122	-	22,774,058
Total capital assets not being depreciated	$ 14,488,459	$ 10,614,122	$ -	$ 25,102,581
Capital assets being depreciated:				
Buildings and improvements	$ 50,839,631	$ 346,755	$ 1,910,442	$ 49,275,944
Machinery and equipment	11,419,561	728,402	527,978	11,619,985
Total capital assets being depreciated	$ 62,259,192	$ 1,075,157	$ 2,438,420	$ 60,895,929
Accumulated depreciation:				
Buildings and improvements	$ 11,501,364	$ 1,115,260	$ 202,875	$ 12,413,749
Machinery and equipment	7,989,940	1,032,302	527,978	8,494,264
Total accumulated depreciation	$ 19,491,304	$ 2,147,562	$ 730,853	$ 20,908,013
Total capital assets being depreciated, net	$ 42,767,888	$ (1,072,405)	$ 1,707,567	$ 39,987,916
Governmental activities capital assets, net	$ 57,256,347	$ 9,541,717	$ 1,707,567	$ 65,090,497

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

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Capital assets, not being depreciated:				
Land	$ 866,127	$ -	$ -	$ 866,127
Capital assets being depreciated:				
Buildings and improvements	$ 99,638,066	$ 1,910,442	$ -	$ 101,548,508
Machinery and equipment	13,661,170	670,715	-	14,331,885
Total capital assets being depreciated	$ 113,299,236	$ 2,581,157	$ -	$ 115,880,393
Accumulated depreciation:				
Buildings and improvements	$ 23,091,113	$ 3,153,332	$ -	$ 26,244,445
Machinery and equipment	10,367,071	715,354	-	11,082,425
Total accumulated depreciation	$ 33,458,184	$ 3,868,686	$ -	$ 37,326,870
Total capital assets being depreciated, net	$ 79,841,052	$ (1,287,529)	$ -	$ 78,553,523
School Board capital assets, net	$ 80,707,179	$ (1,287,529)	$ -	$ 79,419,650

Note 5−Capital Assets: (Continued)

Assets acquired under capital leases:

	Cost	Depreciation Expense	Accumulated Drepreciation
Equipment:			
Governmental activities	$ 1,820,255	$ 257,709	$ 740,348

Capital asset activity for the School Board for the year ended June 30, 2017 was as follows:

Depreciation expense	$ 3,665,901
Depreciation on joint tenancy assets-transferred to School Board	202,785
Net increases in accumulated depreciation	$ 3,868,686

(1) Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia, 1950, as amended, has changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments "on-behalf" of school boards was reported in the school board's discrete column along with the related capital assets. Under the new law, local governments have a "tenancy in common" with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the County of Louisa, Virginia for the year ended June 30, 2017, is that school financed assets in the amount of $22,793,958 are reported in the Primary Government for financial reporting purposes.

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

Governmental activities:	
General Government Administration	$ 289,723
Judicial Administration	152,585
Public Safety	713,265
Public Works	392,781
Health and Welfare	33,751
Education	320,125
Parks, Recreation and Cultural	133,275
Community Development	112,057
Total	$ 2,147,562
Component Unit School Board	$ 3,665,901

Note 6−Long-Term Obligations:

Primary Government:

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

	Balance July 1, 2016	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2017	Amounts Due Within One Year
Compensated absences	$ 649,135	$ 111,893	$ 67,442	$ 693,586	$ 69,359
General obligation bonds	27,303,390	-	1,910,442	25,392,948	1,925,442
Lease revenue bonds	37,830,000	-	715,000	37,115,000	635,000
Revenue anticipation notes	7,500,000	-	7,500,000	-	-
Capital leases	1,184,634	214,660	364,916	1,034,378	370,028
Premium on bonds payable	6,916,922	-	486,014	6,430,908	487,011
Net OPEB obligation	1,371,353	100,159	13,508	1,458,004	-
Net pension liability	2,089	3,320,510	2,010,989	1,311,610	-
Landfill closure and postclosure care	4,935,008	703,354	-	5,638,362	212,400
Total	$ 87,692,531	$ 4,450,576	$ 13,068,311	$ 79,074,796	$ 3,699,240

The general fund revenues are used to liquidate compensated absences, the liability for landfill closure and postclosure care and corrective action costs, and other postemployment benefits liability.

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

Year Ending	General Obligation Bonds		Premium on Bonds Payable		Capital Leases	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2018	$ 1,925,442	$ 1,148,971	$ 487,011	$ -	$ 370,028	$ 18,214
2019	1,935,442	1,068,495	467,893	-	381,889	12,026
2020	1,945,442	988,760	448,238	-	238,255	5,662
2021	1,965,442	905,832	427,161	-	44,206	1,353
2022	1,650,442	826,752	404,888	-	-	-
2023	1,650,442	756,417	382,314	-	-	-
2024	1,650,442	686,081	359,341	-	-	-
2025	1,650,442	615,034	335,872	-	-	-
2026	1,650,442	547,661	312,897	-	-	-
2027	1,650,442	480,288	289,789	-	-	-
2028	1,650,441	411,997	266,413	-	-	-
2029	1,460,441	350,951	244,523	-	-	-
2030	1,460,441	299,091	224,544	-	-	-
2031	725,441	266,989	207,486	-	-	-
2032	725,441	249,949	192,122	-	-	-
2033	725,441	232,909	177,129	-	-	-
2034	725,441	215,870	162,565	-	-	-
2035	245,441	103,675	150,354	-	-	-
2036	-	-	140,482	-	-	-
2037	-	-	130,227	-	-	-
2038	-	-	119,584	-	-	-
2039	-	-	108,538	-	-	-
2040	-	-	97,062	-	-	-
2041	-	-	85,136	-	-	-
2042	-	-	72,751	-	-	-
2043	-	-	58,683	-	-	-
2044	-	-	42,812	-	-	-
2045	-	-	26,220	-	-	-
2046	-	-	8,873	-	-	-
Total	$ 25,392,948	$ 10,155,722	$ 6,430,908	$ -	$ 1,034,378	$ 37,255

Note 6−Long-Term Obligations: (Continued)

Primary Government: (Continued)

Year Ending June 30,	Lease Revenue Bonds Principal	Lease Revenue Bonds Interest
2018	$ 635,000	$ 1,573,772
2019	665,000	1,544,559
2020	695,000	1,512,909
2021	730,000	1,477,494
2022	770,000	1,439,056
2023	810,000	1,398,569
2024	855,000	1,355,903
2025	900,000	1,310,931
2026	945,000	1,265,153
2027	990,000	1,218,644
2028	1,040,000	1,171,550
2029	1,085,000	1,125,622
2030	1,130,000	1,079,438
2031	1,180,000	1,029,394
2032	1,235,000	975,159
2033	1,285,000	922,959
2034	1,335,000	873,097
2035	1,390,000	821,244
2036	1,445,000	767,322
2037	1,500,000	711,306
2038	1,555,000	653,172
2039	1,615,000	592,841
2040	1,680,000	530,156
2041	1,745,000	465,016
2042	1,810,000	397,369
2043	1,890,000	320,531
2044	1,975,000	233,841
2045	2,065,000	143,216
2046	2,160,000	48,449
Total	$ 37,115,000	$ 26,958,672

Note 6−Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of Long-Term Obligations

	Amount Outstanding	Due Within One Year
General Obligation Bonds:		
$3,800,000 Series 2007A issued November 8, 2007 in annual installments ranging from $194,845 to $413,333 beginning July 15, 2008 through July 15, 2028, interest ranging from 4.35% to 5.10%	$ 2,090,000	$ 190,000
$14,705,000 Series 2009A issued May 7, 2009, due in annual installments ranging from $475,262 to $1,411,211 beginning January 15, 2010 through January 15, 2030, interest ranging from 4.05% to 5.05%	9,555,000	735,000
$4,000,000 Series 2000A issued November 16, 2000, due in annual installments ranging from $120,000 to $315,000 beginning July 15, 2001 through July 15, 2020, interest ranging from 4.975% to 5.85%	1,160,000	270,000
$5,399,716 Series 2012-1 issued October 31, 2013, due in annual installments of $245,442 beginning December 1, 2013 through December 1, 2034, interest payable at 4.01%	4,417,948	245,442
$9,625,000 Series 2013A issued May 9, 2013, due in annual installments ranging from $480,000 to $485,000 beginning July 15, 2014 through July 15, 2033, interest ranging from 3.05% to 5.05%	8,170,000	485,000
Total General Obligation Bonds	$ 25,392,948	$ 1,925,442
Capital Leases:		
$899,514 capital lease issued June 15, 2015 for landfill equipment, monthly payments of $15,960 through June 2020, interest at 2.74%	$ 557,277	$ 178,481
$214,660 capital lease issued December 12, 2016 for hauling equipment, annual payments of $45,558 through December 2020, interest at 3.06%	169,102	40,384
$756,841 capital lease issued July 22, 2014 for emergency services equipment, annual payments of $162,722 through July 2018, interest at 3.753%	307,999	151,163
Total Capital Leases	$ 1,034,378	$ 370,028
Lease Revenue Bonds:		
$37,830,000 Series 2016A issued May 25, 2016, due in annual installments ranging from $635,000 to $2,160,000 beginning October 1, 2016 through October 1, 2045, interest ranging from 3.804% to 5.125%.	$ 37,115,000	$ 635,000
Premium on Bonds Payable	$ 6,430,908	$ 487,011
Compensated absences	693,586	69,359
Net OPEB obligation	1,458,004	-
Net pension liability	1,311,610	-
Landfill closure and postclosure care	5,638,362	212,400
Total Long-Term Obligations	$ 79,074,796	$ 3,699,240

General obligation bonds are direct obligations and pledge the full faith and credit of the County.

Note 6−Long-Term Obligations: (Continued)

Component Unit School Board:

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

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017	Amounts Due Within One Year
Compensated absences	$ 488,095	$ 417,776	$ 48,810	$ 857,061	$ 85,706
Net pension liability	43,453,000	12,501,387	7,043,769	48,910,618	-
Net OPEB obligation	3,957,321	287,602	234,109	4,010,814	-
Total	$ 47,898,416	$ 13,206,765	$ 7,326,688	$ 53,778,493	$ 85,706

Note 7−Deferred/Unavailable/Unearned Revenue:

Deferred/Unavailable/Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Deferred/Unavailable/Unearned revenue totaling $63,567,585 is comprised of the following:

A. Primary Government–Unearned Revenue: Unavailable revenue representing amounts collected prior to June 30 not available for funding of current expenditures totaled $49,451 at June 30, 2017.

B. Primary Government– Unavailable Property Taxes – revenue representing deferred/unavailable property tax revenues totaled $60,408,319 June 30, 2017.

Note 8−Pension Plan:

Plan Description

All full-time, salaried permanent employees of the County and (nonprofessional) employees of public school divisions are automatically covered by a VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service. However, the Louisa County Water Authority whose financial information is not included in the primary government participates in the VRS plan through the County and they report their proportionate information on the basis of a cost-sharing plan.

Note 8−Pension Plan: (Continued)

Plan Description: (Continued)

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

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

Note 8−Pension Plan: (Continued)

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
About Plan 1 (Cont.)	**About Plan 2 (Cont.)**	**About the Hybrid Retirement Plan (Cont.)** • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees. •
Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013. **Hybrid Opt-In Election** VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	**Eligible Members** Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013. **Hybrid Opt-In Election** Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	**Eligible Members** Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • Political subdivision employees* • School division employees • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. ***Non-Eligible Members** Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.

Note 8−Pension Plan: (Continued)

Plan Description: (Continued)

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

Note 8−Pension Plan: (Continued)

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.	**Creditable Service** Same as Plan 1.	**Creditable Service** **Defined Benefit Component:** Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit. **Defined Contributions Component:** Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.
Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan.	**Vesting** Same as Plan 1.	**Vesting** **Defined Benefit Component:** Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service.

Note 8−Pension Plan: (Continued)

Plan Description: (Continued)

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

Note 8−Pension Plan: (Continued)

Plan Description: (Continued)

<table>
<tr><th colspan="3">RETIREMENT PLAN PROVISIONS (CONTINUED)</th></tr>
<tr><th>PLAN 1</th><th>PLAN 2</th><th>HYBRID RETIREMENT PLAN</th></tr>
<tr><td>Vesting (Cont.)</td><td>Vesting (Cont.)</td><td>Vesting (Cont.)
<u>Defined Contributions Component:</u> (Cont.)
• After three years, a member is 75% vested and may withdraw 75% of employer contributions.
• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.

Distribution is not required by law until age 70½.</td></tr>
<tr><td>Calculating the Benefit
The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.

An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</td><td>Calculating the Benefit
See definition under Plan 1.</td><td>Calculating the Benefit
<u>Defined Benefit Component:</u>
See definition under Plan 1

<u>Defined Contribution Component:</u>
The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</td></tr>
<tr><td>Average Final Compensation
A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</td><td>Average Final Compensation
A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</td><td>Average Final Compensation
Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</td></tr>
</table>

Note 8−Pension Plan: (Continued)

Plan Description: (Continued)

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

Note 8−Pension Plan: (Continued)

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Earliest Unreduced Retirement Eligibility **VRS:** Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service. **Political subdivisions hazardous duty employees:** Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.	**Earliest Unreduced Retirement Eligibility** **VRS:** Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90. **Political subdivisions hazardous duty employees:** Same as Plan 1.	**Earliest Unreduced Retirement Eligibility** **<u>Defined Benefit Component:</u>** **VRS:** Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. **Political subdivisions hazardous duty employees:** Not applicable. **<u>Defined Contribution Component:</u>** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility **VRS:** Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service. **Political subdivisions hazardous duty employees:** 50 with at least five years of creditable service.	**Earliest Reduced Retirement Eligibility** **VRS:** Age 60 with at least five years (60 months) of creditable service. **Political subdivisions hazardous duty employees:** Same as Plan 1.	**Earliest Reduced Retirement Eligibility** **<u>Defined Benefit Component:</u>** **VRS:** Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service. **Political subdivisions hazardous duty employees:** Not applicable. **<u>Defined Contribution Component:</u>** Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Note 8−Pension Plan: (Continued)

Plan Description: (Continued)

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

Note 8−Pension Plan: (Continued)

Plan Description: (Continued)

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

<u>Exceptions to COLA Effective Dates: (Cont.)</u>
• The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).
• The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
• The member dies in service and the member’s survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.</td>
<td>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)

<u>Exceptions to COLA Effective Dates: (Cont.)</u></td>
<td>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)

<u>Exceptions to COLA Effective Dates: (Cont.)</u>
Same as Plan 1 and Plan 2.</td>
</tr>
<tr>
<td>Disability Coverage
Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</td>
<td>Disability Coverage
Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</td>
<td>Disability Coverage
Employees of political subdivisions and School divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</td>
</tr>
</table>

Note 8−Pension Plan: (Continued)

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Disability Coverage (Cont.) VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.	**Disability Coverage (Cont.)** VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	**Disability Coverage (Cont.)** Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.	**Purchase of Prior Service** Same as Plan 1.	**Purchase of Prior Service** **<u>Defined Benefit Component:</u>** Same as Plan 1, with the following exceptions: • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost. **<u>Defined Contribution Component:</u>** Not applicable.

Pension Plan Data

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

Note 8−Pension Plan: (Continued)

Employees Covered by Benefit Terms

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

	Primary Government	Component Unit School Board (Nonprofessional)
Inactive members or their beneficiaries currently receiving benefits	117	89
Inactive members:		
Vested inactive members	49	13
Non-vested inactive members	70	37
Inactive members active elsewhere in VRS	119	19
Total inactive members	238	69
Active members	231	192
Total covered employees	586	350

Contributions

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

The County’s contractually required contribution rate for the year ended June 30, 2017 was 7.04% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were $759,641 and $982,983 for the years ended June 30, 2017 and June 30, 2016, respectively. Contributions to the pension plan from the Component Unit Louisa County Water Authority were $60,617 and $75,078 for the years ended June 30, 2017 and June 30, 2016, respectively.

The Component Unit School Board’s contractually required contribution rate for nonprofessional employees for the year ended June 30, 2017 was 5.11% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

Note 8−Pension Plan: (Continued)

Contributions: (Continued)

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were $194,075 and $263,695 for the years ended June 30, 2017 and June 30, 2016, respectively.

Net Pension Liability (Asset)

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

Actuarial Assumptions – General Employees

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

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

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

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

Largest 10 – Non-LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Note 8–Pension Plan: (Continued)

Actuarial Assumptions – General Employees (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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

Actuarial Assumptions – Public Safety Employees

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

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

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

Note 8–Pension Plan: (Continued)

Actuarial Assumptions – Public Safety Employees (Continued)

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

Largest 10 – Non-LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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

Note 8−Pension Plan: (Continued)

Long-Term Expected Rate of Return

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

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

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

Note 8−Pension Plan: (Continued)

Discount Rate

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

Changes in Net Pension Liability

	Primary Government			Component Unit Louisa County Water Authority		
	Increase (Decrease)			Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2015	$ 29,479,570	$ 29,477,481	$ 2,089	$ 2,263,264	$ 2,263,104	$ 160
Changes for the year:						
Service cost	$ 1,188,987	$ -	$ 1,188,987	$ 94,878	$ -	$ 94,878
Interest	2,013,571	-	2,013,571	160,677	-	160,677
Differences between expected and actual experience	99,738	-	99,738	7,959	-	7,959
Impact of change in proportion	(82,531)	(82,526)	(5)	82,531	82,526	5
Contributions - employer	-	969,141	(969,141)	-	77,335	(77,335)
Contributions - employee	-	512,607	(512,607)	-	40,904	(40,904)
Net investment income	-	529,237	(529,237)	-	42,231	(42,231)
Benefit payments, including refunds of employee contributions	(1,263,487)	(1,263,487)	-	(100,823)	(100,823)	-
Administrative expenses	-	(17,993)	17,993	-	(1,436)	1,436
Other changes	-	(222)	222	-	(17)	17
Net changes	$ 1,956,278	$ 646,757	$ 1,309,521	$ 245,222	$ 140,720	$ 104,502
Balances at June 30, 2016	$ 31,435,848	$ 30,124,238	$ 1,311,610	$ 2,508,486	$ 2,403,824	$ 104,662

Note 8−Pension Plan: (Continued)

Changes in Net Pension Liability (Asset)

	Component School Board (nonprofessional) Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2015	$ 12,676,753	$ 12,785,876	$ (109,123)
Changes for the year:			
Service cost	$ 374,789	$ -	$ 374,789
Interest	869,625	-	869,625
Differences between expected and actual experience	(104,174)	-	(104,174)
Contributions - employer	-	259,053	(259,053)
Contributions - employee	-	178,558	(178,558)
Net investment income	-	222,861	(222,861)
Benefit payments, including refunds of employee contributions	(507,083)	(507,083)	-
Administrative expenses	-	(7,878)	7,878
Other changes	-	(95)	95
Net changes	$ 633,157	$ 145,416	$ 487,741
Balances at June 30, 2016	$ 13,309,910	$ 12,931,292	$ 378,618

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
County Net Pension Liability (Asset)	$ 5,619,052	$ 1,311,610	$ (2,231,913)
Component Unit Louisa County Water Authority Net Pension Liability (Asset)	448,384	104,662	(178,100)
Component Unit School Board (nonprofessional) Net Pension Liability (Asset)	$ 2,001,099	$ 378,618	$ (986,134)

Note 8−Pension Plan: (Continued)

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

For the year ended June 30, 2017 the County, Component Unit Louisa County Water Authority and Component Unit School Board (nonprofessional) recognized pension expense of $543,684, $43,384 and $172,948, respectively. At June 30, 2017, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (Nonprofessional)		Component Unit Louisa County Water Authority	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 72,413	$ 263,795	$ 18,838	$ 75,943	$ 5,778	$ 20,253
Net difference between projected and actual earnings on pension plan investments	786,579	-	342,934	-	66,261	-
Employer contributions subsequent to the measurement date	759,641	-	194,075	-	60,617	-
Total	$ 1,618,633	$ 263,795	$ 555,847	$ 75,943	$ 132,656	$ 20,253

$759,641, $60,617, and $194,075 reported as deferred outflows of resources related to pensions resulting from the County's, Component Unit Louisa County Water Authority and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction or Component of the Net Pension Liability (Asset) in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board (Nonprofessional)	Component Unit Louisa County Water Authority
2018	$ (102,056)	$ (8,581)	$ (5,744)
2019	(69,453)	(12,858)	(3,241)
2020	459,622	173,381	36,270
2021	307,084	133,887	24,501
Thereafter	-	-	-

Note 8−Pension Plan: (Continued)

Component Unit School Board (professional)

Plan Description

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

Contributions

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

Each School Division's contractually required contribution rate for the year ended June 30, 2017 was 14.66% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015 and reflects the transfer in June 2015 of $192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarial rate for the Teacher Retirement Plan was 16.32%. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the Code of Virginia, as amended the contributions were funded at 89.84% of the actuarial rate for the year ended June 30, 2017. Contributions to the pension plan from the School Board were $3,965,868 and $3,669,249 for the years ended June 30, 2017 and June 30, 2016, respectively.

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

At June 30, 2017, the school division reported a liability of $48,532,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2016 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2016 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2016, the school division's proportion was .34631% as compared to .34524% at June 30, 2015.

Note 8−Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

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

For the year ended June 30, 2017, the school division recognized pension expense of $4,412,000. Since there was a change in proportionate share between June 30, 2015 and June 30, 2016, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 1,572,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	806,000	-
Net difference between projected and actual earnings on pension plan investments	2,772,000	-
Employer contributions subsequent to the measurement date	3,965,868	-
Total	$ 7,543,868	$ 1,572,000

$3,965,868 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	
2018	$ (86,000)
2019	(86,000)
2020	1,411,000
2021	861,000
Thereafter	(94,000)

Note 8−Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

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

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

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

Mortality rates:

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

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

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

Note 8−Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions: (Continued)

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

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

Net Pension Liability

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

		Teacher Employee Retirement Plan
Total Pension Liability	$	44,182,326
Plan Fiduciary Net Position		30,168,211
Employer's Net Pension Liability (Asset)	$	14,014,115
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		68.28%

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

Note 8−Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Long-Term Expected Rate of Return

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

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

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

Note 8−Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Discount Rate

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

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

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

	Rate		
	(6.00%)	**(7.00%)**	**(8.00%)**
School division's proportinate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	$ 69,182,515	$ 48,532,000	$ 31,520,957

Pension Plan Fiduciary Net Position

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

Note 9−Contingent Liabilities:

Federal programs in which the County and its component units participate were audited in accordance with the provisions of Title 2 *U.S. Code of Federal Regulations* (CFR) part 200, U*niform Administrative Requirements Cost Principles, and Audit Requirements for Federal Awards*. 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, Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

Note 10–Landfill Closure and Postclosure Care Cost:

The County of Louisa, Virginia owns and operates a landfill site which includes two permitted cells. The original cell (#194) accepts no further solid waste after December, 2013, while the newer cell (#567) came online in early 2013. At current fill rates, cell 567 has a life expectancy of approximately 2.4 years, at which point another cell which bridges the existing pair will be opened pending necessary permitting. 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 at each balance sheet date. The liability in the amount of $5,638,362 reported as landfill closure, postclosure and corrective action liability on the June 30, 2017 Statement of Net Position is equal to the expected closure and postclosure costs. The landfill is closed as of June 30, 2017. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County has demonstrated financial assurance requirements for closure, postclosure care and corrective action costs through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC20-70 of the Virginia Administrative Code. Also, the County intends to fund these costs from funds accumulated for this purpose in the General Fund.

Note 11–Risk Management:

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

The County is a member of the Virginia Association of Counties for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing.

Each Association member jointly and severally agrees to assume, pay and discharge any liability. The County pays VACO 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 continues to carry commercial insurance for all other risks of losses. For the three previous fiscal years, settled claims from these risks have not exceeded commercial coverage.

Note 12–Litigation:

The County has been named as a defendant in various matters. It is not known what liability, if any, the County faces.

Note 13–Interfund Transfers:

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

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	$ 7,954,219	$ 9,515,439
Natural Disaster Capital Projects Fund	-	7,500,000
Capital Projects Fund	9,511,220	450,000
Total	$ 17,465,439	$ 17,465,439

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

Note 14–Surety Bonds:

	Amount
Public Officers Liability Insurance:	
All employees and volunteers, including Board of Supervisors	$ 5,000,000
Henry B. Wash, Treasurer	400,000
Nancy M. Pleasants, Commissioner of the Revenue	3,000
Ashland D. Fortune, Sheriff	30,000
Patty C. Madison, Clerk of the Court	1,630,000

Note 15–Other Postemployment Benefits–Health Insurance:

Background

Beginning in fiscal year 2009, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 45 for other postemployment benefits (OPEB) offered to retirees. This standard addresses how local governments should account for and report their costs related to postemployment health-care and non-pension benefits, such as the County's retiree health benefit subsidy. Historically, the County's subsidy was funded on a pay-as-you go basis, but GASB Statement No. 45 requires that the County accrue the cost of the retiree health subsidy and other postemployment benefits during the period of the employees' active employment, while the benefits are being earned, and disclose the unfunded actuarial accrued liability in order to accurately account for the total future cost of post-employment benefits and the financial impact on the County. This funding methodology mirrors the funding approach used for pension benefits.

Note 15–Other Postemployment Benefits–Health Insurance: (Continued)

A. Plan Description

In addition to the pension benefits described in Note 8, the County and School Board provide post-retirement healthcare benefits for employees who are eligible under a single-employer defined benefit plan. Louisa County and Louisa County Public Schools offer eligible retirees post-retirement medical coverage if they retire directly from the County or Schools with at least fifteen years of continuous County of Louisa or Louisa County Public School, service and are eligible to receive an early or regular retirement benefit from the Virginia Retirement System (VRS). The retirees' dependents can receive benefits under the plan with the premium to be paid by the retiree. Health benefits include medical and dental coverage. The Louisa County and Louisa County Public School retirees are responsible for 100% of the premium that is paid directly to the subscriber. Benefits end at the age of 65 or when retirees become eligible for medicare for both the County and the School System. The OPEB Plan does not issue separate audited financial statements.

B. Funding Policy

The County's and School Board establish employer contribution rates for plan participants as part of the budgetary process each year. The County and School Board also determine how the plan will be funded each year, whether they will partially fund the plan or fully fund the plan. Again this is determined annually as part of the budgetary process. Retirees pay the full premium for health insurance coverage. Retirees pay 100% of spousal premiums. Coverage ceases when retirees reach the age of 65 and retirees are covered by a Medicare Eligible supplement. Surviving spouses are not allowed access to the plan.

C. Annual OPEB Cost and Net OPEB Obligation

The County and School Board's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC).* The County and School Board have elected to calculate the ARC as the normal cost plus amortization of the unfunded portion of actuarial accrued liability in compliance with GASB 45 parameters. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The estimated contributions are based on projected medical premium payments and credit for the implicit rate subsidy made during the year for the retired employees by the County and School Board. The following table shows the components of the County and School Board's annual OPEB cost for the year, the estimated annual contributions to the plan, and changes in the County and School Board's net OPEB obligation to the Retiree Health Plan:

	Primary Government	Component Unit School Board
Annual required contribution	$ 107,102	$ 306,849
Interest on OPEB obligation	39,074	108,327
Adjustment to annual required contribution	(46,017)	(127,574)
Annual OPEB cost (expense)	$ 100,159	$ 287,602
Contribution made	(13,508)	(234,109)
Increase in net OBEB obligation	$ 86,651	$ 53,493
Net OPEB obligation - beginning of year	1,371,353	3,957,321
Net OPEB obligation - end of year	$ 1,458,004	$ 4,010,814

Note 15–Other Postemployment Benefits–Health Insurance: (Continued)

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

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 the current and preceding two fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
County:			
June 30, 2017	$ 100,159	13.49%	$ 1,458,004
June 30, 2016	154,034	18.92%	1,371,353
June 30, 2015	153,389	19.00%	1,246,463
School Board:			
June 30, 2017	$ 287,602	81.40%	$ 4,010,814
June 30, 2016	500,195	18.93%	3,957,321
June 30, 2015	498,395	19.00%	3,551,821

D. Funded Status and Funding Progress

As of July 1, 2016, the County's actuarial accrued liability for benefits was $904,135, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was $10,831,142, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 8.35 percent.

As of July 1, 2016, the School Board's actuarial accrued liability for benefits was $3,365,825, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was $31,648,766, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 10.63 percent.

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

E. Actuarial Methods and Assumptions

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

Note 15–Other Postemployment Benefits–Health Insurance: (Continued)

E. Actuarial Methods and Assumptions: (Continued)

The following simplifying assumptions were made:

Retirement age for active employees-Retirement age was estimated based on tables used for the VRS State Employees valuation and assumed that participants begin to retire when they become eligible to receive healthcare benefits.

Mortality-Life expectancies were based on mortality tables from the 1994 Group Annuity Mortality Tables for males and females with a one year setback in pre-retirement for males and females.

Coverage elections – The actuarial assumed that 65% of current actives of the Louisa County Public Schools will elect medical coverage when they retire and that 10% of retirees who elect coverage will cover a spouse. The actuarial assumed that 85% of current actives of Louisa County will elect medical coverage when they retire and that 30% of retirees who elect coverage will cover a spouse.

Based on the historical and expected returns of the County and School Board's short-term investment portfolio, a discount of 2.85% was used. In addition, the projected unit credit actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2016 was thirty years. The healthcare cost trend rate was 5.9% for 2017 reduced to 4.1% over 58 years.

Note 16–Health Insurance Credit Program-Other Postemployment Benefits:

County:

A. Plan Description

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

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

Localities may elect to provide an additional health insurance credit of $1 per month for each full year of the retired members' creditable service, not to exceed a maximum monthly credit of $30. The enhanced credit is available for constitutional officers and their employees, local social services employees, and general registrars and their employees. Whereas the $1.50 health credit cost is borne by the Commonwealth, the costs of such additional health insurance credit shall be borne by the locality.

Note 16−Health Insurance Credit Program-Other Postemployment Benefits: (Continued)

County: (Continued)

A. Plan Description: (Continued)

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

B. Funding Policy

As a participating local political subdivision, the County is required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the Code of Virginia and the VRS Board of Trustees. The County's contribution rate for the fiscal year ended 2016 was .17% of annual covered payroll.

C. Annual OPEB Cost and Net OPEB Obligation

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

For 2017, the County's contribution of $8,209 was equal to the ARC and OPEB cost. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the preceding two years were as follows:

Fiscal Year Ending	Annual OPEB Cost	Percentage of OPEB Contributed	Net OPEB Obligation
June 30, 2017	$ 8,209	100%	-
June 30, 2016	8,068	100%	-
June 30, 2015	7,648	100%	-

D. Funded Status and Funding Progress

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

Actuarial accrued liability (AAL)	$ 118,354
Actuarial value of plan assets	77,594
Unfunded actuarial accrued liability	40,760
Funded ratio (actuarial value of plan assets/AAL)	65.56%
Covered payroll (active plan members)	5,573,275
UAAL as a percentage of covered payroll	0.73%

Note 16–Health Insurance Credit Program-Other Postemployment Benefits: (Continued)

County: (Continued)

D. Funded Status and Funding Progress: (Continued)

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

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

E. Actuarial Methods and Assumptions

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

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7% investment rate of return, compounded annually, including an inflation component of 2.5%, and a payroll growth rate of 3%. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining open amortization period at June 30, 2010 was 18-27 years.

School Board:

A. Plan Description

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

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

Note 16–Health Insurance Credit Program-Other Postemployment Benefits: (Continued)

School Board: (Continued)

A. Plan Description: (Continued)

Localities may elect to provide an additional health insurance credit of $1 per month for each full year of the retired members' creditable service, not to exceed a maximum monthly credit of $30. The enhanced credit is available for constitutional officers and their employees, local social services employees, and general registrars and their employees. Whereas the $1.50 health credit cost is borne by the Commonwealth, the costs of such additional health insurance credit shall be borne by the locality.

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

B. Funding Policy

As a participating local political subdivision, the School Board is required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the Code of Virginia and the VRS Board of Trustees. The School Board's contribution rate for the fiscal year ended 2016 was .45% of annual covered payroll.

C. Annual OPEB Cost and Net OPEB Obligation

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

For 2017, the School Board's contribution of $15,877 was equal to the ARC and OPEB cost. The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and preceding two years were as follows:

Fiscal Year Ending	Annual OPEB Cost	Percentage of OPEB Contributed	Net OPEB Obligation
June 30, 2017	$ 15,877	100%	-
June 30, 2016	16,491	100%	-
June 30, 2015	15,721	100%	-

Note 16−Health Insurance Credit Program-Other Postemployment Benefits: (Continued)

School Board: (Continued)

D. Funded Status and Funding Progress

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

Actuarial accrued liability (AAL)	$ 354,215
Actuarial value of plan assets	202,829
Unfunded actuarial accrued liability	151,386
Funded ratio (actuarial value of plan assets/AAL)	57.26%
Covered payroll (active plan members)	3,680,707
UAAL as a percentage of covered payroll	4.11%

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

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

E. Actuarial Methods and Assumptions

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

The entry age normal cost method was used to determine the plan’s funding liabilities and costs. The actuarial assumptions included a 7% investment rate of return, compounded annually, including an inflation component of 2.5%, and a payroll growth rate of 3%. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining open amortization period at June 30, 2016 was 18-27 years.

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

Note 16−Health Insurance Credit Program-Other Postemployment Benefits: (Continued)

School Board: (Continued)

Professional Employees – Discretely Presented Component Unit School Board

Plan Description

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

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

Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.06% of annual covered payroll. The School Board's contributions to VRS for the year ended June 30, 2017 was $300,556 and equaled the required contribution for the year.

Note 17–Construction Commitments:

As of June 30, 2017 the County has the following construction commitments:

Project	Contract Amounts	Expenditures as of June 30, 2017	Contract Balance
James River Water Project	$ 41,191,042	$ 15,099,458	$ 26,091,584

Note 18−Upcoming Pronouncements:

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

Management is currently evaluating the impact this standard will have on the financial statements when adopted.

REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

Presented budgets were prepared in accordance with accounting principles generally accepted in the United States of America.

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

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
General property taxes	$ 56,268,773	$ 56,268,773	$ 58,357,514	$ 2,088,741
Other local taxes	5,736,000	5,736,000	6,547,905	811,905
Permits, privilege fees, and regulatory licenses	424,500	439,500	506,821	67,321
Fines and forfeitures	85,000	85,000	29,299	(55,701)
Revenue from the use of money and property	230,000	230,000	413,234	183,234
Charges for services	1,653,500	1,664,400	2,021,148	356,748
Miscellaneous	100,000	157,190	201,587	44,397
Recovered costs	43,000	436,129	561,074	124,945
Intergovernmental:				
Commonwealth	6,951,086	7,624,949	7,410,233	(214,716)
Federal	1,764,334	1,987,937	2,296,422	308,485
Total revenues	$ 73,256,193	$ 74,629,878	$ 78,345,237	$ 3,715,359
EXPENDITURES				
General government administration:				
Legislative:				
Board of supervisors	$ 172,558	$ 172,558	$ 168,550	$ 4,008
General and financial administration:				
County administrator	$ 381,464	$ 361,643	$ 333,707	$ 27,936
County attorney	372,428	372,631	347,789	24,842
Administrative and human resources	199,972	202,445	190,034	12,411
Commissioner of revenue	417,323	417,547	399,761	17,786
Reassessment	484,288	490,617	436,751	53,866
Treasurer	408,528	433,731	428,691	5,040
Finance	412,028	412,220	359,842	52,378
Network administration	419,300	439,485	399,732	39,753
Total general and financial administration	$ 3,095,331	$ 3,130,319	$ 2,896,307	$ 234,012
Board of elections:				
Electoral board and officials	$ 199,883	$ 207,560	$ 207,560	$ -
Total general government administration	$ 3,467,772	$ 3,510,437	$ 3,272,417	$ 238,020
Judicial administration:				
Courts:				
Circuit court	$ 96,173	$ 96,209	$ 70,186	$ 26,023
General district court	8,060	8,060	4,966	3,094
Juvenile domestic court	7,485	7,485	4,092	3,393
Clerk of the circuit court	503,476	504,135	471,408	32,727
Sheriff - courts	774,108	786,176	730,497	55,679
Total courts	$ 1,389,302	$ 1,402,065	$ 1,281,149	$ 120,916

General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2017 (Continued)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
EXPENDITURES: (Continued)				
Judicial administration: (Continued)				
Commonwealth's attorney:				
Commonwealth's attorney	$ 593,298	$ 691,706	$ 671,693	$ 20,013
Total judicial administration	$ 1,982,600	$ 2,093,771	$ 1,952,842	$ 140,929
Public safety:				
Law enforcement and traffic control:				
Sheriff - law enforcement	$ 3,803,385	$ 3,987,513	$ 3,750,460	$ 237,053
Communications center	899,057	901,574	876,610	24,964
Emergency 911 system	215,150	215,150	186,390	28,760
Total law enforcement and traffic control	$ 4,917,592	$ 5,104,237	$ 4,813,460	$ 290,777
Fire and rescue services:				
Office of emergency services	$ 404,339	$ 464,886	$ 367,915	$ 96,971
Fire & rescue assistance	1,207,045	1,790,367	1,521,712	268,655
Revenue recovery	183,021	183,032	160,109	22,923
Emergency services	2,838,476	2,765,711	2,691,098	74,613
Total fire and rescue services	$ 4,632,881	$ 5,203,996	$ 4,740,834	$ 463,162
Correction and detention:				
Sheriff - correction and detention	$ 2,511,692	$ 2,826,337	$ 2,825,136	$ 1,201
Other protection:				
Animal control	$ 235,681	$ 237,867	$ 157,130	$ 80,737
Animal shelter	162,712	253,138	208,191	44,947
Forest fire prevention and extinction	28,660	28,660	25,532	3,128
Emergency services (civil defense)	17,965	17,965	17,964	1
Transportation safety commission	1,200	1,200	1,198	2
Transportation department	277,500	304,807	264,812	39,995
Total other protection	$ 723,718	$ 843,637	$ 674,827	$ 168,810
Total public safety	$ 12,785,883	$ 13,978,207	$ 13,054,257	$ 923,950

General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2017 (Continued)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	**Final**	**Actual Amounts**	
EXPENDITURES: (Continued)				
Public works:				
Sanitation and waste removal:				
Refuse collection-solid waste control	$ 1,564,826	$ 1,320,394	$ 1,156,119	$ 164,275
Litter control	-	9,664	9,664	-
Total sanitation and waste removal	$ 1,564,826	$ 1,330,058	$ 1,165,783	$ 164,275
Maintenance of general buildings and grounds:				
General properties	$ 1,585,535	$ 2,037,549	$ 1,699,821	$ 337,728
Water and wastewater	265,000	265,000	223,405	41,595
Total maintenance of general buildings and grounds	$ 1,850,535	$ 2,302,549	$ 1,923,226	$ 379,323
Total public works	$ 3,415,361	$ 3,632,607	$ 3,089,009	$ 543,598
Health and human services:				
Health:				
Supplement of local health department	$ 689,565	$ 689,565	$ 641,979	$ 47,586
Total health	$ 689,565	$ 689,565	$ 641,979	$ 47,586
Mental health and mental retardation:				
Region 10	$ 135,000	$ 135,000	$ 135,000	$ -
Human services:				
Administration and public assistance	$ 4,260,646	$ 4,580,806	$ 4,242,112	$ 338,694
At risk youth	2,349,475	3,149,712	3,011,005	138,707
Monticello Area Community Action Agency	35,424	35,424	35,424	-
Jefferson Area Board for Aging	269,110	269,110	269,110	-
Housing assistance	31,650	31,650	31,650	-
Human service agency donations	312,331	312,331	312,331	-
Total human services	$ 7,258,636	$ 8,379,033	$ 7,901,632	$ 477,401
Total health and human services	$ 8,083,201	$ 9,203,598	$ 8,678,611	$ 524,987
Education:				
Other instructional costs:				
Contribution to Louisa County school board	$ 30,692,544	$ 30,973,084	$ 29,020,041	$ 1,953,043
Contributions to local community college	37,095	37,095	37,095	-
Total education	$ 30,729,639	$ 31,010,179	$ 29,057,136	$ 1,953,043
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation	$ 596,548	$ 610,529	$ 582,298	$ 28,231
Parks and recreation - self supporting	360,647	360,647	349,944	10,703
Swimming pools	116,146	117,237	110,133	7,104
Total parks and recreation	$ 1,073,341	$ 1,088,413	$ 1,042,375	$ 46,038

General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2017 (Continued)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
EXPENDITURES: (Continued)				
Parks, recreation, and cultural: (Continued)				
Cultural enrichment:				
Agriculture fair	$ 2,000	$ 2,000	$ 2,000	$ -
Community organizations	67,500	85,260	72,500	12,760
Total cultural enrichment	$ 69,500	$ 87,260	$ 74,500	$ 12,760
Library:				
Contribution to regional library	$ 354,721	$ 354,721	$ 354,301	$ 420
Total parks, recreation, and cultural	$ 1,497,562	$ 1,530,394	$ 1,471,176	$ 59,218
Community development:				
Planning and community development:				
Planning	$ 997,844	$ 1,030,658	$ 917,904	$ 112,754
Planning District Commission	57,545	57,545	57,545	-
Industrial Development Authority	175,000	187,000	12,000	175,000
Economic development	138,117	140,209	124,973	15,236
Tourism	85,852	85,857	22,500	63,357
Other community development	1,750	1,750	1,750	-
Total planning and community development	$ 1,456,108	$ 1,503,019	$ 1,136,672	$ 366,347
Environmental management:				
Soil and water conservation	$ 53,938	$ 53,938	$ 53,938	$ -
Cooperative extension program:				
VPI extension	$ 133,151	$ 133,173	$ 114,572	$ 18,601
Total community development	$ 1,643,197	$ 1,690,130	$ 1,305,182	$ 384,948
Nondepartmental:				
Miscellaneous	$ 583,000	$ 221,982	$ -	$ 221,982
Debt service:				
Principal retirement	$ 2,892,442	$ 10,438,000	$ 10,490,358	$ (52,358)
Interest and other fiscal charges	3,611,432	3,611,432	2,843,615	767,817
Total debt service	$ 6,503,874	$ 14,049,432	$ 13,333,973	$ 715,459
Total Expenditures	$ 70,692,089	$ 80,920,737	$ 75,214,603	$ 5,706,134
Excess (deficiency) of revenues over (under) expenditures	$ 2,564,104	$ (6,290,859)	$ 3,130,634	$ 9,421,493
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ 7,954,219	$ 7,954,219	$ -
Transfers out	(1,992,300)	(9,348,137)	(9,515,439)	(167,302)
Total other financing sources (uses)	$ (1,992,300)	$ (1,393,918)	$ (1,561,220)	$ (167,302)
Net change in fund balances	$ 571,804	$ (7,684,777)	$ 1,569,414	$ 9,254,191
Fund balances - beginning	(571,804)	7,684,777	45,027,999	37,343,222
Fund balances - ending	$ -	$ -	$ 46,597,413	$ 46,597,413

Schedule of OPEB Funding Progress

County:

Other Post Employment Benefits:

Actuarial Valuation Date (1)	Actuarial Value of Assets (AVA) (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded (Excess Funded) Actuarial Accrued Liability (4)	Funded Ratio (2) / (3) (5)	Annual Covered Payroll (6)	UAAL as % of Payroll (4) / (6) (7)
7/1/2016	$ -	$ 904,135	$ 904,135	0.00%	$ 10,831,142	8.35%
7/1/2014	-	1,288,822	1,288,822	0.00%	10,353,671	12.45%
7/1/2012	-	1,561,339	1,561,339	0.00%	10,043,418	15.55%

Health Insurance Credit Program:

Actuarial Valuation Date (1)	Actuarial Value of Assets (AVA) (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded (Excess Funded) Actuarial Accrued Liability (4)	Funded Ratio (2) / (3) (5)	Annual Covered Payroll (6)	UAAL as % of Payroll (4) / (6) (7)
6/30/2016	$ 77,594	$ 118,354	$ 40,760	$ 65.56%	$ 5,573,275	0.73%
6/30/2015	73,336	112,480	39,144	65.20%	4,821,343	0.81%
6/30/2014	67,250	109,515	42,265	61.41%	4,965,501	0.85%

Discretely Presented Component Unit - School Board:

Other Post Employment Benefits:

Actuarial Valuation Date (1)	Actuarial Value of Assets (AVA) (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded (Excess Funded) Actuarial Accrued Liability (4)	Funded Ratio (2) / (3) (5)	Annual Covered Payroll (6)	UAAL as % of Payroll (4) / (6) (7)
7/1/2016	$ -	$ 3,365,825	$ 3,365,825	0.00%	$ 31,648,766	10.63%
7/1/2014	-	5,357,367	5,357,367	0.00%	31,151,645	17.20%
7/1/2012	-	5,797,671	5,797,671	0.00%	27,681,960	20.94%

Health Insurance Credit Program:

Actuarial Valuation Date (1)	Actuarial Value of Assets (AVA) (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded (Excess Funded) Actuarial Accrued Liability (4)	Funded Ratio (2) / (3) (5)	Annual Covered Payroll (6)	UAAL as % of Payroll (4) / (6) (7)
6/30/2016	$ 202,829	$ 354,215	$ 151,386	$ 57.26%	$ 3,680,707	4.11%
6/30/2015	200,577	345,429	144,852	58.07%	3,631,760	3.99%
6/30/2014	190,373	323,698	133,325	58.81%	3,578,686	3.73%

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

	2016	2015	2014
Total pension liability			
Service cost	$ 1,188,987	$ 1,199,717	$ 1,192,189
Interest	2,013,571	1,926,333	1,807,709
Changes of benefit terms	-	-	-
Differences between expected and actual experience	99,738	(560,194)	-
Impact of change in proportion	(82,531)	(66,793)	-
Changes in assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(1,263,487)	(1,210,657)	(1,266,461)
Net change in total pension liability	$ 1,956,278	$ 1,288,406	$ 1,733,437
Total pension liability - beginning	29,479,570	28,191,164	26,457,727
Total pension liability - ending (a)	$ 31,435,848	$ 29,479,570	$ 28,191,164
Plan fiduciary net position			
Contributions - employer	$ 969,141	$ 931,445	$ 1,273,042
Contributions - employee	512,607	505,307	490,304
Impact of change in proportion	(82,526)	(66,443)	
Net investment income	529,237	1,291,796	3,795,835
Benefit payments, including refunds of employee contributions	(1,263,487)	(1,210,657)	(1,266,461)
Administrative expense	(17,993)	(17,180)	(19,837)
Other	(222)	(274)	199
Net change in plan fiduciary net position	$ 646,757	$ 1,433,994	$ 4,273,082
Plan fiduciary net position - beginning	29,477,481	28,043,487	23,770,405
Plan fiduciary net position - ending (b)	$ 30,124,238	$ 29,477,481	$ 28,043,487
County's net pension liability - ending (a) - (b)	$ 1,311,610	$ 2,089	$ 147,677
Plan fiduciary net position as a percentage of the total pension liability	95.83%	99.99%	99.48%
Covered payroll	$ 10,446,153	$ 9,848,937	$ 10,447,235
County's net pension liability as a percentage of covered payroll	12.56%	0.02%	1.41%

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

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

	2016	2015	2014
Total pension liability			
Service cost	$ 374,789	$ 385,090	$ 389,308
Interest	869,625	815,270	764,024
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(104,174)	41,954	-
Changes in assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(507,083)	(424,544)	(417,952)
Net change in total pension liability	$ 633,157	$ 817,770	$ 735,380
Total pension liability - beginning	12,676,753	11,858,983	11,123,603
Total pension liability - ending (a)	$ 13,309,910	$ 12,676,753	$ 11,858,983
Plan fiduciary net position			
Contributions - employer	$ 259,053	$ 258,841	$ 323,654
Contributions - employee	178,558	179,082	180,165
Net investment income	222,861	560,686	1,660,301
Benefit payments, including refunds of employee contributions	(507,083)	(424,544)	(417,952)
Administrative expense	(7,878)	(7,549)	(8,790)
Other	(95)	(119)	87
Net change in plan fiduciary net position	$ 145,416	$ 566,397	$ 1,737,465
Plan fiduciary net position - beginning	12,785,876	12,219,479	10,482,014
Plan fiduciary net position - ending (b)	$ 12,931,292	$ 12,785,876	$ 12,219,479
School Division's net pension liability/(asset) - ending (a) - (b)	$ 378,618	$ (109,123)	$ (360,496)
Plan fiduciary net position as a percentage of the total pension liability	97.16%	100.86%	103.04%
Covered payroll	$ 3,662,431	$ 3,625,558	$ 3,601,258
School Division's net pension liability as a percentage of covered payroll	10.34%	(9.94%)	(10.01%)

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

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

	2016	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	0.34631%	0.34524%	0.34084%
Employer's Proportionate Share of the Net Pension Liability (Asset)	$ 48,532,000	$ 43,453,000	$ 41,190,000
Employer's Covered Payroll	26,396,654	27,016,456	27,382,926
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	183.86%	160.84%	150.42%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.28%	70.86%	70.88%

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

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

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

Date		Contractually Required Contribution (1)		Contributions in Relation to Contractually Required Contribution (2)		Contribution Deficiency (Excess) (3)		Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government									
2017	$	759,641	$	759,641	$	-	$	10,790,355	7.04%
2016		982,983		982,983		-		10,446,153	9.41%
2015		926,785		926,785		-		9,848,937	9.41%
2014		1,348,738		1,348,738		-		10,447,235	12.91%
2013		1,312,986		1,312,986		-		10,170,304	12.91%
2012		1,833,951		1,833,951		-		10,076,081	18.20%
2011		856,878		856,878		-		10,021,970	8.55%
2010		777,547		777,547		-		10,007,034	7.77%
2009		722,428		722,428		-		9,297,663	7.77%
2008		516,893		516,893		-		8,629,272	5.99%
Component Unit School Board (nonprofessional)									
2017	$	194,075	$	194,075	$	-	$	3,797,949	5.11%
2016		263,695		263,695		-		3,662,431	7.20%
2015		261,040		261,040		-		3,625,558	7.20%
2014		323,393		323,393		-		3,601,258	8.98%
2013		316,299		316,299		-		3,522,265	8.98%
2012		212,384		212,384		-		3,487,418	6.09%
2011		209,427		209,427		-		3,438,859	6.09%
2010		202,579		202,579		-		3,277,971	6.18%
2009		204,431		204,431		-		3,307,941	6.18%
2008		165,635		165,635		-		3,137,031	5.28%
Component Unit School Board (professional) (1)									
2017	$	3,965,868	$	3,965,868	$	-	$	27,076,954	14.65%
2016		3,669,249		3,669,249		-		26,396,654	13.90%
2015		3,917,386		3,917,386		-		27,016,456	14.50%

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

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this is a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2016 is not material.

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

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

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

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

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

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

OTHER SUPPLEMENTARY INFORMATION

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Combining and Individual Fund Statements and Schedules

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

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
REVENUES				
Other local taxes	$ 925,000	$ 925,000	$ 1,094,835	$ 169,835
Revenue from the use of money and property	20,000	20,000	328,531	308,531
Miscellaneous	50,000	270,750	241,119	(29,631)
Recovered costs	-	34,215	17,108	(17,107)
Intergovernmental:				
Commonwealth	150,000	150,000	167,167	17,167
Total revenues	$ 1,145,000	$ 1,399,965	$ 1,848,760	$ 448,795
EXPENDITURES				
Current:				
Economic development projects	$ 235,500	$ 38,529,860	$ 9,890,545	$ 28,639,315
Emergency services projects	7,480,000	7,830,410	1,261,492	6,568,918
Judicial administration	127,400	127,400	-	127,400
County administration	30,000	77,775	45,189	32,586
Parks and recreation	20,000	195,000	-	195,000
Sheriff's department	322,000	322,000	309,425	12,575
School capital projects	1,374,000	1,562,635	1,321,476	241,159
Public works	529,400	2,026,542	490,962	1,535,580
Miscellaneous capital projects	19,000	-	-	-
Total expenditures	$ 10,137,300	$ 50,671,622	$ 13,319,089	$ 37,352,533
Excess (deficiency) of revenues over (under) expenditures	$ (8,992,300)	$ (49,271,657)	$ (11,470,329)	$ 37,801,328
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 1,992,300	$ 9,511,220	$ 9,511,220	$ -
Transfers out	-	(1,596,790)	(450,000)	1,146,790
Issuance of bonds	7,000,000	-	-	-
Issuance of capital leases	-	214,660	214,660	-
Total other financing sources (uses)	$ 8,992,300	$ 8,129,090	$ 9,275,880	$ 1,146,790
Net change in fund balances	$ -	$ (41,142,567)	$ (2,194,449)	$ 38,948,118
Fund balances - beginning	-	41,142,567	46,603,442	5,460,875
Fund balances - ending	$ -	$ -	$ 44,408,993	$ 44,408,993

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

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Revenue from the use of money and property	$ -	$ -	$ 48	$ 48
Intergovernmental:				
Commonwealth	$ -	$ -	$ 7,818	$ 7,818
Federal	-	-	78,703	78,703
Total revenues	$ -	$ -	$ 86,569	$ 86,569
Excess (deficiency) of revenues over (under) expenditures	$ -	$ -	$ 86,569	$ 86,569
OTHER FINANCING SOURCES (USES)				
Transfers out	$ -	$ (7,500,000)	$ (7,500,000)	$ -
Net change in fund balances	$ -	$ (7,500,000)	$ (7,413,431)	$ 86,569
Fund balances - beginning	-	7,500,000	14,560,712	7,060,712
Fund balances - ending	$ -	$ -	$ 7,147,281	$ 7,147,281

Combining Statement of Fiduciary Net Position
Agency Funds
June 30, 2017

	Agency Funds			
	Special Welfare Fund	Bond Escrow Fund	Spencer Scholarship Fund	Total
ASSETS				
Cash and cash equivalents	$ 7,159	$ 1,950,624	$ 55,203	$ 2,012,986
LIABILITIES				
Amounts held for social services clients	$ 7,159	$ -	$ -	$ 7,159
Amounts held for projects	-	1,950,624	-	1,950,624
Amounts held for others	-	-	55,203	55,203
Total liabilities	$ 7,159	$ 1,950,624	$ 55,203	$ 2,012,986

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2017

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Special Welfare Fund:				
ASSETS				
Cash and cash equivalents	$ 11,162	$ 74,273	$ 78,276	$ 7,159
Accounts receivable	303	-	303	-
Total assets	$ 11,465	$ 74,273	$ 78,579	$ 7,159
LIABILITIES				
Amounts held for social services clients	$ 11,465	$ 74,273	$ 78,579	$ 7,159
Total liabilities	$ 11,465	$ 74,273	$ 78,579	$ 7,159
Bond Escrow Fund:				
ASSETS				
Cash and cash equivalents	$ 1,779,888	$ 170,736	$ -	$ 1,950,624
Total assets	$ 1,779,888	$ 170,736	$ -	$ 1,950,624
LIABILITIES				
Amounts held for projects	$ 1,779,888	$ 170,736	$ -	$ 1,950,624
Total liabilities	$ 1,779,888	$ 170,736	$ -	$ 1,950,624
Spencer Scholarship Fund:				
ASSETS				
Cash and cash equivalents	$ 56,065	$ -	$ 862	$ 55,203
Total assets	$ 56,065	$ -	$ 862	$ 55,203
LIABILITIES				
Amounts held for others	$ 56,065	$ -	$ 862	$ 55,203
Total liabilities	$ 56,065	$ -	$ 862	$ 55,203
Totals - All Agency Funds:				
ASSETS				
Cash and cash equivalents	$ 1,847,115	$ 245,009	$ 79,138	$ 2,012,986
Accounts receivable	303	-	303	-
Total assets	$ 1,847,418	$ 245,009	$ 79,441	$ 2,012,986
LIABILITIES				
Amounts held for social services clients	$ 11,465	$ 74,273	$ 78,579	$ 7,159
Amounts held for projects	1,779,888	170,736	-	1,950,624
Amounts held for others	56,065	-	862	55,203
Total liabilities	$ 1,847,418	$ 245,009	$ 79,441	$ 2,012,986

Discretely Presented Component Unit-School Board

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

		School Operating Fund		Natural Disaster Operating Fund		Total Governmental Funds
ASSETS						
Cash and cash equivalents	$	7,205,074	$	743,658	$	7,948,732
Receivables (net of allowance for uncollectibles):						
Accounts receivable		5,919		-		5,919
Due from other governmental units		1,340,647		507,758		1,848,405
Total assets	$	8,551,640	$	1,251,416	$	9,803,056
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	$	377,781	$	-	$	377,781
Accrued liabilities		6,115,713		-		6,115,713
Due to primary government		2,057,838		-		2,057,838
Total liabilities	$	8,551,332	$	-	$	8,551,332
Fund balances:						
Committed:						
Earthquake related expenditures	$	-	$	1,251,416	$	1,251,416
Assigned:						
Cafeteria operations		308		-		308
Total fund balances	$	308	$	1,251,416	$	1,251,724
Total liabilities and fund balances	$	8,551,640	$	1,251,416	$	9,803,056

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:		
Total fund balances per above	$	1,251,724
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		79,419,650
Other long-term assets are not available to pay for current period expenditures, and therefore, are deferred in the funds.		
Items related to the measurment of net pension liability		2,291,829
Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds.		4,159,943
Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the funds.		(53,778,493)
Net position of governmental activities	$	33,344,653

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

	School Operating Fund	Natural Disaster Operating Fund	Total Governmental Funds
REVENUES			
Revenue from the use of money and property	$ 3,374	$ -	$ 3,374
Charges for services	1,223,665	-	1,223,665
Miscellaneous	154,865	-	154,865
Recovered costs	70,780	-	70,780
Intergovernmental:			
Local government	29,020,041	-	29,020,041
Commonwealth	21,557,859	-	21,557,859
Federal	3,230,147	-	3,230,147
Total revenues	$ 55,260,731	$ -	$ 55,260,731
EXPENDITURES			
Current:			
Education	$ 55,260,731	$ -	$ 55,260,731
Excess (deficiency) of revenues over (under) expenditures	$ -	$ -	$ -
Net change in fund balances	$ -	$ -	$ -
Fund balances - beginning	308	1,251,416	1,251,724
Fund balances - ending	$ 308	$ 1,251,416	$ 1,251,724

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Net change in fund balances - total governmental funds - per above		$ -
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. Details supporting this adjustment are as follows:		
Capital outlay	$ 49,688	
Depreciation expense	(3,665,811)	
Assets contributed by Primary Government	621,027	
Transfer of joint tenancy assets from Primary Government to the Component Unit	1,707,567	$ (1,287,529)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in deferred inflows related to the measurement of the net pension liability		1,929,470
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. Details supporting this adjustment are as follows:		
Change in compensated absences	$ (368,966)	
Change in net pension liability	(5,457,618)	
Change in net pension asset	(109,123)	
Change in deferred outflows related to pension contributions subsequent to the measurement date	226,999	
Change in deferred outflows related to changes in proportionate share of net pension liability	(113,000)	
Change in deferred outflows related to the measurement of the net pension liability	3,103,376	
Change in net OPEB obligation	(53,493)	$ (2,771,825)
Change in net position of governmental activities		$ (2,129,884)

COUNTY OF LOUISA, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2017

	School Operating Fund			
	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Revenue from the use of money and property	$ 2,500	$ 2,500	$ 3,374	$ 874
Charges for services	1,304,359	1,304,359	1,223,665	(80,694)
Miscellaneous	318,495	318,495	154,865	(163,630)
Recovered costs	278,004	279,813	70,780	(209,033)
Intergovernmental:				
Local government	30,692,544	30,973,084	29,020,041	(1,953,043)
Commonwealth	21,650,716	21,650,716	21,557,859	(92,857)
Federal	4,322,349	4,322,349	3,230,147	(1,092,202)
Total revenues	$ 58,568,967	$ 58,851,316	$ 55,260,731	$ (3,590,585)
EXPENDITURES				
Current:				
Education:				
Instruction	$ 40,884,248	$ 40,996,461	$ 39,259,941	$ 1,736,520
Administration, attendance and health	2,846,063	2,809,257	2,180,992	628,265
Pupil transportation	4,779,239	4,949,270	4,347,943	601,327
Operation and maintenance services	4,935,433	4,958,126	4,598,469	359,657
Technology	2,705,846	2,702,607	2,501,208	201,399
School food services	2,418,138	2,442,643	2,372,178	70,465
Total expenditures	$ 58,568,967	$ 58,858,364	$ 55,260,731	$ 3,597,633
Excess (deficiency) of revenues over (under) expenditures	$ -	$ (7,048)	$ -	$ 7,048
Net change in fund balances	$ -	$ (7,048)	$ -	$ 7,048
Fund balances - beginning	-	7,048	308	(6,740)
Fund balances - ending	$ -	$ -	$ 308	$ 308

Exhibit 21

Natural Disaster Operating Fund			
Budgeted Amounts			Variance with Final Budget Positive
Original	Final	Actual	(Negative)
$ -	$ -	$ -	$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -
-	-	1,251,416	1,251,416
$ -	$ -	$ 1,251,416	$ 1,251,416

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Supporting Schedules

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	$ 30,800,000	$ 30,800,000	$ 31,596,913	$ 796,913
Real and personal public service corporation taxes	18,080,000	18,080,000	17,643,864	(436,136)
Personal property taxes	5,880,773	5,880,773	7,403,793	1,523,020
Mobile home taxes	64,000	64,000	69,078	5,078
Machinery and tools taxes	294,000	294,000	307,749	13,749
Other taxes	500,000	500,000	509,026	9,026
Penalties	320,000	320,000	360,002	40,002
Interest	330,000	330,000	467,089	137,089
Total general property taxes	$ 56,268,773	$ 56,268,773	$ 58,357,514	$ 2,088,741
Other local taxes:				
Local sales and use taxes	$ 3,275,000	$ 3,275,000	$ 3,673,209	$ 398,209
Consumers' utility taxes	560,000	560,000	610,599	50,599
Business license taxes	150,000	150,000	185,883	35,883
Utility license taxes	4,000	4,000	18,691	14,691
Motor vehicle licenses	1,187,000	1,187,000	1,329,437	142,437
Taxes on recordation and wills	475,000	475,000	579,547	104,547
Hotel and motel room taxes	85,000	85,000	150,539	65,539
Total other local taxes	$ 5,736,000	$ 5,736,000	$ 6,547,905	$ 811,905
Permits, privilege fees, and regulatory licenses:				
Animal licenses	$ 14,500	$ 14,500	$ 15,041	$ 541
Land use application fees	500	500	1,580	1,080
Transfer fees	1,500	1,500	1,821	321
Building and other related permits	285,000	285,000	343,969	58,969
Zoning and use permits	95,000	95,000	107,484	12,484
Erosion and sediment control	25,000	40,000	33,304	(6,696)
Permits and other licenses	3,000	3,000	3,622	622
Total permits, privilege fees, and regulatory licenses	$ 424,500	$ 439,500	$ 506,821	$ 67,321
Fines and forfeitures:				
Court fines and forfeitures	$ 85,000	$ 85,000	$ 29,299	$ (55,701)
Revenue from use of money and property:				
Revenue from use of money	$ 200,000	$ 200,000	$ 370,692	$ 170,692
Revenue from use of property	30,000	30,000	42,542	12,542
Total revenue from use of money and property	$ 230,000	$ 230,000	$ 413,234	$ 183,234
Charges for services:				
Excess fees of clerk	$ 18,000	$ 18,000	$ 16,030	$ (1,970)
Charges for law enforcement and traffic control	5,000	5,000	5,003	3
Charges for courthouse maintenance	14,000	14,000	10,739	(3,261)
Charges for Commonwealth's Attorney	2,500	2,500	3,184	684
Ambulance services	925,000	925,000	1,130,288	205,288
Charges for sanitation and waste removal	200,000	200,000	294,244	94,244
Charges for parks and recreation	412,000	412,000	497,948	85,948
Charges for telecommunication review	-	10,900	12,400	1,500

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Other court charges	$ 64,000	$ 64,000	$ 47,025	$ (16,975)
Other charges for services	13,000	13,000	1,567	(11,433)
Court fees law library	-	-	2,720	2,720
Total charges for services	$ 1,653,500	$ 1,664,400	$ 2,021,148	$ 356,748
Miscellaneous revenue:				
Miscellaneous	$ 100,000	$ 157,190	$ 201,587	$ 44,397
Recovered costs:				
Juvenile and domestic relations court costs	$ 22,000	$ 22,000	$ 24,452	$ 2,452
Expenditure refunds	-	-	15,150	15,150
James River Water Authority	-	358,968	358,968	-
Other recovered costs	21,000	55,161	162,504	107,343
Total recovered costs	$ 43,000	$ 436,129	$ 561,074	$ 124,945
Total revenue from local sources	$ 64,540,773	$ 65,016,992	$ 68,638,582	$ 3,621,590
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	$ -	$ -	$ 29,286	$ 29,286
Mobile home titling tax	15,000	15,000	18,434	3,434
Motor vehicle rental tax	3,000	3,000	4,217	1,217
Communication sales tax	325,000	325,000	328,090	3,090
Personal property tax relief funds	1,620,227	1,620,227	1,620,227	-
Total noncategorical aid	$ 1,963,227	$ 1,963,227	$ 2,000,254	$ 37,027
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	$ 325,000	$ 325,000	$ 350,233	$ 25,233
Sheriff	1,225,000	1,225,000	1,238,158	13,158
Commissioner of revenue	125,000	125,000	130,236	5,236
Treasurer	115,000	115,000	123,877	8,877
Registrar/electoral board	40,000	40,000	41,896	1,896
Clerk of the Circuit Court	250,000	250,000	310,587	60,587
Total shared expenses	$ 2,080,000	$ 2,080,000	$ 2,194,987	$ 114,987
Other categorical aid:				
Welfare administration and assistance	$ 1,765,384	$ 1,923,995	$ 1,646,846	$ (277,149)
Wireless E-911 grant	-	2,000	55,867	53,867
Juvenile justice - crime control	-	9,904	9,905	1
At risk youth - children's services act	1,142,475	1,462,475	1,310,401	(152,074)
Four 4 life grant	-	38,488	38,488	-
Litter control grant	-	9,664	9,664	-
Fire programs fund	-	101,024	101,024	-
Victim-witness grant	-	13,103	13,103	-

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Other categorical aid: (Continued)				
Other categorical aid	$ -	$ 21,069	$ 29,694	$ 8,625
Total other categorical aid	$ 2,907,859	$ 3,581,722	$ 3,214,992	$ (366,730)
Total categorical aid	$ 4,987,859	$ 5,661,722	$ 5,409,979	$ (251,743)
Total revenue from the Commonwealth	$ 6,951,086	$ 7,624,949	$ 7,410,233	$ (214,716)
Revenue from the federal government:				
Categorical aid:				
Welfare public assistance	$ 1,544,334	$ 1,684,558	$ 1,949,866	$ 265,308
Victim witness	-	39,310	39,310	-
Federal DMV grants	-	12,140	13,777	1,637
Local law enforcement grant	-	2,209	-	(2,209)
Bulletproof vest partnership program	-	2,370	1,723	(647)
FEMA grants	-	-	20,503	20,503
Violence against women	-	27,350	27,350	-
Federal interest subsidy	220,000	220,000	226,286	6,286
Emergency management preparedness	-	-	17,607	17,607
Total categorical aid	$ 1,764,334	$ 1,987,937	$ 2,296,422	$ 308,485
Total revenue from the federal government	$ 1,764,334	$ 1,987,937	$ 2,296,422	$ 308,485
Total General Fund	$ 73,256,193	$ 74,629,878	$ 78,345,237	$ 3,715,359
Capital Projects Fund:				
County Capital Improvements Fund:				
Revenue from local sources:				
Other local taxes:				
Meals tax	$ 925,000	$ 925,000	$ 1,094,835	$ 169,835
Revenue from use of money and property:				
Revenue from the use of money	$ 20,000	$ 20,000	$ 328,531	$ 308,531
Miscellaneous revenue:				
Other miscellaneous	$ 50,000	$ 270,750	$ 241,119	$ (29,631)
Recovered costs:				
Other recovered costs	$ -	$ 34,215	$ 17,108	$ (17,107)
Total revenue from local sources	$ 995,000	$ 1,249,965	$ 1,681,593	$ 431,628
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Recordation taxes	$ 120,000	$ 120,000	$ 150,059	$ 30,059
Other categorical aid	30,000	30,000	17,108	(12,892)
Total categorical aid	$ 150,000	$ 150,000	$ 167,167	$ 17,167
Total revenue from the Commonwealth	$ 150,000	$ 150,000	$ 167,167	$ 17,167
Total County Capital Improvements Fund	$ 1,145,000	$ 1,399,965	$ 1,848,760	$ 448,795

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Fund: (Continued)				
Natural Disaster Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	$ -	$ -	$ 48	$ 48
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
FEMA - earthquake funds	$ -	$ -	$ 7,818	$ 7,818
Revenue from the federal government:				
Categorical aid:				
FEMA - earthquake funds	$ -	$ -	$ 78,703	$ 78,703
Total Natural Disaster Capital Projects Fund	-	-	86,569	86,569
Total Primary Government	$ 74,401,193	$ 76,029,843	$ 80,280,566	$ 4,250,723
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	$ 2,500	$ 2,500	$ 705	$ (1,795)
Revenue from the use of property	-	-	2,669	2,669
Total revenue from use of money and property	$ 2,500	$ 2,500	$ 3,374	$ 874
Charges for services:				
Tuition	$ 463,500	$ 463,500	$ 467,373	$ 3,873
Cafeteria sales	840,859	840,859	756,292	(84,567)
Total charges for services	$ 1,304,359	$ 1,304,359	$ 1,223,665	$ (80,694)
Miscellaneous revenue:				
Other miscellaneous	$ 318,495	$ 318,495	$ 154,865	$ (163,630)
Recovered costs:				
Other recovered costs	$ 278,004	$ 279,813	$ 70,780	$ (209,033)
Total revenue from local sources	$ 1,903,358	$ 1,905,167	$ 1,452,684	$ (452,483)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Louisa, Virginia	$ 30,692,544	$ 30,973,084	$ 29,020,041	$ (1,953,043)

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	$ 5,436,581	$ 5,436,581	$ 5,312,773	$ (123,808)
Basic school aid	9,886,184	9,886,184	9,825,104	(61,080)
Remedial education	333,504	333,504	330,355	(3,149)
Special education	1,443,046	1,443,046	1,429,420	(13,626)
Textbook payment	234,693	234,693	232,477	(2,216)
Vocational SOQ payments	173,166	173,166	171,530	(1,636)
Social security fringe benefits	605,010	605,010	599,298	(5,712)
Retirement fringe benefits	1,246,364	1,246,364	1,234,595	(11,769)
At risk payments	292,646	292,646	289,848	(2,798)
Special education - regional tuition	377,401	377,401	491,885	114,484
Primary class size	434,207	434,207	428,487	(5,720)
Technology	206,000	206,000	211,548	5,548
At risk four-year olds	297,063	297,063	269,500	(27,563)
Other state funds	684,851	684,851	731,039	46,188
Total categorical aid	$ 21,650,716	$ 21,650,716	$ 21,557,859	$ (92,857)
Total revenue from the Commonwealth	$ 21,650,716	$ 21,650,716	$ 21,557,859	$ (92,857)
Revenue from the federal government:				
Categorical aid:				
Title II, part D: Education technology state grants	$ 15,000	$ 15,000	$ -	$ (15,000)
Title I: Grants to local educational agencies	849,127	849,127	973,287	124,160
Title VI-B: Special education grants	1,900,787	1,900,787	587,590	(1,313,197)
Title VI-B: Special education preschool grants	17,666	17,666	-	(17,666)
Vocational education	75,000	75,000	49,301	(25,699)
Safe and drug free schools and communities	2,500	2,500	-	(2,500)
Title II, part A: Improving teacher quality	174,070	174,070	151,457	(22,613)
School lunch and breakfast program	1,288,199	1,288,199	1,447,404	159,205
FEMA grant	-	-	13,815	13,815
Advanced placement grants	-	-	13	13
Language acquisition grant - refugee children	-	-	7,280	7,280
Total categorical aid	$ 4,322,349	$ 4,322,349	$ 3,230,147	$ (1,092,202)
Total revenue from the federal government	$ 4,322,349	$ 4,322,349	$ 3,230,147	$ (1,092,202)
Total School Operating Fund	$ 58,568,967	$ 58,851,316	$ 55,260,731	$ (3,590,585)
Total Discretely Presented Component Unit - School Board	$ 58,568,967	$ 58,851,316	$ 55,260,731	$ (3,590,585)

Statistical Section

Contents	Tables
	15-17

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.

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COUNTY OF LOUISA, VIRGINIA **Table 1**

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net investment in capital assets	$ 15,445,907	$ 17,461,096	$ 17,504,861	$ 18,143,105	$ 17,833,603	$ 16,354,996	$ 18,464,264	$ 24,664,433	$ 23,278,507	$ 25,809,816
Restricted	-	-	-	-	-	-	1,571,038	1,527,892	1,483,266	-
Unrestricted	52,132,430	59,940,996	64,218,511	56,273,869	58,590,814	59,139,278	51,610,080	47,904,898	53,460,871	61,946,226
Total governmental activities net position	$ 67,578,337	$ 77,402,092	$ 81,723,372	$ 74,416,974	$ 76,424,417	$ 75,494,274	$ 71,645,382	$ 74,097,223	$ 78,222,644	$ 87,756,042
Primary government										
Net investment in capital assets	$ 15,445,907	$ 17,461,096	$ 17,504,861	$ 18,143,105	$ 17,833,603	$ 16,354,996	$ 18,464,264	$ 24,664,433	$ 23,278,507	$ 25,809,816
Restricted	-	-	-	-	-	-	1,571,038	1,527,892	1,483,266	-
Unrestricted	52,132,430	59,940,996	64,218,511	56,273,869	58,590,814	59,139,278	51,610,080	47,904,898	53,460,871	61,946,226
Total primary government net position	$ 67,578,337	$ 77,402,092	$ 81,723,372	$ 74,416,974	$ 76,424,417	$ 75,494,274	$ 71,645,382	$ 74,097,223	$ 78,222,644	$ 87,756,042

COUNTY OF LOUISA, VIRGINIA

Table 2
Page 1 of 2

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
General government administration	$ 3,186,889	$ 3,350,010	$ 3,558,411	$ 3,677,873	$ 3,315,349	$ 3,397,777	$ 3,506,219	$ 3,435,934	$ 3,478,169	$ 3,542,581
Judicial administration	2,064,610	2,171,890	2,159,585	2,102,860	2,009,183	2,058,528	2,064,058	1,880,796	1,979,935	1,938,254
Public safety	8,134,037	9,134,214	10,517,891	11,613,566	12,377,094	12,406,368	13,522,591	12,293,528	12,929,011	14,179,090
Public works	3,436,269	3,563,987	3,991,484	3,785,930	3,618,145	4,396,747	5,705,451	4,910,275	4,764,676	3,754,577
Health and welfare	6,595,067	7,118,397	7,303,205	7,190,521	7,556,166	7,728,749	7,310,884	7,594,943	7,838,939	8,593,657
Education	24,724,820	24,954,712	26,044,246	27,275,972	30,226,555	35,300,357	48,664,735	55,404,276	35,829,452	32,406,304
Parks, recreation and cultural	1,954,021	1,730,650	1,736,229	1,496,928	1,495,615	1,488,418	1,551,528	1,480,517	1,090,803	1,549,298
Community development	2,891,452	2,100,642	4,119,397	12,482,752	2,487,347	3,573,642	2,616,432	3,194,504	3,897,447	1,453,747
Interest on long-term debt	612,869	663,163	979,923	971,342	876,571	1,089,251	1,198,401	1,168,271	1,848,496	2,577,258
Total governmental activities expenses	$ 53,600,034	$ 54,787,665	$ 60,410,371	$ 70,597,744	$ 63,962,025	$ 71,439,837	$ 86,140,299	$ 91,363,044	$ 73,656,928	$ 69,994,766
Total primary government expenses	$ 53,600,034	$ 54,787,665	$ 60,410,371	$ 70,597,744	$ 63,962,025	$ 71,439,837	$ 86,140,299	$ 91,363,044	$ 73,656,928	$ 69,994,766
Program Revenues										
Governmental activities:										
Charges for services:										
General government administration	$ 34,375	$ 54,675	$ 46,472	$ 77,620	$ 21,176	$ 7,197	$ 41,008	$ 7,797	$ 15,870	$ 7,134
Judicial administration	167,024	175,650	142,758	125,991	83,893	108,028	165,625	119,779	97,417	108,997
Public safety	939,053	1,001,743	1,473,731	1,458,471	1,472,152	1,509,182	1,389,958	1,354,341	1,792,809	1,607,597
Public works	485,627	332,146	649,390	390,488	173,593	144,159	211,043	230,633	338,143	323,192
Parks, recreation and cultural	398,664	436,224	417,848	474,411	446,390	380,593	405,649	399,985	405,900	497,948
Community development	4,061	-	-	-	-	92,000	24,000	27,250	20,270	12,400
Operating grants and contributions	5,817,630	6,293,647	6,166,247	6,661,424	7,304,734	6,398,089	7,020,212	7,282,136	7,291,389	7,856,460
Capital grants and contributions	1,210,700	1,521,611	37,708	312,468	1,678,212	4,061,482	13,772,275	25,227,045	2,795,787	103,629
Total governmental activities program revenues	$ 9,057,134	$ 9,815,696	$ 8,934,154	$ 9,500,873	$ 11,180,150	$ 12,700,730	$ 23,029,770	$ 34,648,966	$ 12,757,585	$ 10,517,357
Total primary government program revenues	$ 9,057,134	$ 9,815,696	$ 8,934,154	$ 9,500,873	$ 11,180,150	$ 12,700,730	$ 23,029,770	$ 34,648,966	$ 12,757,585	$ 10,517,357
Net (expense) / revenue										
Governmental activities	$ (44,542,900)	$ (44,971,969)	$ (51,476,217)	$ (61,096,871)	$ (52,781,875)	$ (58,739,107)	$ (63,110,529)	$ (56,714,078)	$ (60,899,343)	$ (59,477,409)
Total primary government net expense	$ (44,542,900)	$ (44,971,969)	$ (51,476,217)	$ (61,096,871)	$ (52,781,875)	$ (58,739,107)	$ (63,110,529)	$ (56,714,078)	$ (60,899,343)	$ (59,477,409)

COUNTY OF LOUISA, VIRGINIA

Table 2
Page 2 of 2

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	$ 46,208,819	$ 47,820,043	$ 48,588,750	$ 46,946,443	$ 47,362,574	$ 48,819,978	$ 48,680,852	$ 52,232,855	$ 55,134,815	$ 58,183,294
Local sales and use taxes	1,723,872	2,062,118	2,409,995	2,604,059	2,952,991	2,743,049	3,020,623	2,879,726	3,309,977	3,673,209
Taxes on recordation and wills	739,593	571,874	495,804	410,873	427,573	512,023	444,333	476,414	559,854	579,547
Motor vehicle licenses taxes	587,777	21,927	395,196	556,974	597,817	616,661	647,134	674,854	1,193,414	1,329,437
Consumer utility taxes	568,674	579,350	583,834	591,476	590,706	598,718	604,328	613,142	609,137	610,599
E-911 / Communication taxes	398,901	362,437	363,946	362,146	-	-	-	-	-	-
Meals taxes	-	-	-	-	270,164	783,656	794,167	853,460	971,798	1,094,835
Other local taxes	285,074	226,923	216,787	246,305	228,194	227,083	333,699	259,704	329,019	355,113
Unrestricted grants and contributions	1,881,387	1,990,902	1,873,141	1,529,514	1,831,432	1,892,641	2,021,312	1,944,776	1,995,279	2,000,254
Unrestricted revenues from use of money and property	2,075,246	941,206	553,396	356,548	286,590	323,760	305,361	320,025	399,957	741,813
Miscellaneous	323,569	269,679	314,823	184,434	241,277	194,732	335,198	325,243	510,160	442,706
Transfers	-	(50,735)	-	-	-	-				
Insurance proceeds	-	-	-	-	-	1,096,663	2,074,630	-	-	-
Gain/Loss Sale of Assets	-	-	1,825	1,701	-	-	-	-	-	-
Total governmental activities	$ 54,792,912	$ 54,795,724	$ 55,797,497	$ 53,790,473	$ 54,789,318	$ 57,808,964	$ 59,261,637	$ 60,580,199	$ 65,013,410	$ 69,010,807
Total primary government	$ 54,792,912	$ 54,795,724	$ 55,797,497	$ 53,790,473	$ 54,789,318	$ 57,808,964	$ 59,261,637	$ 60,580,199	$ 65,013,410	$ 69,010,807
Change in Net Position										
Governmental activities	$ 10,250,012	$ 9,823,755	$ 4,321,280	$ (7,306,398)	$ 2,007,443	$ (930,143)	$ (3,848,892)	$ 3,866,121	$ 4,114,067	$ 9,533,398
Total primary government	$ 10,250,012	$ 9,823,755	$ 4,321,280	$ (7,306,398)	$ 2,007,443	$ (930,143)	$ (3,848,892)	$ 3,866,121	$ 4,114,067	$ 9,533,398

COUNTY OF LOUISA, VIRGINIA **Table 3**

Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Motor Vehicle License Tax	Record-ation and Wills Tax	E-911 Tax	Meals Tax	Other Local Taxes	Total
2017	$ 58,183,294	$ 3,673,209	$ 610,599	$ 1,329,437	$ 579,547	$ -	$ 1,094,835	$ 355,113	$ 65,826,034
2016	55,134,815	3,309,977	609,137	1,193,414	559,854	-	971,798	329,019	62,108,014
2015	52,232,855	2,879,726	613,142	674,854	476,414	-	853,460	259,704	57,990,155
2014	48,680,852	3,020,623	604,328	647,134	444,333	-	794,167	333,699	54,525,136
2013	48,819,978	2,743,049	598,718	616,661	512,023	-	783,656	227,083	54,301,168
2012	47,362,574	2,952,991	590,706	597,817	427,573	-	270,164	228,194	52,430,019
2011	46,946,443	2,604,059	591,476	556,974	410,873	362,146	-	246,305	51,718,276
2010	48,588,750	2,409,995	583,834	395,196	495,804	363,946	-	216,787	53,054,312
2009	47,820,043	2,062,118	579,350	21,927	571,874	362,437	-	226,923	51,644,672
2008	46,208,819	1,723,872	568,674	587,777	739,593	398,901	-	285,074	50,512,710

COUNTY OF LOUISA, VIRGINIA **Table 4**

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General fund										
Nonspendable	$ -	$ -	$ -	$ -	$ 13,729	$ 12,639	$ 13,173	$ 16,298	$ 47,160	$ 255,671
Restricted	-	-	-	-	-	-	1,571,038	1,527,892	1,483,266	-
Committed	-	-	15,800,000	15,800,000	15,800,000	15,800,000	16,127,572	16,043,455	16,065,184	15,800,000
Assigned	-	-	6,148,450	4,085,570	4,219,865	2,696,787	3,142,020	1,319,725	1,368,802	1,653,829
Unassigned	-	-	24,576,330	28,944,536	28,623,070	37,528,191	31,808,588	29,559,129	26,063,587	28,887,913
Unreserved	41,320,911	42,864,680	-	-	-	-	-	-	-	-
Total general fund	$ 41,320,911	$ 42,864,680	$ 46,524,780	$ 48,830,106	$ 48,656,664	$ 56,037,617	$ 52,662,391	$ 48,466,499	$ 45,027,999	$ 46,597,413
All other governmental funds										
Committed for capital projects funds	$ -	$ -	$ -	$ -	$ -	$ 15,269,509	$ 14,116,425	$ 7,922,833	$ 49,899,791	$ 33,238,865
Assigned for capital projects funds	-	-	20,146,488	7,890,912	9,731,381	3,324,472	99,583	-	11,264,363	18,317,409
Unreserved capital projects funds	11,694,539	28,034,638	-	-	-	-	-	-	-	-
Total all other governmental funds	$ 11,694,539	$ 28,034,638	$ 20,146,488	$ 7,890,912	$ 9,731,381	$ 18,593,981	$ 14,216,008	$ 7,922,833	$ 61,164,154	$ 51,556,274

(1) Beginning in FY 2010, the County adopted GASB 54, which changed the classification of governmental fund balances.

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
General property taxes	$ 45,676,153	$ 47,544,306	$ 47,712,558	$ 46,990,688	$ 47,020,171	$ 48,787,578	$ 48,994,477	$ 52,205,038	$ 55,027,281	$ 58,357,514
Other local taxes	4,303,891	3,824,629	4,465,562	4,771,833	5,067,445	5,481,190	5,844,284	5,757,300	6,973,199	7,642,740
Permits, privilege fees and regulatory licenses	1,431,386	1,117,012	830,171	590,423	435,796	401,691	428,901	444,544	645,658	506,821
Fines and forfeitures	87,869	132,814	196,601	239,817	169,536	136,111	85,254	48,357	37,974	29,299
Revenue from use of money and property	2,075,246	938,376	553,396	356,548	286,590	323,760	305,361	320,025	399,957	741,813
Charges for services	1,092,338	1,375,191	1,718,061	1,696,861	1,591,872	1,703,357	1,723,128	1,646,884	1,986,777	2,021,148
Miscellaneous	323,420	895,138	300,189	216,759	517,356	205,981	335,198	325,243	510,160	442,706
Recovered costs	277,414	134,990	150,493	163,522	99,459	71,213	93,425	181,956	231,852	578,182
Intergovernmental revenues:										
Contribution from School Board	-	-	-	-	-	-	-	1,167,485	-	-
Commonwealth	6,633,623	6,669,228	6,226,703	6,372,522	7,419,266	7,142,426	9,745,431	11,605,371	7,779,886	7,585,218
Federal	1,700,094	1,869,565	1,850,393	2,130,884	3,395,112	5,209,786	13,068,368	22,848,586	4,302,569	2,375,125
Total revenues	$ 63,601,434	$ 64,501,249	$ 64,004,127	$ 63,529,857	$ 66,002,603	$ 69,463,093	$ 80,623,827	$ 96,550,789	$ 77,895,313	$ 80,280,566
Expenditures										
General government administration	$ 2,923,524	$ 2,992,833	$ 3,248,317	$ 3,201,991	$ 3,153,551	$ 3,214,437	$ 3,295,339	$ 3,259,357	$ 3,318,595	$ 3,272,417
Judicial administration	1,948,552	2,036,725	2,000,848	1,891,250	1,882,501	1,902,864	1,926,261	1,886,765	1,971,782	1,952,842
Public safety	7,503,183	8,573,223	10,029,853	10,495,034	11,535,345	10,846,906	11,797,370	11,747,197	12,274,568	13,054,257
Public works	3,263,493	3,393,254	3,752,836	4,703,428	3,479,533	3,658,635	3,789,408	6,243,301	3,028,924	3,089,009
Health and welfare	6,814,582	7,130,528	7,433,326	7,298,075	7,555,697	7,732,699	7,298,502	7,629,321	8,025,122	8,678,611
Education	22,589,311	22,874,993	23,299,928	25,047,755	24,803,778	26,721,637	29,382,401	28,287,198	30,915,671	29,057,136
Parks, recreation and cultural	1,857,330	1,564,058	1,607,570	1,393,472	1,385,529	1,380,311	1,432,249	1,409,646	1,467,662	1,471,176
Community development	1,725,372	1,673,821	1,591,805	1,525,489	1,449,634	1,469,817	1,384,468	1,434,971	1,361,644	1,305,182
Capital projects	5,254,451	10,451,354	13,192,002	14,827,245	6,083,921	16,971,127	34,433,009	43,222,067	11,612,022	13,319,089
Debt service:										
Principal retirement	1,166,750	1,215,000	1,190,000	1,940,000	1,955,000	1,960,000	2,220,442	1,885,442	2,204,441	10,490,358
Interest and other fiscal charges	517,125	665,331	887,517	1,156,368	1,051,087	1,173,830	1,331,414	1,434,105	1,951,423	2,843,615
Total expenditures	$ 55,563,673	$ 62,571,120	$ 68,234,002	$ 73,480,107	$ 64,335,576	$ 77,032,263	$ 98,290,863	$ 108,439,370	$ 78,131,854	$ 88,533,692
Excess of revenues over (under) expenditures	$ 8,037,761	$ 1,930,129	$ (4,229,875)	$ (9,950,250)	$ 1,667,027	$ (7,569,170)	$ (17,667,036)	$ (11,888,581)	$ (236,541)	$ (8,253,126)
Other financing sources (uses)										
Transfers in	$ 4,542,675	$ 9,460,313	$ 4,854,860	$ 3,092,633	$ 5,557,683	$ 5,646,828	$ 5,445,273	$ 8,892,894	$ 15,083,118	$ 17,465,439
Transfers out	(4,542,675)	(9,511,048)	(4,854,860)	(3,092,633)	(5,557,683)	(5,646,828)	(5,445,273)	(8,892,894)	(15,083,118)	(17,465,439)
Debt issued	4,004,390	16,004,474	-	-	-	15,024,716	-	500,000	44,830,000	-
Premium on bonds issued	-	-	-	-	-	1,379,051	-	-	5,209,362	-
Issuance of capital leases	-	-	-	-	-	-	-	899,514	-	214,660
Sale of capital assets	-	-	1,825	-	-	-	-	-	-	-
Total other financing sources (uses)	$ 4,004,390	$ 15,953,739	$ 1,825	$ -	$ -	$ 16,403,767	$ -	$ 1,399,514	$ 50,039,362	$ 214,660
Extraordinary items:										
Insurance proceeds	$ -	$ -	$ -	$ -	$ -	$ 7,408,956	$ 9,913,837	$ -	$ -	$ -
Net change in fund balances	$ 12,042,151	$ 17,883,868	$ (4,228,050)	$ (9,950,250)	$ 1,667,027	$ 16,243,553	$ (7,753,199)	$ (10,489,067)	$ 49,802,821	$ (8,038,466)
Debt service as a percentage of noncapital expenditures	3.19%	3.48%	3.49%	4.35%	4.97%	4.14%	3.90%	3.63%	5.11%	16.74%

COUNTY OF LOUISA, VIRGINIA **Table 6**

General Governmental Tax Revenues by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Motor Vehicle License Tax	Recordation and Wills Tax	E-911 Tax	Meals Tax	Other Local Taxes	Total
2017	$ 58,357,514	$ 3,673,209	$ 610,599	$ 1,329,437	$ 579,547	$ -	$ 1,094,835	$ 355,113	$ 66,000,254
2016	55,027,281	3,309,977	609,137	1,193,414	559,854	-	971,798	329,019	62,000,480
2015	52,205,038	2,879,726	613,142	674,854	476,414	-	853,460	259,704	57,962,338
2014	48,994,477	3,020,623	604,328	647,134	444,333	-	794,167	333,699	54,838,761
2013	48,787,578	2,743,049	598,718	616,661	512,023	-	783,656	227,083	54,268,768
2012	47,020,171	2,952,991	590,706	597,817	427,573	-	270,164	228,194	52,087,616
2011	46,990,688	2,604,059	591,476	556,974	410,873	362,146	-	246,305	51,762,521
2010	47,712,558	2,409,995	583,834	395,196	495,804	363,946	-	216,787	52,178,120
2009	47,544,306	2,062,118	579,350	21,927	571,874	362,437	-	226,923	51,368,935
2008	45,676,153	1,723,872	568,674	587,777	739,593	398,901	-	285,074	49,980,044

COUNTY OF LOUISA, VIRGINIA **Table 7**

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

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital	Public Service	Total Taxable Assessed Value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value	Total Direct Tax Rate
2017	$ 4,941,166,100	$ 382,171,780	$ 10,733,900	$ 17,240,925	$ 78,425,865	$ 2,449,442,640	$ 7,879,181,210	$ 7,879,181,210	$ 100.00%	0.78
2016	4,837,891,500	357,158,820	10,267,300	16,405,760	80,784,420	2,511,655,800	7,814,163,600	7,814,163,600	100.00%	0.78
2015	4,777,630,500	341,372,490	10,600,100	19,422,485	71,385,195	2,617,150,420	7,837,561,190	7,837,561,190	100.00%	0.76
2014	4,684,098,800	322,098,985	10,774,500	18,075,150	73,809,620	2,550,898,590	7,659,755,645	7,659,755,645	100.00%	0.73
2013	4,634,596,700	315,079,250	10,659,640	18,079,660	74,028,685	2,563,851,550	7,616,295,485	7,616,295,485	100.00%	0.73
2012	4,809,878,400	306,112,590	10,800,535	16,843,835	68,920,580	2,510,888,670	7,723,444,610	7,723,444,610	100.00%	0.70
2011	4,999,035,800	305,658,145	11,150,300	14,582,815	66,171,075	2,403,301,540	7,799,899,675	7,799,899,675	100.00%	0.70
2010	5,155,202,300	304,893,145	11,724,670	16,483,850	62,351,915	2,382,687,070	7,933,342,950	7,933,342,950	100.00%	0.69
2009	5,190,412,400	334,390,420	11,999,130	16,025,820	59,178,500	2,310,520,400	7,922,526,670	7,922,526,670	100.00%	0.70
2008	5,104,017,200	304,852,330	12,100,470	14,912,970	53,474,780	2,263,061,022	7,752,418,772	7,752,418,772	100.00%	0.69

Note: Estimated Actual Taxable Value is the same as Total Taxable Assessed Value. Total Taxable Assessed Value is reported at Fair Market Value.

Source: Commissioner of Revenue

COUNTY OF LOUISA, VIRGINIA **Table 8**

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

	Direct Rates						Overlapping Rates Town of Louisa		Overlapping Rates Town of Mineral	
Fiscal Years	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital	Total Direct Tax Rate	Real Estate	Personal Property	Real Estate	Personal Property
2017	0.72	2.43 (2)	0.72	1.90	0.65	0.78	0.1635	0.71	0.24	0.48
2016	0.72	1.90	0.72	1.90	0.65	0.78	0.1635	0.71	0.24	0.48
2015	0.68	1.90	0.65	1.90	0.65	0.76	0.1635	0.71	0.24	0.48
2014	0.65	1.90	0.65	1.90	0.65	0.73	0.1635	0.71	0.24	0.48
2013	0.65	1.90	0.65	1.90	0.65	0.73	0.166	0.71	0.25	0.60
2012	0.62	1.90	0.62	1.90	0.65	0.70	0.166	0.71	0.25	0.60
2011	0.62	1.90	0.62	1.90	0.65	0.70	0.166	0.71	0.25	0.60
2010	0.62	1.90	0.62	1.90	0.65	0.69	0.166	0.71	0.25	0.60
2009	0.62	1.90	0.62	1.90	0.65	0.70	0.166	0.71	0.25	0.60
2008	0.62	1.90	0.62	1.90	0.65	0.69	0.166	0.71	0.25	0.60

(1) Per $100 of assessed value
(2) Business personal property is $1.90

COUNTY OF LOUISA, VIRGINIA **Table 9**

Principal Property Taxpayers
Current Year and the Period Nine Years Prior

		Fiscal Year 2017		Fiscal Year 2008	
Taxpayer	Type Business	2016 Assessed Valuation	% of Total Assessed Valuation	2007 Assessed Valuation	% of Total Assessed Valuation
Dominion Virgina Power	Electric	1,882,356,710	23.89%	1,727,727,354	22.29%
Old Dominion	Electric	429,565,970	5.45%	420,662,553	5.43%
Walmart	Retailer	112,971,440	1.43%	82,250,035	1.06%
Rappahannock Electric Co-op	Electric	47,720,670	0.61%	36,773,168	0.47%
Spring Creek Land	Land Developer	30,543,860	0.39%	10,928,300	0.14%
Klockner Pentaplast	Manufacturing	27,834,655	0.35%	25,072,035	0.32%
Columbia Gas	Pipeline	23,911,910	0.30%	18,156,168	0.23%
Colonial Pipeline	Pipeline	17,183,140	0.22%	11,030,961	0.14%
Lowes	Retailer	17,182,395	0.22%	N/A	N/A
Central Virginia Electric	Electric	16,477,930	0.21%	8,703,483	0.11%
William A. Cooke Inc.	Land Developer/Realtor	14,329,970	0.18%	N/A	N/A
Verizon	Telecom	-	N/A	28,811,649	0.37%
CSX	Railroad	-	N/A	11,217,208	0.14%
		2,620,078,650	33.25%	2,381,332,914	30.72%

Source: Commissioner of Revenue

COUNTY OF LOUISA, VIRGINIA **Table 10**

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax (1) Levy for Fiscal Year	Collected within the Fiscal Year of the Levy (1,3) Amount	Percentage of Levy	Collections in Subsequent Years (1, 2)	Total Collections to Date Amount	Percentage of Levy
2017	$ 60,264,469	$ 55,623,701	92.30%	$ -	$ 55,623,701	92.30%
2016	55,928,868	52,909,359	94.60%	940,273	53,849,632	96.28%
2015	53,108,367	51,638,365	97.23%	1,237,800	52,876,164	99.56%
2014	50,373,700	48,270,091	95.82%	1,287,184	49,557,274	98.38%
2013	50,042,782	48,241,955	96.40%	1,269,208	49,511,163	98.94%
2012	47,825,382	46,403,601	97.03%	1,352,008	47,755,609	99.85%
2011	48,176,866	46,472,902	96.46%	1,578,224	48,051,126	99.74%
2010	48,916,345	47,557,751	97.22%	1,072,003	48,629,755	99.41%
2009	49,245,771	47,419,591	96.29%	1,164,715	48,584,306	98.66%
2008	47,728,766	46,100,844	96.59%	750,753	46,851,597	98.16%

Source: Commissioner of Revenue, County Treasurer's office

(1) Exclusive of penalties & interest.
(2) Does not include land rollbacks.
(3) Includes revenue from the Commonwealth for Personal Property Tax Relief Act.

COUNTY OF LOUISA, VIRGINIA **Table 11**

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities							
Fiscal Years	General Obligation Bonds	Lease Revenue Bonds	Bond Premium	Revenue Anticipation Notes	Capital Leases	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2017	$ 25,392,948	$ 37,115,000	$ 6,430,908	$ -	$ 1,034,378	$ 69,973,234	4764.35%	$ 1,986
2016	27,303,390	37,830,000	6,916,922	7,500,000	1,184,634	80,734,946	5497.09%	2,333
2015	29,198,832	-	1,932,473	500,000	899,514	32,530,819	2214.96%	948
2014	31,084,274	-	2,168,822	-	-	33,253,096	2082.98%	978
2013	33,304,716	-	2,372,944	-	-	35,677,660	2294.45%	1,064
2012	20,240,000	-	1,115,749	-	-	21,355,749	1454.74%	637
2011	22,195,000	-	1,243,824	-	-	23,438,824	1646.17%	702
2010	24,135,000	-	1,378,782	-	-	25,513,782	1942.69%	770
2009	25,325,000	-	1,480,493	-	-	26,805,493	2131.93%	816
2008	11,835,000	-	204,390	-	-	12,039,390	973.63%	371

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.
(1) See the Schedule of Demographic and Economic Statistics - Table 13

COUNTY OF LOUISA, VIRGINIA **Table 12**

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

Fiscal Year	Gross Bonded Debt	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
2017	$ 26,888,225	$ 26,888,225	0.34%	$ 763
2016	29,010,950	29,010,950	0.37%	838
2015	31,131,305	31,131,305	0.40%	907
2014	33,253,096	33,253,096	0.43%	978
2013	35,677,660	35,677,660	0.47%	1,064
2012	21,355,749	21,355,749	0.28%	637
2011	23,438,824	23,438,824	0.30%	702
2010	25,513,782	25,513,782	0.32%	770
2009	26,805,493	26,805,493	0.34%	816
2008	12,039,390	12,039,390	0.16%	371

(1) Population data can be found in the Schedule of Demographic and Economic Statistics - Table 13
(2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property - Table 7
(3) Includes all long-term general obligation bonded debt and Literary Fund Loans. Excludes revenue bonds, capital leases, and compensated absences.

COUNTY OF LOUISA, VIRGINIA **Table 13**

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Personal Income (2)	Median Age (3)	School Enrollment (4)	Unemploy-ment Rate (5)
2017	35,236	$ 1,468,684	$ 42,445		4,684	3.50%
2016	34,602	1,468,684	42,445		4,688	3.60%
2015	34,312	1,468,684	42,445		4,652	4.80%
2014	33,984	1,596,417	46,478	43.6	4,618	5.80%
2013	33,517	1,554,956	45,808		4,573	6.30%
2012	33,514	1,468,015	43,913		4,546	6.80%
2011	33,410	1,423,841	42,617		4,553	6.90%
2010	33,153	1,313,320	39,485	42.6	4,533	8.00%
2009	32,840	1,257,336	38,287		4,571	7.80%
2008	32,475	1,236,548	38,077		4,538	4.30%

Souce:
(1) US Census Quick Facts
(2) U.S. Bureau of Economic Analysis
(3) Median Age at the County level is not data that is updated annually, but only with decennial census
(4) Annual School Report as prepared by the Louisa County Public Schools
(5) Virginia Employment Commission- Labor Market Information

Note: Personal Income and per capita personal income data is not available after 2014. The 2014 data has been used for subsequent years.

COUNTY OF LOUISA, VIRGINIA **Table 14**

Principal Employers
Current Year and the Period Nine Years Prior

	Fiscal Year 2017			Fiscal Year 2008	
Employer	**Employees**	**Rank**	**% of Total County Employment**	**Employees**	**Rank**
Walmart, Inc.	1,200	1	13.07%	Dominon Virginia Power	1
Louisa County Public Schools	983	2	10.71%	Walmart, Inc.	2
Dominion Virginia Power	865	3	9.42%	Louisa County Public Schools	3
Klockner- Pentaplast of America	541	4	5.89%	Klockner - Pentaplast of America	4
County of Louisa	402	5	4.38%	County of Louisa	5
Tri-Dim Filter Corporation	206	6	2.24%	Tri-Dim Filter Corporation	6
Lowes	158	7	1.72%	Mead Westvaco	7
Shenandoah Crossings Resort*	150	8	1.63%	Shenandoah Crossing Resort	8
Food Lion	148	9	1.61%	Lowes	9
Louisa Health Care Center	114	10	1.61%	Louisa Health Care Center	10
McDonalds	108	11	1.24%	Chips	11
Cavalier Produce	78	12	0.85%	Food Lion	12
Totals	9,178		54.40%		

Source: Virginia Employment Commission, Individual Companies HR Depts.

*Seasonal

COUNTY OF LOUISA, VIRGINIA **Table 15**

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

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government	31	33	32	32	32	29	32	32	32	34
Judicial administration	17	18	18	16	16	16	15	15	15	15
Public safety										
Sheriffs department	55	57	59	63	59	59	62	60	57	62
Fire & rescue	13	19	31	33	32	34	35	41	43	46
Building inspections	6.5	6.5	5.5	5.5	6	6	6	6	6	5
Animal control	4	4	4	2	4	4	4	3	3	3
Public works										
General maintenance	10	13	11	11	11	11	11	11	12	12
Landfill	2	2	2	1	1	1	1	1	5	5
Engineering	1	-	-	-	-	-	-	-	-	-
Health and welfare										
Department of social services	37	41	39	39	42	41	41	38	42	41
Culture and recreation										
Parks and recreation	7	5	5	5	5	5	5	5	5	5
Community development										
Planning	9.5	12.5	11.5	8.5	8	8	8	8	9	10
Totals	193	211	218	216	216	214	220	220	229	238

Source: Payroll Records

COUNTY OF LOUISA, VIRGINIA **Table 16**

Operating Indicators by Function
Last Ten Fiscal Years

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public safety										
Sheriffs department:										
Physical arrests	1,885	2,068	2,078	2,227	2,155	1,974	1,751	1,850	1,764	1,822
Traffic violations	2,235	3,624	4,909	4,249	2,757	1,893	1,277	937	920	1,025
Civil papers	11,292	11,303	11,440	10,371	10,176	9,791	11,187	9,443	10,640	8,718
Fire and rescue:										
Fire	2,500	3,379	2,968	3,153	3,382	3,175	4,723	4,565	4,723	7,289
Rescue	5,231	4,910	5,258	5,220	5,234	5,491	5,553	5,133	6,554	6,735
Total Number of calls answered	7,731	8,289	8,226	8,373	8,616	8,666	10,276	9,698	11,277	14,024
Total Number of actual rescue transports		1,732	2,550	2,620	3,001	3,320	3,464	3,374	3630	3504
Building inspections:										
Permits issued	1,970	1,403	1,197	1,263	1,491	1,322	1,245	1,099	1386	1571
Public works										
General maintenance:										
Trucks/vehicles	9	10	12	13	10	11	12	10	11	11
Landfill:										
Refuse collected (tons/day)	87.9	67	64.91	59.04	63.02	82.40	109.43	55.11	61.64	64.09
Health and welfare										
Department of Social Services:										
Caseload:										
Food Stamps	962	1,130	1,544	1,977	2,107	2,201	2,269	1,992	1,786	1,769
Medicaid	2,475	2,339	2,223	2,454	2,556	2,737	2,845	3,018	2,946	2,917
Temporary Asst. Needy Families	103	109	128	127	113	123	118	100	91	83
Culture and recreation										
Parks and recreation:										
Recreation hall permits issued	48	66	140	210	193	159	167	206	198	179
After-school program participants	273	214	191	160	210	204	225	229	253	250
Aquatic Facility Participants	6,065	14,333	12,791	12,196	10,008	9,277	9,170	9,329	11,734	13,027
Youth sports participants	7,533	10,029	6,228	6,175	5,725	5,044	6,051	4,956	5,676	5,972
Community development										
Planning:										
Zoning permits issued	961	840	668	590	942	658	566	926	870	979
Component Unit - School Board										
Education:										
School age population	5,881			6,204			6,124		6,059	6,148
Actual School Enrollment (March)	4,538	4,571	4,533	4,553	4,546	4,573	4,618	4,867	4,688	4,684
Number of teachers	378	361	355	375	391	375	374	393	374	405
Local expenditures per pupil	5,270	5,409	5,422	5,649	6,477	5,796	5,810	6,665	6,652	6,553
Total expenditures per pupil	9,725	10,432	10,162	10,108	11,646	11,410	11,628	11,491	11,469	12,033

Source: Individual County departments

NOTE: School Age Population Based on Actual School Census done every three years until 2011 and now provided by Weldon Cooper.

COUNTY OF LOUISA, VIRGINIA **Table 17**

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government administration										
Administration buildings	9	9	9	9	9	9	9	9	9	9
Vehicles	10	9	9	9	9	12	10	10	10	10
Public safety										
Sheriffs department:										
Patrol units	44	45	47	47	47	45	46	46	41	47
Other vehicles	14	24	23	26	32	31	31	31	39	33
Building inspections:										
Vehicles										
Animal control:										
Vehicles	4	4	4	4	5	5	5	5	4	6
Emergency Services:										
Vehicles	5	6	6	6	6	8	7	7	6	5
Ambulances	2	3	5	4	5	5	6	6	6	5
Public works										
General maintenance:										
Trucks/vehicles	10	10	12	13	13	12	12	11	8	10
Landfill:										
Vehicles	0	0	0	0	0	0	0	0	3	3
Sites	1	1	1	1	1	1	1	1	1	1
Refuse & Recycling Sites	9	9	9	9	9	9	9	9	9	9
Health and welfare										
Department of Social Services:										
Vehicles	10	11	11	8	7	7	8	8	9	9
Culture and recreation										
Parks and recreation:										
Community centers	2	2	2	2	2	2	2	2	2	2
Vehicles	5	5	4	6	6	8	8	9	9	8
Aquatic facilities		1	1	1	1	1	1	1	1	1
Parks acreage	35.22	35.22	35.22	35.22	35.22	104.62	104.62	104.62	104.62	104.62
Community development										
Planning:										
Vehicles	10	11	9	9	8	7	7	10	6	5
Component Unit - School Board										
Education:										
Schools	5	5	5	6	6	6	6	6	6	6
School buses	115	111	119	117	117	122	126	119	127	128

Source: Insurance Renewal Schedules

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 Louisa, 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, presented component units, each major fund, and the aggregate remaining fund information of the County of Louisa, Virginia as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County of Louisa, Virginia's basic financial statements and have issued our report thereon dated November 29, 2017.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses (2017-001).

Compliance and Other Matters

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

County of Louisa, Virginia's Response to Findings

County of Louisa, Virginia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. County of Louisa, Virginia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
November 29, 2017

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

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

Report on Compliance for Each Major Federal Program

We have audited the County of Louisa, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Louisa, Virginia's major federal programs for the year ended June 30, 2017. County of Louisa, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of the County of Louisa, 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 Louisa, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Louisa, Virginia's internal control over compliance.

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

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

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

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
November 29, 2017

COUNTY OF LOUISA, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting safe and stable families	93.556	0950116/0950115	$ 10,490
Temporary assistance for needy families	93.558	0400117/0400116	235,178
Refugee and entrant assistance - state administered programs	93.566	0500117/0500116	681
Low-income home energy assistance	93.568	0600417/0600416	25,702
Child care mandatory and matching funds of the child care and development fund	93.596	0760117/0760116	36,158
Stephanie Tubbs Jones child welfare services program	93.645	0900117/0900116	299
Foster care - Title IV-E	93.658	1100117/1100116	343,680
Adoption assistance	93.659	1120117/1120116	327,013
Social services block grant	93.667	1000117/1000116	214,877
Chafee foster care independence program	93.674	9150117/9150116	2,361
Children's health insurance program	93.767	0540117/0540116	13,026
Medical assistance program	93.778	1200117/1200116	413,792
Total Department of Health and Human Services			$ 1,623,257
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
Disaster grants - public assistance (presidentially declared disasters)	97.036	DEM0015699 DEM0016799	113,021
Emergency management performance grants	97.042	DEM6274500	17,607
Total Department of Homeland Security			$ 130,628
Department of Agriculture:			
Child Nutrition Cluster:			
Pass Through Payments:			
Department of Agriculture:			
Food distribution	10.555	201717N109941	$ 142,511
Department of Education:			
National school lunch program	10.555	201717IN109941/ 201616N109941	959,770
Total 10.555			$ 1,102,281
School breakfast program	10.553	201717IN109941/ 201616N109941	326,681
Summer food service program for children	10.559	201717N109941	17,965
Food distribution	10.559	201717N109941	477
Total 10.559			$ 18,442
Total child nutrition cluster			$ 1,447,404

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2017

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number		Federal Expenditures
Department of Agriculture: (Continued)				
Department of Social Services:				
State administrative matching grants for the supplemental nutrition assistance program	10.561	0010116/0010117	$	326,609
Total Department of Agriculture			$	1,774,013
Department of Justice:				
Direct payments:				
Bulletproof vest partnership program	16.607	N/A	$	1,723
Pass Through Payments:				
Department of Criminal Justice Services:				
Crime victim assistance	16.575	CJS86015	$	39,310
Violence against women formula grants	16.588	CJS86515/CJS7651601		27,350
Total Department of Justice			$	68,383
Department of Transportation:				
Pass Through Payments:				
Department of Motor Vehicles:				
Alcohol impaired driving countermeasures incentive grants I	20.601	K8-16-56084	$	3,697
Alcohol open container requirements	20.607	154AL-17-57426		10,080
Total Department of Transportation			$	13,777
Department of Education:				
Pass Through Payments:				
Virginia Tech:				
English language acquisition state grants	84.365	12493510	$	7,280
Department of Education:				
Title I grants to local educational agencies	84.010	S010A150046 S010A160046		973,287
Special education - grants to states	84.027	H027A150107		587,590
Career and technical education - basic grants to states	84.048	V048A150046		49,301
Supporting effective instruction state grant	84.367	S367A150044 S367A160044		151,457
Advanced placement program	84.330	S330B160002		13
Total Department of Education			$	1,768,928
Total Expenditures of Federal Awards			$	5,378,986

See accompanying notes to Schedule of Expenditures of Federal Awards.

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Louisa, Virginia under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Louisa, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Louisa, Virginia.

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

(3) The County did not elect to use the 10% de minimis indirect cost rate.

(4) The County did not pass any federal awards through to sub-recipients during the year ended June 30, 2017.

Note 3 - Food Distribution

Nonmonetary assistance is reported in the schedule at fair market value of the commodities received and disbursed.

Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:		
Primary government:		
General Fund	$	2,296,422
Natural Disaster Capital Projects Fund		78,703
Total primary government	$	2,375,125
Component Unit School Board:		
School Operating Fund	$	3,230,147
Total federal expenditures per basic financial statements	$	5,605,272
Less federal interest subsidy		(226,286)
Total federal expenditures per the Schedule of Expenditures of Federal Awards	$	5,378,986

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

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
84.027/84.173	Special Education Cluster
84.010	Ttile I Grants to Local Educational Agencies
10.555/10.553/10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	750,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

Finding 2017-001

Criteria:

Accounting principles generally accepted in the United States of America (GAAP) require entities to record all asset and liabilities in their financial statements.

Condition:

Material audit adjustments were needed for the Component Unit School Board including entrries to adjust due from other governments in the total amount of $1,558,664.

Cause:

The School Board's internal controls in place to capture and record all necessary balances in the automated accounting system were not adequate for the fiscal year ended June 30, 2017.

Effect:

There is more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal controls over financial reporting.

Recommendation:

It is recommended that the School Board strengthen internal controls to capture and record all balances accurately and eliminate the need for material audit adjustments.

Management's Response and Planned Corrective Action:

Management concurs with this recommendation and will strengthen internal controls to ensure that such adjustments are not needed in the future.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Prior Year Audit Findings

Finding 2016-001

Federal award finding - 84.027 - expenditures requested for reimbursement which were also requested for reimbursement under the Preschool Grant (84.173).

Status:

The School Board has designed appropriate controls for remediation of the federal award finding.

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