County of Louisa, Virginia

Comprehensive Annual Financial Report

Year Ended June 30, 2016

County of Louisa, Virginia

Comprehensive Annual Financial Report

For the Year Ended June 30, 2016

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, 2016

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November 28, 2016

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, 2016.

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, 2016. 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 Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. 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.

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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 and 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 second largest freshwater inland lake in Virginia, lies along the northeastern border of the County. With its 250 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 3.6% as of June 2016, down from 4.83% in the prior year[1]. Louisa County's population continues to increase. Since the 2010 census, Louisa County's population has increased by over 4.2%. The increase in population has brought 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 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, 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.

[1] United States Department of Labor, Bureau of Labor Statistics: June 2016 data.

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, 2016, 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 County experienced and has recovered from a catastrophic earthquake which destroyed two schools and severely damaged numerous other public and private structures. The recovery efforts are complete. The last of the two damaged schools, Louisa County High School, has been in service since the beginning of the FY16 school year.

- The James River Water Project was approved and funded, and construction began in 2016. This is the largest capital project the county has ever approved, not including the schools. 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 along our key corridors and growth areas while improving the quality of life and options for our citizens.

- The Zion Crossroads Market continues to experience steady commercial growth. The Stonegate Apartments (the residential section of the Planned Unit Development known as The Ridges) complex is currently under construction and should be ready for new tenants in the first quarter of 2017. The Stonegate development includes 282 residential units and approximately 130,000 square feet of commercial space. The additional residential population from the Stonegate development should continue to drive commercial growth in the Zion area. In addition, two new shopping centers totaling 12,000 sq. ft. are currently under construction.

- Spring Creek development has sold over half of the planned 1,200 lots within the subdivision. In addition, over 600 homes have been built to date and new sections of the phased development opened in late 2015.

- The Ferncliff Business Park has gained momentum in the region with the development of new industrial and commercial space. In 2015, three new businesses announced plans to locate within the business park. Since the announcement, Cavalier Produce has opened their state of the art cold storage distribution facility in the park and they have experienced tremendous growth as a result of locating in Louisa. The Louisa County Industrial Development Authority will break ground on 58,000 square feet of new industrial flex space within the park in the 4th quarter of 2016. New water and sewer infrastructure developments were initiated within the park in 2015. 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 has started and at full build out it will serve the Zion and Ferncliff Growth Areas. This park will continue to grow with added infrastructure in the short term.

- The Spring Creek Business Park continues to thrive as a medical office cluster development with the opening of UVA's 55,000 square foot facility and a new Orthodontist office which opened during 2015. This brought the total number of medical related businesses within the park to five.

- Dominion Power broke ground on a new 20 Mega Watt Solar Facility in Louisa County in 2016. The facility will produce enough power for 5,500 homes. The facility encompasses 245 acres and is known as the Whitehouse Solar Facility.

- Several existing business expansions and new businesses completed construction of their new facilities along in the 250 corridor in 2014 have helped to spur economic growth within the County during 2015. Capital investment related to the new construction and expansion projects approached $16 million, total new square footage was approximately 102,000 sq. ft. and roughly 163 new jobs were added in the County. This corridor will continue to be the focus of responsible industrial and commercial development, with the James River Water Project driving new development along this corridor.

- The Zion Crossroad Wastewater Treatment Plant re-use / effluent pipeline is scheduled for startup in late 2016 and once complete, the Water Authority will request removal of the Consent Orders for both Wastewater Treatment Plants. The Chemical Storage / Septage Receiving station construction at the Regional Wastewater Treatment Plant is complete. The Nanofiltration upgrade at the Northeast Creek Water Treatment Plant is anticipated to be completed in early 2017.

- The new cell at the Louisa County Landfill has been in operation for 3 years and has 3.9 years of usable space remaining. There are 2 additional permitted cells on site with approximately 16 additional years of available space. Final Closure of the prior cell was completed in February of 2015.

Awards and Achievements

The County received its 14th consecutive Certificate of Achievement on its fiscal year 2015 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 its FY2017 budget documents. This is the first time the county has received this award. 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 2015 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 first time the county has received this award.

The County also received the 2015 Virginia Association of Counties (VACo) Achievement Award for its Learn and Win (LAW) Program. In partnership with Louisa County Public Schools, agencies, and businesses, the Sheriff's Office began the LAW program in all public schools. Students receive lessons in key areas such as making smart choices, tobacco, alcohol, marijuana, other drugs, internet safety, gang awareness, vehicle safety, student responsibilities, juvenile justice, internet safety/sexting, and search and seizure.

Future Budget Considerations

For fiscal year 2017, the Board of Supervisors has approved a General Fund Operating Budget of $98,777,978. The approved CIP Budget is $10,137,300. The real estate tax rate was set at $0.72 per $100 of assessed value. The FY2017 Budget is a balanced budget with no reserves required to support operations or CIP projects.

The County faces continued financial pressures in FY2017 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, and state revenue projections are uncertain. 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 and support in conducting the financial management of the County in a responsible and progressive manner.

Respectfully submitted,

Christian R. Goodwin
County Administrator

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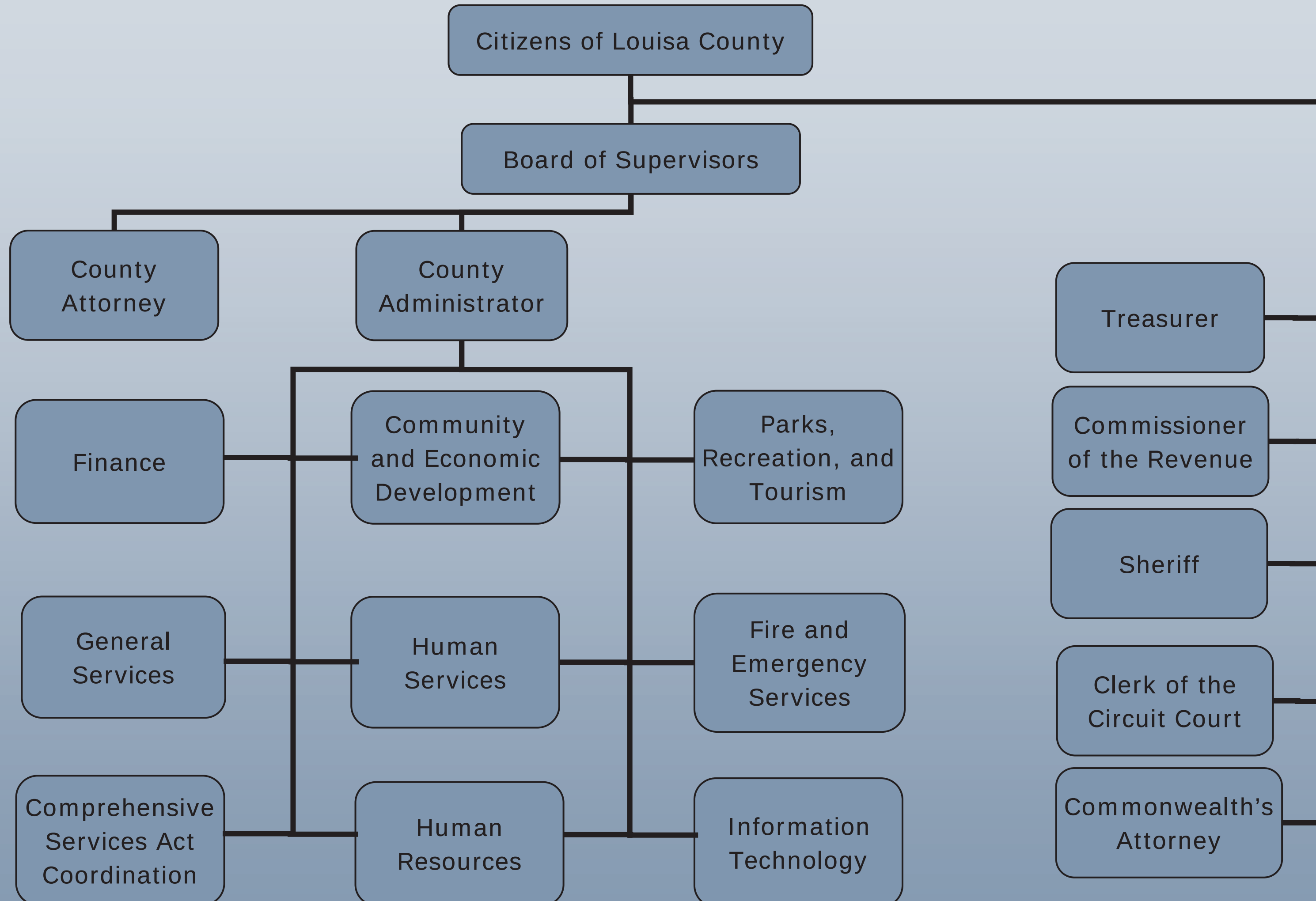
County of Louisa
Organizational Structure



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BOARD OF SUPERVISORS

Troy Wade, Chairman
Stephanie Koren, Vice-Chairman

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

R.T. Williams Jr.

COUNTY SCHOOL BOARD

Gregory V. Strickland, Chairman
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	Susan R. Hopkins
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, 2015

Jeffrey R. Emer

Executive Director/CEO

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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, 2016 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, 2016, 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.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2016, the County adopted new accounting guidance, GASB Statement Nos. 72 Fair Value Measurement and Application, 79 Certain External Investment Pools and Pool Participants, 82 Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 5-13, 87-90, and 91-96 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.

Other Information (continued)

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2016, 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 28, 2016

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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, 2016. 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 2016[1]

- The general fund balance decreased $3,438,500.

- Revenues exceeded the original budget estimate by $3,655,690 and revenues exceeded the amended budget by $2,741,740.

- Expenditures were less than the original budget estimate by $1,194,799 and expenditures were less than the amended budget by $3,931,308.

- 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 $78,222,644, (net position). Of this amount, $53,460,871 (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 $106,192,153, an increase of $49,802,821 in comparison with the prior year. Approximately 25% of this total amount, or $26,063,587, is available for spending at the County's discretion (unassigned fund balance), and 75%, or $80,128,566, is nonspendable, restricted, committed, or assigned for specific projects. The overall increase in fund balance is largely attributable to the issuance of long-term obligations (bonds/notes) to fund the James River Water project and Natural Disaster Capital Projects.

- Unassigned fund balance comprised 39% of total general fund expenditures.

- The County of Louisa, Virginia's total obligations increased by $48,335,279, mostly for the issuance of lease revenue bonds and 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, 2016.

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 four 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, Capital Projects Fund and the Natural Disaster Capital Projects Fund, which are considered to be major funds. The Broadband Authority 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 $78,222,644 at the close of the most recent fiscal year.

A significant portion (30 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	
	2016	**2015**
Current and other assets	$ 169,506,163	$ 120,804,037
Capital assets	57,256,347	55,201,735
Total assets	$ 226,762,510	$ 176,005,772
Deferred outflows of resources	$ 982,983	$ 926,785
Long-term liabilities outstanding	$ 87,692,531	$ 39,357,252
Current liabilities	3,889,027	5,738,761
Total liabilities	$ 91,581,558	$ 45,096,013
Deferred inflows of resources - unavailable revenue	$ 57,941,291	$ 57,727,967
Net position:		
Net investment in capital assets	$ 23,278,507	$ 24,675,787
Restricted	1,483,266	1,527,892
Unrestricted	53,460,871	47,904,898
Total net position	$ 78,222,644	$ 74,108,577

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 2016, the County's net position increased by $4,114,067. Key elements of this increase are as follows:

County of Louisa, Virginia's Changes in Net Position		
	Governmental Activities	
	2016	2015
Revenues:		
Program revenues:		
Charges for services	$ 2,670,409	$ 2,139,785
Operating grants and contributions	7,291,389	7,282,136
Capital grants and contributions	2,795,787	25,227,045
General revenues:		
Property taxes	55,134,815	52,232,855
Other local taxes	6,973,199	5,757,300
Other	2,905,396	2,590,044
Total revenues	$ 77,770,995	$ 95,229,165
Expenses:		
General government	$ 3,478,169	$ 3,435,934
Judicial administration	1,979,935	1,880,796
Public safety	12,929,011	12,282,174
Public works	4,764,676	4,910,275
Health and welfare	7,838,939	7,594,943
Education	35,829,452	55,404,276
Parks, recreation and culture	1,090,803	1,480,517
Community development	3,897,447	3,194,504
Interest	1,848,496	1,168,271
Total expenses	$ 73,656,928	$ 91,351,690
Increase (decrease) in net position	$ 4,114,067	$ 3,877,475
Net position – beginning, as restated	74,108,577	70,231,102
Net position - ending	$ 78,222,644	$ 74,108,577

- Capital grants and contributions decreased by $22,431,258. This was a result of large natural disaster reimbursements from the Federal Emergency Management Agency and the Virginia Department of Emergency Management in FY2015. Reimbursements in FY2016 were considerably smaller.

- Local revenues increased by $4,433,211 and were driven by a combination of a $.04 real estate tax increase along with an increase on property values of approximately 3%.

- Charges for services increased $530,624 as a result of increased collection for ambulance services, tipping fees, and receipt of insurance adjustments.

- Education related costs decreased by $19,574,824, primarily as a result of earthquake reconstruction completion. Charges incurred in FY2015 for this purpose were not incurred in FY2016.

- Public safety related costs increased $646,837. Increased payments for regional jail operations and additional costs for personnel compensation account for the rise in expenditures.

Government-wide Financial Analysis: (Continued)

- Community development expenses increased by $702,943, as a result of an increase in monies provided for infrastructure improvements including the Chemical Storage / Septage Receiving station construction at the Regional Wastewater Treatment Plant and the Nanofiltration upgrade at the Northeast Creek Water Treatment Plant.

- Interest expense increased by $680,225 due to increased long-term obligations incurred to cover the natural disaster expenses and 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 $106,192,153, which represents an increase of $49,802,821 in comparison with the prior year. Approximately 25% of this total amount, ($26,063,587), constitutes unassigned general fund balance, which is available for spending at the County's discretion. $47,160 of fund balance is non-spendable (prepaid). 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:

- Industrial Development Collateral
- 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-eight percent of the total general fund expenditures.

The general fund balance decreased $3,438,500 during the current fiscal year. The change is linked to a combination of increased operating costs and a budgeted utilization of general fund balance to complete prior year projects.

The fund balance for the capital projects fund increased by $46,603,442 due to issuance of revenue bonds for the James River Water project during the fiscal year. The proceeds totaled $43,039,362 including premium of $5,209,362.

The fund balance for the natural disaster capital projects fund increased by $6,637,879 primarily due to the issuance of $7,000,000 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 $2,736,509. The increase in appropriations can be briefly summarized as follows:

- $156,457 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.

- $758,878 increase in public safety expenditures results from workers compensation that is budgeted in the non-departmental budget and several grants from Rescue Squad Assistance Funds, Internet Crimes Against Children, State Fire Programs, Four for Life, Homeland Security, and re-appropriation of FY15 carryover.

- $646,355 increase in public works expenditures is primarily the result of re-appropriation of FY2015 carryover for completion of the earthquake repairs on the Circuit Courthouse Dome and other facilities upgrades.

- $694,708 increase in Human Services expenditures was primarily due to cover expenses associated with an increase is caseloads handled by CSA.

- $581,730 increase in education expenditures was primarily due to a 2% cost of living salary increase for school employees during the fiscal year. An increase was given to County and school employees.

- $357,891 decrease in miscellaneous expenditures due to the allocation of the non-departmental budget to actual functions that occurred during the year.

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. The 2% cost of living increase for County employees also attributed to the increase.

During the year revenues exceeded the original budget estimate by $3,655,690 and actual revenues exceeded the amended budget by $2,741,740. Expenditures were less than the original budget estimate by $1,194,799 and less than the amended budget by $3,931,308. Savings in school operating expenditures accounted for 11% and savings in public works operating expenditures accounted for 15% of this positive variance. The remaining $2.9 million is associated with building enhancement work in progress, firing range work in process, grant awards which were not expended during the fiscal year, 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

- $1,870,508 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.

- $394,401 is associated with increased tax collection of sales and use tax, utility tax, business license tax, and other local taxes.

- $251,158 increase in permit, fees, and license revenue is primarily attributed in an increase in collection of building and zoning permits.

- $262,557 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:

- $169,304 under budget in General Government Administration is attributable to unfilled positions, savings associated with staff turnover, and reduced contractual expenses.

- $154,926 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.

- $964,942 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 49 percent 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 FY17.

- $1,075,836 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 equipment costs and reduced maintenance costs.

- $432,713 under budget in Education expenses. Conservative budgeting in transportation fuel and energy costs couples with savings associated with staff turnover and vacancies produced this positive variance.

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental funds as of June 30, 2016 amounts to $57,256,347 (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 $2,054,612 and is largely associated with a phone system upgrade, an E-911 phone system, new voting machines and ballot bins, new vehicles, and parking lot repairs/enhancements at the Betty Queen Center.

County of Louisa, Virginia's Capital Assets

	Governmental Activities	
	2016	**2015**
Land	$ 2,328,523	$ 2,328,523
Buildings and improvements	26,135,231	26,096,315
Equipment	11,419,561	10,308,238
Construction in progress	12,159,936	19,229,387
Tenancy in common	24,704,400	15,150,000
Total	$ 76,747,651	$ 73,112,463
Less: accumulated depreciation	(19,491,304)	(17,910,728)
Net capital assets	$ 57,256,347	$ 55,201,735

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

Long-term debt - At the end of the current fiscal year, General Obligation Bonds, Revenue Bonds and premium on bonds payable outstanding totaled $72,050,312. During the current fiscal year, the County's these long-term obligations increased by $40,919,007 due to the issuance of new lease revenue bonds and bond premium.

Capital Asset and Debt Administration: (Continued)

During FY2015 the County of Louisa secured a 24 month, $12,000,000 revenue anticipation note. Of this amount, $7,500,000 had been drawn down as of June 30, 2016. Expected proceeds from natural disaster funds from the Federal Emergency Management Agency and the Virginia Department of Emergency Management will be used to repay this note.

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 3.6%[2] for June 2016.

- The Zion Crossroads area continues to experience steady commercial growth. The Stonegate Apartments (the residential section of the Planned Unit Development known as The Ridges) are under construction and should be complete in the first quarter of 2017. The development includes 282 residential units and approximately 130,000 square feet of commercial space. The additional residential population from the Stonegate development should continue to drive commercial growth in the Zion growth area. In addition, two new shopping centers totaling 12,000 sq. ft. are currently under construction. Spring Creek has sold over half of the planned 1,200 lots within the subdivision. Over 600 homes have been built and new sections of the phased development opened in late 2015.

- The Ferncliff Business Park has gained momentum 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 has opened their state of the art cold storage distribution facility in the park, and the company has experienced strong growth as a result of locating in Louisa. The Louisa County Industrial Development Authority will break ground on 58,000 square feet of new industrial flex space in the 4th quarter of 2016. New water and sewer infrastructure developments were initiated within the park in 2015. High Speed Fiber has been deployed, and the business park will continue to grow with added infrastructure in the short term. The Spring Creek Business Park continues to thrive as a medical office cluster development. This has been supported by the opening of the University of Virginia's 55,000 square foot facility and a new orthodontics facility which opened during 2015, bringing the total number of medical related businesses within the park to five. This corridor will continue to be the focus of responsible industrial and commercial development, with infrastructure development serving as the catalyst for new development in the area.

- The Water Authority's re-use / effluent pipeline is scheduled for startup in late 2016. Once complete, the authority will request removal of the Consent Orders for both Wastewater Treatment Plants. The Chemical Storage / Septage Receiving station construction at the Regional Wastewater Treatment Plant is complete. The Nanofiltration upgrade at the Northeast Creek Water Treatment Plant is anticipated to be completed in early 2017.

- The James River Water Project is underway, and at full build out it will initially serve the Zion and Ferncliff Growth Areas. With the exception of schools, this is the largest capital project the County has ever initiated. The project will serve the Louisa's water needs for a projected 50 years and can ultimately provide service to all of the County's growth areas.

- Dominion Power initiated a new 20 Mega Watt Solar Facility in Louisa County in 2016. The facility will produce enough power for 5,500 homes and should be complete by early 2017. The facility encompasses 245 acres and is known as the Whitehouse Solar Facility.

- The County has recovered from the catastrophic 2011 earthquake which destroyed two schools and severely damaged numerous other public and private structures. The last of the two damaged schools, Louisa County High School, has been in service since the beginning of the 2016 school year.

[2] United States Department of Labor, Bureau of Labor Statistics: June 2016 data

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

- The County's population continues to increase. Since the 2000 census, the County's population has increased by over 4.2%. 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 2017 fiscal year.

For fiscal year 2017, the Board of Supervisors has approved a General Fund Operating Budget of $98,777,979. The approved CIP Budget is $10,137,300. The approved FY 2017 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, 2016

		Primary Government		Component Units		
		Governmental Activities		School Board		Louisa County Water Authority
ASSETS						
Cash and cash equivalents	$	91,443,679	$	6,313,918	$	1,427,983
Receivables (net of allowance for uncollectibles):						
Taxes receivable		60,392,355		-		-
Accounts receivable		550,414		178,834		169,320
Landfill accounts		49,799		-		-
Due from component unit		4,678,836		-		-
Due from other governmental units		10,860,654		5,705,826		-
Prepaid items		47,160		-		259
Net pension asset		-		109,123		-
Restricted assets:						
Cash and cash equivalents		1,483,266		-		2,109,140
Capital assets (net of accumulated depreciation):						
Land		2,328,523		866,127		913,325
Buildings and system		39,338,267		76,546,953		269,903
Machinery and equipment		3,429,621		3,294,099		35,873
Intangible assets		-		-		19,948,750
Infrastructure		-		-		378,561
Construction in progress		12,159,936		-		1,681,176
Total assets	$	226,762,510	$	93,014,880	$	26,934,290
DEFERRED OUTFLOWS OF RESOURCES						
Pension contributions subsequent to the measurement date	$	982,983	$	3,932,944	$	75,078
Items related to the measurement of the net pension liability		-		30,396		-
Changes in proportionate share of net pension liability		-		919,000		-
Total deferred outflows of resources	$	982,983	$	4,882,340	$	75,078
LIABILITIES						
Accounts payable	$	2,509,499	$	733,900	$	210,674
Retainage payable		510,694		-		-
Accrued liabilities		174,701		5,534,118		2,500
Amounts held for future projects		-		-		10,000
Customers' deposits		-		-		57,214
Accrued interest payable		658,342		-		-
Due to primary government		-		4,678,836		-
Unearned revenue		35,791		-		90,906
Long-term liabilities:						
Due within one year		11,208,128		48,810		66,901
Due in more than one year		76,484,403		47,849,606		83,893
Total liabilities	$	91,581,558	$	58,845,270	$	522,088
DEFERRED INFLOWS OF RESOURCES						
Items related to the measurement of the net pension liability	$	1,142,001	$	3,577,413	$	84,446
Deferred revenue - property taxes		56,799,290		-		-
Total deferred inflows of resources	$	57,941,291	$	3,577,413	$	84,446
NET POSITION						
Net investment in capital assets	$	23,278,507	$	80,707,179	$	23,227,588
Restricted:						
Future capital expenses		-		-		2,018,227
Industrial development collateral		1,483,266		-		-
Unrestricted (deficit)		53,460,871		(45,232,642)		1,157,019
Total net position	$	78,222,644	$	35,474,537	$	26,402,834

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, 2016

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	$	3,478,169	$	15,870	$	466,030	$	-
Judicial administration		1,979,935		97,417		683,830		-
Public safety		12,929,011		1,792,809		1,509,198		-
Public works		4,764,676		338,143		142,169		-
Health and welfare		7,838,939		-		4,260,450		33,145
Education		35,829,452		-		-		2,762,642
Parks, recreation, and cultural		1,090,803		405,900		6,671		-
Community development		3,897,447		20,270		-		-
Interest on long-term debt		1,848,496		-		223,041		-
Total governmental activities	$	73,656,928	$	2,670,409	$	7,291,389	$	2,795,787
COMPONENT UNITS:								
School Board	$	59,792,738	$	1,183,191	$	24,940,064	$	232,000
Louisa County Water Authority		2,710,080		2,045,594		-		3,270,436
Total component units	$	62,502,818	$	3,228,785	$	24,940,064	$	3,502,436

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
Extraordinary items:
- Earthquake related expenses

Change in net position
Net position - beginning, as restated
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
$ (2,996,269)		
(1,198,688)		
(9,627,004)		
(4,284,364)		
(3,545,344)		
(33,066,810)		
(678,232)		
(3,877,177)		
(1,625,455)		
$ (60,899,343)		
	$ (33,437,483)	$ -
	-	2,605,950
	$ (33,437,483)	$ 2,605,950
$ 55,134,815	$ -	$ -
3,309,977	-	-
559,854	-	-
1,193,414	-	-
609,137	-	-
971,798	-	-
329,019	-	-
399,957	43,469	20,046
510,160	459,625	-
-	34,843,551	-
1,995,279	-	-
$ 65,013,410	$ 35,346,645	$ 20,046
$ -	$ (1,322,357)	$ -
$ 4,114,067	$ 586,805	$ 2,625,996
74,108,577	34,887,732	23,776,838
$ 78,222,644	$ 35,474,537	$ 26,402,834

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Fund Financial Statements

Balance Sheet
Governmental Funds
June 30, 2016

	General	Capital Projects	Natural Disaster Capital Projects	Total
ASSETS				
Cash and cash equivalents	$ 37,031,694	$ 48,342,486	$ 6,069,499	$ 91,443,679
Receivables (net of allowance for uncollectible):				
Taxes receivable	60,392,355	-	-	60,392,355
Accounts receivable	456,466	93,948	-	550,414
Landfill accounts	49,799	-	-	49,799
Due from other funds	309,662	-	-	309,662
Due from component unit	4,678,836	-	-	4,678,836
Due from other governmental units	1,799,034	36,608	9,025,012	10,860,654
Prepaid items	47,160	-	-	47,160
Restricted assets:				
Cash and cash equivalents	1,483,266	-	-	1,483,266
Total assets	$ 106,248,272	$ 48,473,042	$ 15,094,511	$ 169,815,825
LIABILITIES				
Accounts payable	$ 932,497	$ 1,577,002	$ -	$ 2,509,499
Accrued liabilities	168,660	-	6,041	174,701
Retainage payable	-	292,598	218,096	510,694
Due to other funds	-	-	309,662	309,662
Unearned revenue	35,791	-	-	35,791
Total liabilities	$ 1,136,948	$ 1,869,600	$ 533,799	$ 3,540,347
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	$ 60,083,325	$ -	$ -	$ 60,083,325
Fund balances:				
Nonspendable:				
Prepaids	$ 47,160	$ -	$ -	$ 47,160
Restricted:				
Industrial development collateral	1,483,266	-	-	1,483,266
Committed:				
NAPS stabilization	15,800,000	-	-	15,800,000
Human services	265,184	-	-	265,184
Capital projects	-	35,339,079	14,560,712	49,899,791
Assigned:				
Earthquake repairs	337,825	-	-	337,825
Zion Crossroads development debt	357,130	-	-	357,130
Debt service	673,847	-	-	673,847
Capital projects	-	11,264,363	-	11,264,363
Unassigned	26,063,587	-	-	26,063,587
Total fund balances	$ 45,027,999	$ 46,603,442	$ 14,560,712	$ 106,192,153
Total liabilities, deferred inflows of resources, and fund balances	$ 106,248,272	$ 48,473,042	$ 15,094,511	$ 169,815,825

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, 2016

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	$ 106,192,153
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.	57,256,347
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	(1,142,001)
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.	982,983
Interest on long-term debt is not accrued in governmental funds, but rather is recognized when paid.	(658,342)
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.	3,284,035
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.	(87,692,531)
Net position of governmental activities	$ 78,222,644

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, 2016

	General	Capital Projects	Natural Disaster Capital Projects	Nonmajor Fund Broadband Authority	Total
REVENUES					
General property taxes	$ 55,027,281	$ -	$ -	$ -	$ 55,027,281
Other local taxes	6,001,401	971,798	-	-	6,973,199
Permits, privilege fees, and regulatory licenses	645,658	-	-	-	645,658
Fines and forfeitures	37,974	-	-	-	37,974
Revenue from the use of money and property	356,318	43,639	-	-	399,957
Charges for services	1,986,777	-	-	-	1,986,777
Miscellaneous	258,210	95,085	156,865	-	510,160
Recovered costs	206,417	25,435	-	-	231,852
Intergovernmental:					
Commonwealth	7,062,125	231,988	485,773	-	7,779,886
Federal	2,025,700	-	2,276,869	-	4,302,569
Total revenues	$ 73,607,861	$ 1,367,945	$ 2,919,507	$ -	$ 77,895,313
EXPENDITURES					
Current:					
General government administration	$ 3,318,595	$ -	$ -	$ -	$ 3,318,595
Judicial administration	1,971,782	-	-	-	1,971,782
Public safety	12,274,568	-	-	-	12,274,568
Public works	3,028,924	-	-	-	3,028,924
Health and welfare	8,025,122	-	-	-	8,025,122
Education	30,915,671	-	-	-	30,915,671
Parks, recreation, and cultural	1,467,662	-	-	-	1,467,662
Community development	1,361,644	-	-	-	1,361,644
Capital projects	-	10,368,772	1,239,888	3,362	11,612,022
Debt service:					
Principal retirement	2,204,441	-	-	-	2,204,441
Interest and other fiscal charges	1,481,676	-	-	-	1,481,676
Issuance costs	-	469,747	-	-	469,747
Total expenditures	$ 66,050,085	$ 10,838,519	$ 1,239,888	$ 3,362	$ 78,131,854
Excess (deficiency) of revenues over (under) expenditures	$ 7,557,776	$ (9,470,574)	$ 1,679,619	$ (3,362)	$ (236,541)
OTHER FINANCING SOURCES (USES)					
Transfers in	$ 2,041,740	$ 13,038,016	$ -	$ 3,362	$ 15,083,118
Transfers out	(13,038,016)	(3,362)	(2,041,740)	-	(15,083,118)
Issuance of bonds	-	37,830,000	-	-	37,830,000
Bond premium	-	5,209,362	-	-	5,209,362
Issuance of revenue anticipation notes	-	-	7,000,000	-	7,000,000
Total other financing sources (uses)	$ (10,996,276)	$ 56,074,016	$ 4,958,260	$ 3,362	$ 50,039,362
Net change in fund balances	$ (3,438,500)	$ 46,603,442	$ 6,637,879	$ -	$ 49,802,821
Fund balances - beginning	48,466,499	-	7,922,833	-	56,389,332
Fund balances - ending	$ 45,027,999	$ 46,603,442	$ 14,560,712	$ -	$ 106,192,153

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

Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2016

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

Net change in fund balances - total governmental funds		$ 49,802,821
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	$ 6,020,343	
Depreciation expense	(2,246,539)	
Transfer of joint tenancy assets from Primary Government to the Component Unit	(1,719,192)	2,054,612
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	107,534	
Change in deferred inflows related to the measurement of the net pension liability	550,167	657,701
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	$ 2,204,441	
Amortization of premiums on bonds payable	224,913	
Issuance of bonds	(37,830,000)	
Bond premium	(5,209,362)	
Issuance of revenue anticipation notes	(7,000,000)	(47,610,008)
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:		
(Increase)/decrease in landfill closure and postclosure liability	$ (720,684)	
(Increase)/decrease in net OPEB obligation	(124,890)	
(Increase)/decrease in accrued interest payable	(121,986)	
(Increase)/decrease in net pension liability	145,588	
(Increase)/decrease in deferred outfloes related to pension contributions subsequent to the measurement date	56,198	
(Increase)/decrease in compensated absences	(25,285)	(791,059)
Change in net position of governmental activities		$ 4,114,067

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

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

		Agency Funds
ASSETS		
Cash and cash equivalents	$	1,847,115
Accounts receivable		303
Total assets	$	1,847,418
LIABILITIES		
Amounts held for social services clients	$	11,465
Amounts held for projects		1,779,888
Amounts held for others		56,065
Total liabilities	$	1,847,418

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, 2016.

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

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.

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

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

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 major 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.

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.

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.

Additionally, the government reports the following fund types:

Special Revenue Fund

Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The only special revenue fund is the Broadband Authority Fund, which is considered a nonmajor fund. The primary revenue source for the fund is resources committed for wireless projects within the County.

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 $678,147 at June 30, 2016 and is comprised of the following:

Property taxes	$ 668,079
Landfill billings	10,068
Total	$ 678,147

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, 2016.

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. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Another item is comprised of certain items related to the measurement of the net pension asset or 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 and, the County 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 asset or 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 statement, 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 insure 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).

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.

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

M. Fund Balances: (Continued)

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. 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 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.

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.

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

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.

R. Adoption of Accounting Principles

Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*

The County implemented the provisions of the above Statement during the fiscal year ended June 30, 2016. The Statement generally requires investments to be measured at fair value. The Statement requires the County to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach or an income approach. The Statement establishes a hierarchy of inputs used to measure fair value. There was no material impact on the County's financial statement as a result of the implementation of Statement No. 72.

Governmental Accounting Standards Board Statement No. 79, *Certain External Investment Pools and Pool Participants*

The County implemented the provisions of the above Statement during the fiscal year ended June 30, 2016. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. There was no material impact on the County's financial statement as a result of the implementation of Statement No. 79. All required disclosures are located in Note 2.

Governmental Accounting Standards Board Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*

The County early implemented provisions of the above Statement during the fiscal year ended June 30, 2016. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans,* No. 68, *Accounting and Financial Reporting for Pensions,* and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.* Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. No restatement was required as a result of this implementation.

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.

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2016 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	$ 7,908,309
State Non-Arbitrage Pool (SNAP)	42,667,211
Total	$ 50,575,520

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.

Note 3−Due From Other Governmental Units:

At June 30, 2016 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	$ -	$ 934,359
Local Sales Taxes	617,642	-
Communication Tax	54,942	-
Recordation Tax	36,608	-
VPA Funds	137,613	-
Shared Expenses	181,890	-
FEMA Funds	1,507,549	686,379
Children's Services Act Reimbursement	541,590	-
Other State Aid	106,392	-
Federal Government:		
School Funds	-	899,053
FEMA Funds	7,517,463	3,186,035
Public Safety Grants	6,838	-
VPA Funds	147,725	-
Other Federal Aid	4,402	-
Total	$ 10,860,654	$ 5,705,826

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

Fund	Due From Component Unit School Board	Due to Primary Government
General	$ 4,678,836	$ -
School Board	-	4,678,836
Totals	$ 4,678,836	$ 4,678,836

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, 2016:

	July 1, 2015 As Restated	Additions	Deletions	Balance June 30, 2016
Government Activities:				
Capital assets, not being depreciated:				
Land	$ 2,328,523	$ -	$ -	$ 2,328,523
Construction in Progress	19,229,387	4,380,391	11,449,842	12,159,936
Total capital assets not being depreciated	$ 21,557,910	$ 4,380,391	$ 11,449,842	$ 14,488,459
Capital assets being depreciated:				
Buildings and improvements	$ 41,246,315	$ 11,488,758	$ 1,895,442	$ 50,839,631
Machinery and equipment	10,308,238	1,601,036	489,713	11,419,561
Total capital assets being depreciated	$ 51,554,553	$ 13,089,794	$ 2,385,155	$ 62,259,192
Accumulated depreciation:				
Buildings and improvements	$ 10,544,412	$ 1,133,202	$ 176,250	$ 11,501,364
Machinery and equipment	7,366,316	1,113,337	489,713	7,989,940
Total accumulated depreciation	$ 17,910,728	$ 2,246,539	$ 665,963	$ 19,491,304
Total capital assets being depreciated, net	$ 33,643,825	$ 10,843,255	$ 1,719,192	$ 42,767,888
Governmental activities capital assets, net	$ 55,201,735	$ 15,223,646	$ 13,169,034	$ 57,256,347

The following is a summary of changes in School Board capital assets for the fiscal year ended June 30, 2016:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Capital assets, not being depreciated:				
Land	$ 866,127	$ -	$ -	$ 866,127
Construction in progress	43,702,499	1,602,688	45,305,187	-
Total capital assets not being depreciated	$ 44,568,626	$ 1,602,688	$ 45,305,187	$ 866,127
Capital assets being depreciated:				
Buildings and improvements	$ 52,437,437	$ 47,200,629	$ -	$ 99,638,066
Machinery and equipment	13,020,693	640,477	-	13,661,170
Total capital assets being depreciated	$ 65,458,130	$ 47,841,106	$ -	$ 113,299,236
Accumulated depreciation:				
Buildings and improvements	$ 19,986,938	$ 3,104,175	$ -	$ 23,091,113
Machinery and equipment	9,550,374	816,697	-	10,367,071
Total accumulated depreciation	$ 29,537,312	$ 3,920,872	$ -	$ 33,458,184
Total capital assets being depreciated, net	$ 35,920,818	$ 43,920,234	$ -	$ 79,841,052
School Board capital assets, net	$ 80,489,444	$ 45,522,922	$ 45,305,187	$ 80,707,179

Note 5−Capital Assets: (Continued)

Assets acquired under capital leases:

	Cost	Depreciation Expense	Accumulated Drepreciation
Equipment:			
Governmental activities	$ 1,656,355	$ 241,319	$ 482,639

Capital asset activity for the School Board for the year ended June 30, 2016 was as follows:

Depreciation expense	$ 3,744,622
Depreciation on joint tenancy assets-transferred to School Board	176,250
Net increases in accumulated depreciation	$ 3,920,872

(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, 2016, is that school financed assets in the amount of $24,704,400 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	$ 295,996
Judicial Administration	137,540
Public Safety	831,307
Public Works	374,082
Health and Welfare	29,234
Education	349,625
Parks, Recreation and Cultural	116,698
Community Development	112,057
Total	$ 2,246,539
Component Unit School Board	$ 3,744,622

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, 2016:

	Balance July 1, 2015 As Restated	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2016	Amounts Due Within One Year
Compensated absences	$ 623,850	$ 87,670	$ 62,385	$ 649,135	$ 64,914
General obligation bonds	29,198,832	-	1,895,442	27,303,390	1,910,442
Lease revenue bonds	-	37,830,000		37,830,000	715,000
Revenue anticipation notes	500,000	7,000,000	-	7,500,000	7,500,000
Capital leases	1,493,633	-	308,999	1,184,634	319,358
Premium on bonds payable	1,932,473	5,209,362	224,913	6,916,922	486,014
Net OPEB obligation	1,246,463	154,034	29,144	1,371,353	-
Net pension liability	147,677	3,143,504	3,289,092	2,089	-
Landfill closure and postclosure care	4,214,324	720,684	-	4,935,008	212,400
Total	$ 39,357,252	$ 54,145,254	$ 5,809,975	$ 87,692,531	$ 11,208,128

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
2017	$ 1,910,442	$ 1,226,708	$ 486,014	$ -	$ 319,358	$ 17,858
2018	1,925,442	1,148,971	487,011	-	329,644	13,039
2019	1,935,442	1,068,495	467,893	-	340,270	8,087
2020	1,945,442	988,760	448,238	-	195,362	2,997
2021	1,965,442	905,832	427,161	-	-	-
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	$ 27,303,390	$ 11,382,430	$ 6,916,922	$ -	$ 1,184,634	$ 41,981

Note 6−Long-Term Obligations: (Continued)

Primary Government: (Continued)

Year Ending	Revenue Anticipation Notes		Lease Revenue Bonds	
June 30,	Principal	Interest	Principal	Interest
2017	$ 7,500,000	$ 112,500	$ 715,000	$ 1,495,128
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	$ 7,500,000	$ 112,500	$ 37,830,000	$ 28,453,800

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%	$ 2,280,000	$ 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%	10,290,000	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%	1,415,000	255,000
$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%	4,663,390	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%	8,655,000	485,000
Total General Obligation Bonds	$ 27,303,390	$ 1,910,442
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%	$ 730,940	$ 173,663
$756,841 capital lease issued July 22, 2014 for emergency services equipment, annual payments of $162,722 through July 2018, interest at 3.753%	453,694	145,695
Total Capital Leases	$ 1,184,634	$ 319,358
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%.	$ 37,830,000	$ 715,000
Revenue Anticipation Notes:		
$12,000,000 Series 2015 issued June 5, 2015, due June 30, 2017, interest payable at the prime plus 1.5%. Proceeds of $500,000 have been drawn as of June 30, 2015.	$ 7,500,000	$ 7,500,000
Premium on Bonds Payable	$ 6,916,922	$ 486,014
Compensated absences	649,135	64,914
Net OPEB obligation	1,371,353	-
Net pension liability	2,089	-
Landfill closure and postclosure care	4,935,008	212,400
Total Long-Term Obligations	$ 87,692,531	$ 11,208,128

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, 2016:

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016	Amounts Due Within One Year
Compensated absences	$ 540,835	$ 1,344	$ 54,084	$ 488,095	$ 48,810
Net pension liability	41,190,000	2,263,000	-	43,453,000	-
Net OPEB obligation	3,551,821	500,195	94,695	3,957,321	-
Total	$ 45,282,656	$ 2,764,539	$ 148,779	$ 47,898,416	$ 48,810

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 $56,835,081 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 $35,791 at June 30, 2016.

B. Primary Government– Unavailable Property Taxes – revenue representing deferred/unavailable property tax revenues totaled $56,799,290 June 30, 2016.

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 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.

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 a 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 will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	**Retirement Contributions** Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016.	**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)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Vesting (Cont.)	**Vesting (Cont.)**	**Vesting (Cont.)** **Defined Contributions Component: (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.
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.	**Calculating the Benefit** See definition under Plan 1.	**Calculating the Benefit** **Defined Benefit Component:** See definition under Plan 1 **Defined Contribution Component:** The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.

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** **Defined Benefit Component:** **VRS:** The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. **Sheriffs and regional jail superintendents:** Not applicable. **Political subdivision hazardous duty employees:** Not applicable. **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** **Defined Benefit Component:** **VRS:** Same as Plan 2. **Political subdivisions hazardous duty employees:** Not applicable. **Defined Contribution Component:** 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** **Defined Benefit Component:** **VRS:** Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. **Political subdivisions hazardous duty employees:** Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility **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** **Defined Benefit Component:** **VRS:** Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service. **Political subdivisions hazardous duty employees:** Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.

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

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 (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.	**Cost-of-Living Adjustment (COLA) in Retirement (Cont.)** **<u>Exceptions to COLA Effective Dates: (Cont.)</u>**	**Cost-of-Living Adjustment (COLA) in Retirement (Cont.)** **<u>Exceptions to COLA Effective Dates: (Cont.)</u>** Same as Plan 1 and Plan 2.
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.	**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.	**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.

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>Disability Coverage (Cont.)
VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</td><td>Disability Coverage (Cont.)
VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits</td><td>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.</td></tr>
<tr><td>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.</td><td>Purchase of Prior Service
Same as Plan 1.</td><td>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.</td></tr>
</table>

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

Note 8−Pension Plan: (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2014 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	115	78
Inactive members:		
Vested inactive members	41	12
Non-vested inactive members	78	49
Inactive members active elsewhere in VRS	111	16
Total inactive members	230	77
Active members	238	191
Total covered employees	583	346

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, 2016 was 9.41% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

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 $982,983 and $931,445 for the years ended June 30, 2016 and June 30, 2015, respectively. Contributions to the pension plan from the Component Unit Louisa County Water Authority were $75,078 and $71,511 for the years ended June 30, 2016 and June 30, 2015, respectively.

The Component Unit School Board’s contractually required contribution rate for nonprofessional employees for the year ended June 30, 2016 was 7.20% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

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 $263,695 and $258,841 for the years ended June 30, 2016 and June 30, 2015, 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, 2015. The total pension liabilities used to calculate the net pension liabilities (assets) were determined by an actuarial valuation performed as of June 30, 2014, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

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, 2014, 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, 2015.

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, 2014 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, 2014, 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, 2015.

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, 2013 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, 2014	$ 28,191,164	$ 28,043,487	$ 147,677	$ 2,092,427	$ 2,081,466	$ 10,961
Changes for the year:						
Service cost	$ 1,199,717	$ -	$ 1,199,717	$ 92,107	$ -	$ 92,107
Interest	1,926,333	-	1,926,333	147,892	-	147,892
Differences between expected and actual experience	(560,194)	-	(560,194)	(43,008)	-	(43,008)
Inpact in change of proportion	(66,793)	(66,443)	(350)	66,793	66,443	350
Contributions - employer	-	931,445	(931,445)	-	71,511	(71,511)
Contributions - employee	-	505,307	(505,307)	-	38,794	(38,794)
Net investment income	-	1,291,796	(1,291,796)	-	99,176	(99,176)
Benefit payments, including refunds of employee contributions	(1,210,657)	(1,210,657)	-	(92,947)	(92,947)	-
Administrative expenses	-	(17,180)	17,180	-	(1,319)	1,319
Other changes	-	(274)	274	-	(20)	20
Net changes	$ 1,288,406	$ 1,433,994	$ (145,588)	$ 170,837	$ 181,638	$ (10,801)
Balances at June 30, 2015	$ 29,479,570	$ 29,477,481	$ 2,089	$ 2,263,264	$ 2,263,104	$ 160

Note 8−Pension Plan: (Continued)

Changes in Net Pension Liability (Asset)

	Component Unit School Board (nonprofessional) Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2014	$ 11,858,983	$ 12,219,479	$ (360,496)
Changes for the year:			
Service cost	$ 385,090	$ -	$ 385,090
Interest	815,270	-	815,270
Differences between expected and actual experience	41,954	-	41,954
Contributions - employer	-	258,841	(258,841)
Contributions - employee	-	179,082	(179,082)
Net investment income	-	560,686	(560,686)
Benefit payments, including refunds of employee contributions	(424,544)	(424,544)	-
Administrative expenses	-	(7,549)	7,549
Other changes	-	(119)	119
Net changes	$ 817,770	$ 566,397	$ 251,373
Balances at June 30, 2015	$ 12,676,753	$ 12,785,876	$ (109,123)

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

The following presents the net pension liability (asset) of the County 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)	$ 4,050,487	$ 2,089	$ (3,326,980)
Component Unit Louisa County Water Authority Net Pension Liability (Asset)	310,972	160	(255,425)
Component Unit School Board (nonprofessional) Net Pension Liability (Asset)	$ 1,462,314	$ (109,123)	$ (1,429,488)

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, 2016 the County, Component Unit Louisa County Water Authority and Component Unit School Board (nonprofessional) recognized pension expense of $237,040, $18,199 and $54,199, respectively. At June 30, 2016, 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	$ -	$ 411,995	$ 30,396	$ -	$ -	$ 31,630
Net difference between projected and actual earnings on pension plan investments	-	730,006	-	318,413	-	52,816
Employer contributions subsequent to the measurement date	982,983	-	263,695	-	75,078	-
Total	$ 982,983	$ 1,142,001	$ 294,091	$ 318,413	$ 75,078	$ 84,446

$982,983, $75,078, and $263,695 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, 2017. 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
2017	$ (436,461)	$ (114,238)	$ (32,432)
2018	(436,461)	(114,238)	(32,432)
2019	(403,858)	(118,515)	(29,929)
2020	134,779	58,974	10,347
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, 2016 was 14.06% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013 adjusted for 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 18.20%, however, it was reduced to 17.64% as a result of the transfer. 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 79.69% of the actuarial rate for the year ended June 30, 2016. Contributions to the pension plan from the School Board were $3,669,249 and $3,721,891 for the years ended June 30, 2016 and June 30, 2015, respectively.

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

At June 30, 2016, the school division reported a liability of $43,453,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2015 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, 2015 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2015, the school division's proportion was .34524% as compared to .34084% at June 30, 2014.

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, 2016, the school division recognized pension expense of $3,405,000. Since there was a change in proportionate share between June 30, 2014 and June 30, 2015, 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, 2016, 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	$ -	$ 598,000
Changes in proportion and differences between employer contribuions and proprotionate share of contributions	919,000	-
Net difference between projected and actual earnings on pension plan investments	-	2,661,000
Employer contributions subsequent to the measurement date	3,669,249	-
Total	$ 4,588,249	$ 3,259,000

$3,669,249 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year ended June 30	
2017	$ (955,000)
2018	(955,000)
2019	(955,000)
2020	537,000
Thereafter	(12,000)

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, 2014, 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, 2015.

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

The actuarial assumptions used in the June 30, 2014 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

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)	$ 63,590,000	$ 43,453,000	$ 26,877,000

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2015 Comprehensive Annual Financial Report (CAFR). A copy of the 2015 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2015-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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 3.9 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 $4,935,008 reported as landfill closure, postclosure and corrective action liability on the June 30, 2016 Statement of Net Position is equal to the expected closure and postclosure costs. The landfill is closed as of June 30, 2016. 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 matters involving real estate and other matters. It is not known what liability, if any, the County faces.

Note 13–Interfund Transfers:

Interfund transfers for the year ended June 30, 2016, consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	$ 2,041,740	$ 13,038,016
Natural Disaster Capital Projects Fund	-	2,041,740
Broadband Authority Fund	3,362	
Capital Projects Fund	13,038,016	3,362
Total	$ 15,083,118	$ 15,083,118

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
Susan R. Hopkins, 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 and School Board establishes 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	$ 154,295	$ 500,939
Interest on OPEB obligation	49,859	142,073
Adjustment to annual required contribution	(50,120)	(142,817)
Annual OPEB cost (expense)	$ 154,034	$ 500,195
Contribution made	(29,144)	(94,695)
Increase in net OBEB obligation	$ 124,890	$ 405,500
Net OPEB obligation - beginning of year	1,246,463	3,551,821
Net OPEB obligation - end of year	$ 1,371,353	$ 3,957,321

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, 2016	$ 154,034	18.92%	$ 1,371,353
June 30, 2015	153,389	19.00%	1,246,463
June 30, 2014	257,506	20.60%	1,122,218
School Board:			
June 30, 2016	$ 500,195	18.93%	$ 3,957,321
June 30, 2015	498,395	19.00%	3,551,821
June 30, 2014	722,373	20.60%	3,148,121

D. Funded Status and Funding Progress

As of July 1, 2014, the County's actuarial accrued liability for benefits was $1,288,822, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was $10,353,671, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 12.45 percent.

As of July 1, 2014, the School Board's actuarial accrued liability for benefits was $5,357,367, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was $31,151,645, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 17.20 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 4.0% 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, 2014 was thirty years. The healthcare cost trend rate was 8.00% for 2014 reduced to 5% over 5 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 2016, the County's contribution of $8,068 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 2016 and the preceding two years were as follows:

Fiscal Year Ending	Annual OPEB Cost	Percentage of OPEB Contributed	Net OPEB Obligation
June 30, 2016	$ 8,068	100%	-
June 30, 2015	7,648	100%	-
June 30, 2014	16,656	100%	-

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2015, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	$ 112,480
Actuarial value of plan assets	73,336
Unfunded actuarial accrued liability	39,144
Funded ratio (actuarial value of plan assets/AAL)	65.20%
Covered payroll (active plan members)	4,821,343
UAAL as a percentage of covered payroll	0.81%

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, 2015 was 19-28 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 2016, the School Board's contribution of $16,491 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 2016and preceding two years were as follows:

Fiscal Year Ending	Annual OPEB Cost	Percentage of OPEB Contributed	Net OPEB Obligation
June 30, 2016	$ 16,491	100%	-
June 30, 2015	15,721	100%	-
June 30, 2014	20,193	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, 2015, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	$ 345,429
Actuarial value of plan assets	200,577
Unfunded actuarial accrued liability	144,852
Funded ratio (actuarial value of plan assets/AAL)	58.07%
Covered payroll (active plan members)	3,631,760
UAAL as a percentage of covered payroll	3.99%

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, 2015 was 19-28 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 .11% of annual covered payroll. The School Board's contributions to VRS for the year ended June 30, 2016 was $279,804 and equaled the required contribution for the year.

Note 17−Extraordinary Items:

On August 23, 2011 the County experienced a 5.8 magnitude earthquake which significantly damaged several public buildings. The majority of the damage occurred within the county school buildings (including Thomas Jefferson Elementary and Louisa County High Schools which, as a result of this earthquake, were condemned and subsequently demolished). Total losses incurred by the schools are estimated at $30.2 million. Expected insurance recoveries from the School's insurance carrier (Virginia School Board Association (VSBA)) total approximately $15.1 million.

With insurance proceeds expected to cover roughly half of the actual damages and approximately 1/3 ($5 million) of the temporary relocation costs, the County applied and received FEMA disaster relief. As a part of this relief, FEMA calculate the damage of Thomas Jefferson Elementary and Louisa County High to the extent it exceeded 50% of the cost to rebuild the structures. As a result of this calculation, per FEMA guidelines, Louisa County Public Schools qualified for complete replacement of the two schools. Project Worksheets written for these two schools place the federal government's share at 75% of the cost to construct the new facilities (less insurance proceeds), and the State's share at 16% of the net costs. The County will be responsible for the remaining 9% of net costs. After Federal and State funding, and anticipated insurance proceeds of approximately $20.1 million (15.1 million in direct costs, and $5 million for ancillary expenses), Louisa County is expected incur $5.4 million in out of pocket expenditures associated with this event.

Note 17–Extraordinary Items: (Continued)

During 2016, the School Board incurred $1,322,359 of operating expenditures related to the earthquake reported as an extraordinary item. Capital project expenditures related to the earthquake totaled $1,239,888 and are reported in the Natural Disaster Capital Projects Fund.

Note 18–Construction Commitments:

As of June 30, 2016 the County has the following construction commitments:

Project	Contract Amounts	Expenditures as of June 30, 2016	Contract Balance
Louisa County High School	$ 48,722,410	$ 48,504,314	$ 218,096
James River Water Project	41,191,042	5,851,963	35,339,079
Total	$ 89,913,452	$ 54,356,277	$ 35,557,175

Note 19–Restatement:

Net Position at June 30, 2015 was restated as follows:

	Governmental Activities
Net Position as reported June 30, 2015	$ 74,097,223
Restatement for capital lease	11,354
Net Position as restated June 30, 2015	$ 74,108,577

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Note 20–Upcoming Pronouncements:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016.

Note 20−Upcoming Pronouncements: (Continued)

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.

Statement No. 77, *Tax Abatement Disclosures,* will increase the disclosure of tax abatement agreements to disclose information about the agreements. The requirements of this Statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015.

Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*, improves financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016.

Management is currently evaluating the impact these standards 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, 2016

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	**Final**	**Actual Amounts**	
REVENUES				
General property taxes	$ 53,156,773	$ 53,156,773	$ 55,027,281	$ 1,870,508
Other local taxes	5,607,000	5,607,000	6,001,401	394,401
Permits, privilege fees, and regulatory licenses	394,500	394,500	645,658	251,158
Fines and forfeitures	125,000	125,000	37,974	(87,026)
Revenue from the use of money and property	205,000	205,000	356,318	151,318
Charges for services	1,603,500	1,624,468	1,986,777	362,309
Miscellaneous	100,000	260,386	258,210	(2,176)
Recovered costs	43,000	79,054	206,417	127,363
Intergovernmental:				
Commonwealth	6,958,374	7,578,924	7,062,125	(516,799)
Federal	1,759,024	1,835,016	2,025,700	190,684
Total revenues	$ 69,952,171	$ 70,866,121	$ 73,607,861	$ 2,741,740
EXPENDITURES				
General government administration:				
Legislative:				
Board of supervisors	$ 160,304	$ 171,831	$ 169,874	$ 1,957
General and financial administration:				
County administrator	$ 390,122	$ 388,009	$ 336,414	$ 51,595
County attorney	339,272	369,598	368,896	702
Administrative and human resources	208,218	202,103	183,494	18,609
Commissioner of revenue	413,094	418,273	407,286	10,987
Reassessment	478,716	490,499	454,090	36,409
Treasurer	400,966	430,611	413,279	17,332
Finance	411,477	415,203	393,959	21,244
Network administration	394,119	397,697	392,242	5,455
Total general and financial administration	$ 3,035,984	$ 3,111,993	$ 2,949,660	$ 162,333
Board of elections:				
Electoral board and officials	$ 180,433	$ 204,075	$ 199,061	$ 5,014
Total general government administration	$ 3,376,721	$ 3,487,899	$ 3,318,595	$ 169,304
Judicial administration:				
Courts:				
Circuit court	$ 95,255	$ 96,094	$ 72,143	$ 23,951
General district court	8,160	8,160	6,015	2,145
Juvenile domestic court	7,130	7,130	6,025	1,105
Clerk of the circuit court	498,513	528,160	493,752	34,408
Sheriff - courts	765,127	771,650	717,815	53,835
Total courts	$ 1,374,185	$ 1,411,194	$ 1,295,750	$ 115,444

General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2016 (Continued)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
EXPENDITURES: (Continued)				
Judicial administration: (Continued)				
Commonwealth's attorney:				
Commonwealth's attorney	$ 596,066	$ 715,514	$ 676,032	$ 39,482
Total judicial administration	$ 1,970,251	$ 2,126,708	$ 1,971,782	$ 154,926
Public safety:				
Law enforcement and traffic control:				
Sheriff - law enforcement	$ 3,805,843	$ 3,936,318	$ 3,681,681	$ 254,637
Communications center	804,622	894,651	835,187	59,464
Emergency 911 system	220,150	220,150	164,381	55,769
Total law enforcement and traffic control	$ 4,830,615	$ 5,051,119	$ 4,681,249	$ 369,870
Fire and rescue services:				
Office of emergency services	$ 395,245	$ 491,268	$ 395,082	$ 96,186
Fire & rescue assistance	1,221,692	1,562,411	1,275,766	286,645
Revenue recovery	134,521	175,932	175,899	33
Emergency services	2,566,694	2,744,259	2,726,650	17,609
Total fire and rescue services	$ 4,318,152	$ 4,973,870	$ 4,573,397	$ 400,473
Correction and detention:				
Sheriff - correction and detention	$ 2,586,286	$ 2,351,734	$ 2,341,098	$ 10,636
Other protection:				
Animal control	$ 230,514	$ 239,009	$ 159,658	$ 79,351
Animal shelter	163,740	234,900	143,650	91,250
Forest fire prevention and extinction	28,660	28,660	17,882	10,778
Emergency services (civil defense)	17,965	17,965	17,964	1
Transportation safety commission	1,200	1,200	1,154	46
Transportation department	303,500	341,053	338,516	2,537
Total other protection	$ 745,579	$ 862,787	$ 678,824	$ 183,963
Total public safety	$ 12,480,632	$ 13,239,510	$ 12,274,568	$ 964,942

General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2016 (Continued)

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget - Positive (Negative)
EXPENDITURES: (Continued)				
Public works:				
Sanitation and waste removal:				
Refuse collection-solid waste control	$ 1,567,316	$ 1,636,218	$ 1,231,498	$ 404,720
Litter control	-	10,052	10,052	-
Total sanitation and waste removal	$ 1,567,316	$ 1,646,270	$ 1,241,550	$ 404,720
Maintenance of general buildings and grounds:				
General properties	$ 1,626,089	$ 2,193,490	$ 1,523,932	$ 669,558
Water and wastewater	265,000	265,000	263,442	1,558
Total maintenance of general buildings and grounds	$ 1,891,089	$ 2,458,490	$ 1,787,374	$ 671,116
Total public works	$ 3,458,405	$ 4,104,760	$ 3,028,924	$ 1,075,836
Health and human services:				
Health:				
Supplement of local health department	$ 653,462	$ 653,462	$ 653,462	$ -
Total health	$ 653,462	$ 653,462	$ 653,462	$ -
Mental health and mental retardation:				
Region 10	$ 135,000	$ 135,000	$ 135,000	$ -
Human services:				
Administration and public assistance	$ 4,226,264	$ 4,287,135	$ 3,884,740	$ 402,395
At risk youth	2,110,913	2,744,250	2,687,064	57,186
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	328,172	328,672	328,672	-
Total human services	$ 7,001,533	$ 7,696,241	$ 7,236,660	$ 459,581
Total health and human services	$ 7,789,995	$ 8,484,703	$ 8,025,122	$ 459,581
Education:				
Other instructional costs:				
Contribution to Louisa County school board	$ 30,732,176	$ 31,313,906	$ 30,881,194	$ 432,712
Contributions to local community college	34,478	34,478	34,477	1
Total education	$ 30,766,654	$ 31,348,384	$ 30,915,671	$ 432,713
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation	$ 604,693	$ 651,698	$ 613,707	$ 37,991
Parks and recreation - self supporting	357,418	365,170	330,780	34,390
Swimming pools	118,799	120,018	106,012	14,006
Total parks and recreation	$ 1,080,910	$ 1,136,886	$ 1,050,499	$ 86,387

General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2016 (Continued)

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	**Final**	**Actual Amounts**	**(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	$ 343,053	$ 343,053	$ 342,663	$ 390
Total parks, recreation, and cultural	$ 1,493,463	$ 1,567,199	$ 1,467,662	$ 99,537
Community development:				
Planning and community development:				
Planning	$ 921,681	$ 962,072	$ 921,601	$ 40,471
Planning District Commission	54,544	56,431	56,428	3
Industrial Development Authority	-	27,475	27,475	-
Economic development	137,953	139,515	113,695	25,820
Tourism	92,752	92,771	46,054	46,717
Other community development	1,750	1,750	1,750	-
Total planning and community development	$ 1,208,680	$ 1,280,014	$ 1,167,003	$ 113,011
Environmental management:				
Soil and water conservation	$ 81,980	$ 81,980	$ 81,980	$ -
Cooperative extension program:				
VPI extension	$ 127,938	$ 127,962	$ 112,661	$ 15,301
Total community development	$ 1,418,598	$ 1,489,956	$ 1,361,644	$ 128,312
Nondepartmental:				
Miscellaneous	$ 580,000	$ 222,109	$ -	$ 222,109
Debt service:				
Principal retirement	$ 2,105,026	$ 2,105,026	$ 2,204,441	$ (99,415)
Interest and other fiscal charges	1,805,139	1,805,139	1,481,676	323,463
Total debt service	$ 3,910,165	$ 3,910,165	$ 3,686,117	$ 224,048
Total Expenditures	$ 67,244,884	$ 69,981,393	$ 66,050,085	$ 3,931,308
Excess (deficiency) of revenues over (under) expenditures	$ 2,707,287	$ 884,728	$ 7,557,776	$ 6,673,048
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ -	$ 2,041,740	$ 2,041,740
Transfers out	(2,569,159)	(13,092,470)	(13,038,016)	54,454
Total other financing sources (uses)	$ (2,569,159)	$ (13,092,470)	$ (10,996,276)	$ 2,096,194
Net change in fund balances	$ 138,128	$ (12,207,742)	$ (3,438,500)	$ 8,769,242
Fund balances - beginning	(138,128)	12,207,742	48,466,499	36,258,757
Fund balances - ending	$ -	$ -	$ 45,027,999	$ 45,027,999

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)
7/1/2014	$ -	$ 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%
7/1/2010	-	1,943,251	1,943,251	0.00%	10,020,445	19.39%

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)
6/30/2015	$ 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%
6/30/2013	59,557	102,461	42,904	58.13%	4,465,120	0.96%

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)
7/1/2014	$ -	$ 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%
7/1/2010	-	5,178,504	5,178,504	0.00%	27,382,582	18.91%

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)
6/30/2015	$ 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%
6/30/2013	158,915	306,483	147,568	51.85%	3,501,330	4.21%

Schedule of Components of and Changes in Net Pension Liability and Related Ratios
Primary Government
For the Year Ended June 30, 2016

		2015		2014
Total pension liability				
Service cost	$	1,291,824	$	1,280,684
Interest		2,074,225		1,941,894
Changes of benefit terms		-		-
Differences between expected and actual experience		(603,202)		-
Changes in assumptions		-		-
Benefit payments, including refunds of employee contributions		(1,303,604)		(1,360,651)
Net change in total pension liability	$	1,459,243	$	1,861,927
Total pension liability - beginning		30,283,591		28,421,664
Total pension liability - ending (a)	$	31,742,834	$	30,283,591
Plan fiduciary net position				
Contributions - employer	$	1,002,956	$	1,367,539
Contributions - employee		544,101		526,699
Net investment income		1,390,972		4,077,597
Benefit payments, including refunds of employee contributions		(1,303,604)		(1,360,651)
Administrative expense		(18,499)		(21,309)
Other		(295)		214
Net change in plan fiduciary net position	$	1,615,631	$	4,590,089
Plan fiduciary net position - beginning		30,124,953		25,534,864
Plan fiduciary net position - ending (b)	$	31,740,584	$	30,124,953
County's net pension liability - ending (a) - (b)	$	2,250	$	158,638
Plan fiduciary net position as a percentage of the total pension liability		99.99%		99.48%
Covered payroll	$	10,714,832	$	10,447,235
County's net pension liability as a percentage of covered payroll		0.02%		1.52%

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 Year Ended June 30, 2016

		2015		2014
Total pension liability				
Service cost	$	385,090	$	389,308
Interest		815,270		764,024
Changes of benefit terms		-		-
Differences between expected and actual experience		41,954		-
Changes in assumptions		-		-
Benefit payments, including refunds of employee contributions		(424,544)		(417,952)
Net change in total pension liability	$	817,770	$	735,380
Total pension liability - beginning		11,858,983		11,123,603
Total pension liability - ending (a)	$	12,676,753	$	11,858,983
Plan fiduciary net position				
Contributions - employer	$	258,841	$	323,654
Contributions - employee		179,082		180,165
Net investment income		560,686		1,660,301
Benefit payments, including refunds of employee contributions		(424,544)		(417,952)
Administrative expense		(7,549)		(8,790)
Other		(119)		87
Net change in plan fiduciary net position	$	566,397	$	1,737,465
Plan fiduciary net position - beginning		12,219,479		10,482,014
Plan fiduciary net position - ending (b)	$	12,785,876	$	12,219,479
School Division's net pension liability/(asset) - ending (a) - (b)	$	(109,123)	$	(360,496)
Plan fiduciary net position as a percentage of the total pension liability		100.86%		103.04%
Covered payroll	$	3,625,558	$	3,601,258
School Division's net pension liability as a percentage of covered payroll		(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 Year Ended June 30, 2016*

	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	0.34524%	0.34084%
Employer's Proportionate Share of the Net Pension Liability (Asset)	$ 43,453,000	$ 41,190,000
Employer's Covered Payroll	26,396,654	27,016,456
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	164.62%	152.46%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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 Year Ended June 30, 2016

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					
2016	$ 1,058,060	$ 1,058,060	$ -	$ 11,244,000	9.41%
2015	1,008,266	1,008,266	-	10,714,832	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%
2007	464,025	464,025	-	7,746,663	5.99%
Component Unit School Board (nonprofessional)					
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%
2007	156,684	156,684	-	2,967,509	5.28%
Component Unit School Board (professional) (1)					
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.

In 2015, Covered Employee Payroll (as defined by GASB 68) included the total payroll for employees covered under the pension plan whether that payroll is subject to pension coverage or not. This definition was modified in GASB Statement No. 82 and now is the payroll on which contributions to a pension plan are based. The ratios presented use the same measure.

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2015 are 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

Combining and Individual Fund Statements and Schedules

Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Other local taxes	$ 800,000	$ 800,000	$ 971,798	$ 171,798
Revenue from the use of money and property	20,000	20,000	43,639	23,639
Miscellaneous	75,000	125,000	95,085	(29,915)
Recovered costs	-	16,762	25,435	8,673
Intergovernmental:				
Commonwealth	150,000	160,000	231,988	71,988
Total revenues	$ 1,045,000	$ 1,121,762	$ 1,367,945	$ 246,183
EXPENDITURES				
Current:				
Economic development projects	$ 1,160,000	$ 45,829,936	$ 6,885,376	$ 38,944,560
Emergency services projects	480,000	814,486	322,619	491,867
County administration	25,000	606,601	519,567	87,034
Parks and recreation	50,000	608,019	78,593	529,426
Sheriff's department	-	220,290	219,738	552
School capital projects	1,039,446	1,809,273	1,605,076	204,197
Public works	529,400	1,792,201	737,803	1,054,398
Miscellaneous capital projects	19,834	19,834	-	19,834
Debt service:				
Issuance costs	-	396,082	469,747	(73,665)
Total expenditures	$ 3,303,680	$ 52,096,722	$ 10,838,519	$ 41,258,203
Excess (deficiency) of revenues over (under) expenditures	$ (2,258,680)	$ (50,974,960)	$ (9,470,574)	$ 41,504,386
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 2,258,680	$ 13,038,016	$ 13,038,016	$ -
Transfers out	-	(1,150,152)	(3,362)	1,146,790
Issuance of bonds	-	39,087,096	37,830,000	(1,257,096)
Bond premium	-	-	5,209,362	5,209,362
Total other financing sources (uses)	$ 2,258,680	$ 50,974,960	$ 56,074,016	$ 5,099,056
Net change in fund balances	$ -	$ -	$ 46,603,442	$ 46,603,442
Fund balances - beginning	-	-	-	-
Fund balances - ending	$ -	$ -	$ 46,603,442	$ 46,603,442

Natural Disaster Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Miscellaneous	$ -	$ -	$ 156,865	$ 156,865
Intergovernmental:				
Commonwealth	-	198,556	485,773	287,217
Federal	-	930,729	2,276,869	1,346,140
Total revenues	$ -	$ 1,129,285	$ 2,919,507	$ 1,790,222
EXPENDITURES				
Capital projects				
School - earthquake projects	$ -	$ 3,864,230	$ 1,239,888	$ 2,624,342
Excess (deficiency) of revenues over (under) expenditures	$ -	$ (2,734,945)	$ 1,679,619	$ 4,414,564
OTHER FINANCING SOURCES (USES)				
Transfers out	$ -	$ (4,265,055)	$ (2,041,740)	$ 2,223,315
Issuance of revenue anticipation notes	-	7,000,000	7,000,000	-
Total other financing sources (uses)	$ -	$ 2,734,945	$ 4,958,260	$ 2,223,315
Net change in fund balances	$ -	$ -	$ 6,637,879	$ 6,637,879
Fund balances - beginning	-	-	7,922,833	7,922,833
Fund balances - ending	$ -	$ -	$ 14,560,712	$ 14,560,712

Combining Statement of Fiduciary Net Position
Agency Funds
June 30, 2016

	Agency Funds			
	Special Welfare Fund	Bond Escrow Fund	Spencer Scholarship Fund	Total
ASSETS				
Cash and cash equivalents	$ 11,162	$ 1,779,888	$ 56,065	$ 1,847,115
Accounts receivable	303	-	-	303
Total assets	$ 11,465	$ 1,779,888	$ 56,065	$ 1,847,418
LIABILITIES				
Amounts held for social services clients	$ 11,465	$ -	$ -	$ 11,465
Amounts held for projects	-	1,779,888	-	1,779,888
Amounts held for others	-	-	56,065	56,065
Total liabilities	$ 11,465	$ 1,779,888	$ 56,065	$ 1,847,418

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2016

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Special Welfare Fund:				
ASSETS				
Cash and cash equivalents	$ 6,563	$ 55,849	$ 51,250	$ 11,162
Accounts receivable	-	303		303
Total assets	$ 6,563	$ 56,152	$ 51,250	$ 11,465
LIABILITIES				
Amounts held for social services clients	$ 6,563	$ 56,152	$ 51,250	$ 11,465
Total liabilities	$ 6,563	$ 56,152	$ 51,250	$ 11,465
Bond Escrow Fund:				
ASSETS				
Cash and cash equivalents	$ 1,149,693	$ 630,195	$ -	$ 1,779,888
Total assets	$ 1,149,693	$ 630,195	$ -	$ 1,779,888
LIABILITIES				
Amounts held for projects	$ 1,149,693	$ 630,195	$ -	$ 1,779,888
Total liabilities	$ 1,149,693	$ 630,195	$ -	$ 1,779,888
Spencer Scholarship Fund:				
ASSETS				
Cash and cash equivalents	$ 56,905	$ -	$ 840	$ 56,065
Total assets	$ 56,905	$ -	$ 840	$ 56,065
LIABILITIES				
Amounts held for others	$ 56,905	$ -	$ 840	$ 56,065
Total liabilities	$ 56,905	$ -	$ 840	$ 56,065
Totals - All Agency Funds:				
ASSETS				
Cash and cash equivalents	$ 1,213,161	$ 686,044	$ 52,090	$ 1,847,115
Other receivables	-	303	-	303
Total assets	$ 1,213,161	$ 686,347	$ 52,090	$ 1,847,418
LIABILITIES				
Amounts held for social services clients	$ 6,563	$ 56,152	$ 51,250	$ 11,465
Amounts held for projects	1,149,693	630,195	-	1,779,888
Amounts held for others	56,905	-	840	56,065
Total liabilities	$ 1,213,161	$ 686,347	$ 52,090	$ 1,847,418

Discretely Presented Component Unit-School Board

Combining Balance Sheet
Governmental Funds - Discretely Presented Component Unit - School Board
June 30, 2016

	School Operating Fund	Natural Disaster Operating Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 6,313,918	$ -	$ 6,313,918
Receivables (net of allowance for uncollectibles):			
Accounts receivable	178,834	-	178,834
Due from other governmental units	1,833,413	3,872,413	5,705,826
Total assets	$ 8,326,165	$ 3,872,413	$ 12,198,578
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 733,900	$ -	$ 733,900
Accrued liabilities	5,534,118	-	5,534,118
Due to primary government	2,057,839	2,620,997	4,678,836
Total liabilities	$ 8,325,857	$ 2,620,997	$ 10,946,854
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	$ 8,326,165	$ 3,872,413	$ 12,198,578

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.	80,707,179
The net pension asset is not an available resource and, thereforem is not reported in the funds.	109,123
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	(2,628,017)
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.	3,932,944
Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the funds.	(47,898,416)
Net position of governmental activities	$ 35,474,537

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2016

	School Operating Fund	Natural Disaster Operating Fund	Total Governmental Funds
REVENUES			
Revenue from the use of money and property	$ 43,469	$ -	$ 43,469
Charges for services	1,183,191	-	1,183,191
Miscellaneous	459,625	-	459,625
Recovered costs	147,400	-	147,400
Intergovernmental:			
Local government	30,881,194	-	30,881,194
Commonwealth	20,186,477	196,743	20,383,220
Federal	3,200,615	922,229	4,122,844
Total revenues	$ 56,101,971	$ 1,118,972	$ 57,220,943
EXPENDITURES			
Current:			
Education	$ 56,101,971	$ -	$ 56,101,971
Excess (deficiency) of revenues over (under) expenditures	$ -	$ 1,118,972	$ 1,118,972
EXTRAORDINARY ITEMS			
Earthquake related expenditures	$ -	$ (1,322,357)	$ (1,322,357)
Net change in fund balances	$ -	$ (203,385)	$ (203,385)
Fund balances - beginning	308	1,454,801	1,455,109
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		$ (203,385)
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:		
Depreciation expense	$ (3,744,622)	
Assets contributed by Primary Government	2,243,165	
Transfer of joint tenancy assets from Primary Government to the Component Unit	1,719,192	$ 217,735
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		3,274,674
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	$ 52,740	
Change in net pension liability	(2,263,000)	
Change in net pension asset	(251,373)	
Change in deferred outflows related to pension contributions subsequent to the measurement date	(245,482)	
Change in deferred outflows related to the measurement of the net pension liability	410,396	
Change in net OPEB obligation	(405,500)	$ (2,702,219)
Change in net position of governmental activities		$ 586,805

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, 2016

	School Operating Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Revenue from the use of money and property	$ 2,500	$ 2,500	$ 43,469	$ 40,969
Charges for services	1,100,603	1,188,891	1,183,191	(5,700)
Miscellaneous	310,578	310,578	459,625	149,047
Recovered costs	235,000	235,000	147,400	(87,600)
Intergovernmental:				
Local government	30,857,175	31,438,905	30,881,194	(557,711)
Commonwealth	19,744,136	19,744,136	20,186,477	442,341
Federal	4,254,643	4,254,643	3,200,615	(1,054,028)
Total revenues	$ 56,504,635	$ 57,174,653	$ 56,101,971	$ (1,072,682)
EXPENDITURES				
Current:				
Education:				
Instruction	$ 38,274,059	$ 39,213,383	$ 38,674,557	$ 538,826
Administration, attendance and health	2,801,566	2,751,748	2,308,264	443,484
Pupil transportation	5,423,226	5,417,466	5,169,296	248,170
Operation and maintenance services	4,974,222	4,867,674	4,631,163	236,511
Technology	2,694,301	2,587,121	3,001,232	(414,111)
School food services	2,380,187	2,380,187	2,317,459	62,728
Total expenditures	$ 56,547,561	$ 57,217,579	$ 56,101,971	$ 1,115,608
Excess (deficiency) of revenues over (under) expenditures	$ (42,926)	$ (42,926)	$ -	$ 42,926
EXTRAORDINARY ITEMS				
Earthquake related expenditures	$ -	$ -	$ -	$ -
Net change in fund balances	$ (42,926)	$ (42,926)	$ -	$ 42,926
Fund balances - beginning	42,926	42,926	308	(42,618)
Fund balances - ending	$ -	$ -	$ 308	$ 308

Exhibit 21

Natural Disaster Operating Fund							
Budgeted Amounts							Variance with Final Budget Positive
Original		Final		Actual			(Negative)
$	-	$	-	$	-	$	-
	-		-		-		-
	-		-		-		-
	-		-		-		-
	-		127,173		-		(127,173)
	-		226,084		196,743		(29,341)
	-		1,059,771		922,229		(137,542)
$	-	$	1,413,028	$	1,118,972	$	(294,056)
$	-	$	-	$	-	$	-
	-		-		-		-
	-		-		-		-
	-		-		-		-
	-		-		-		-
$	-	$	-	$	-	$	-
$	-	$	1,413,028	$	1,118,972	$	(294,056)
$	-	$	(1,413,028)	$	(1,322,357)	$	90,671
$	-	$	-	$	(203,385)	$	(203,385)
	-		-		1,454,801		1,454,801
$	-	$	-	$	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, 2016

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	$ 31,073,813	$ 31,073,813	$ 30,160,146	$ (913,667)
Real and personal public service corporation taxes	16,723,187	16,723,187	18,090,388	1,367,201
Personal property taxes	4,033,773	4,033,773	5,251,315	1,217,542
Mobile home taxes	58,000	58,000	64,710	6,710
Machinery and tools taxes	286,000	286,000	302,887	16,887
Other taxes	432,000	432,000	524,444	92,444
Penalties	275,000	275,000	311,885	36,885
Interest	275,000	275,000	321,506	46,506
Total general property taxes	$ 53,156,773	$ 53,156,773	$ 55,027,281	$ 1,870,508
Other local taxes:				
Local sales and use taxes	$ 3,075,000	$ 3,075,000	$ 3,309,977	$ 234,977
Consumers' utility taxes	560,000	560,000	609,137	49,137
Business license taxes	150,000	150,000	192,951	42,951
Utility license taxes	4,000	4,000	13,061	9,061
Motor vehicle licenses	1,258,000	1,258,000	1,193,414	(64,586)
Taxes on recordation and wills	475,000	475,000	559,854	84,854
Hotel and motel room taxes	85,000	85,000	123,007	38,007
Total other local taxes	$ 5,607,000	$ 5,607,000	$ 6,001,401	$ 394,401
Permits, privilege fees, and regulatory licenses:				
Animal licenses	$ 14,500	$ 14,500	$ 14,563	$ 63
Land use application fees	500	500	2,650	2,150
Transfer fees	1,500	1,500	1,707	207
Building and other related permits	275,000	275,000	436,174	161,174
Zoning and use permits	75,000	75,000	143,158	68,158
Erosion and sediment control	25,000	25,000	43,632	18,632
Permits and other licenses	3,000	3,000	3,774	774
Total permits, privilege fees, and regulatory licenses	$ 394,500	$ 394,500	$ 645,658	$ 251,158
Fines and forfeitures:				
Court fines and forfeitures	$ 125,000	$ 125,000	$ 37,974	$ (87,026)
Revenue from use of money and property:				
Revenue from use of money	$ 175,000	$ 175,000	$ 321,907	$ 146,907
Revenue from use of property	30,000	30,000	34,411	4,411
Total revenue from use of money and property	$ 205,000	$ 205,000	$ 356,318	$ 151,318
Charges for services:				
Excess fees of clerk	$ 18,000	$ 18,000	$ -	$ (18,000)
Charges for law enforcement and traffic control	5,000	5,000	4,721	(279)
Charges for courthouse maintenance	14,000	14,000	9,927	(4,073)
Concealed weapons permits	2,000	2,000	6,636	4,636
Charges for Commonwealth's Attorney	2,500	2,500	2,582	82
Ambulance services	925,000	925,000	1,187,557	262,557
Charges for sanitation and waste removal	150,000	150,000	294,511	144,511
Charges for parks and recreation	412,000	413,168	405,900	(7,268)
Charges for telecommunication review	-	19,800	20,270	470

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2016 (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	$ 44,296	$ (19,704)
Other charges for services	11,000	11,000	7,739	(3,261)
Court fees law library	-	-	2,638	2,638
Total charges for services	$ 1,603,500	$ 1,624,468	$ 1,986,777	$ 362,309
Miscellaneous revenue:				
Miscellaneous	$ 100,000	$ 260,386	$ 258,210	$ (2,176)
Recovered costs:				
Juvenile and domestic relations court costs	$ 22,000	$ 22,000	$ 24,294	$ 2,294
Expenditure refunds	-	-	22,420	22,420
Other recovered costs	21,000	57,054	159,703	102,649
Total recovered costs	$ 43,000	$ 79,054	$ 206,417	$ 127,363
Total revenue from local sources	$ 61,234,773	$ 61,452,181	$ 64,520,036	$ 3,067,855
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	$ -	$ -	$ 22,545	$ 22,545
Mobile home titling tax	15,000	15,000	11,045	(3,955)
Motor vehicle rental tax	3,000	3,000	5,104	2,104
Communication sales tax	325,000	325,000	336,358	11,358
Personal property tax relief funds	1,620,227	1,620,227	1,620,227	-
Total noncategorical aid	$ 1,963,227	$ 1,963,227	$ 1,995,279	$ 32,052
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	$ 325,000	$ 325,000	$ 350,442	$ 25,442
Sheriff	1,225,000	1,225,000	1,255,045	30,045
Commissioner of revenue	125,000	125,000	130,530	5,530
Treasurer	115,000	115,000	123,773	8,773
Registrar/electoral board	40,000	59,691	61,080	1,389
Clerk of the Circuit Court	250,000	250,000	276,091	26,091
Total shared expenses	$ 2,080,000	$ 2,099,691	$ 2,196,961	$ 97,270
Other categorical aid:				
Welfare administration and assistance	$ 1,772,672	$ 1,824,905	$ 1,470,113	$ (354,792)
Wireless E-911 grant	-	2,000	54,248	52,248
Juvenile justice - crime control	-	9,904	1,672	(8,232)
At risk youth - children's services act	1,142,475	1,419,325	1,082,865	(336,460)
Four 4 life grant	-	39,529	39,529	-
Litter control grant	-	10,051	10,052	1
Radiological preparedness grant	-	30,000	30,000	-
Fire programs fund	-	98,667	98,667	-
Victim-witness grant	-	52,352	52,352	-

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2016 (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	$ -	$ 29,273	$ 30,387	$ 1,114
Total other categorical aid	$ 2,915,147	$ 3,516,006	$ 2,869,885	$ (646,121)
Total categorical aid	$ 4,995,147	$ 5,615,697	$ 5,066,846	$ (548,851)
Total revenue from the Commonwealth	$ 6,958,374	$ 7,578,924	$ 7,062,125	$ (516,799)
Revenue from the federal government:				
Categorical aid:				
Welfare public assistance	$ 1,539,024	$ 1,547,662	$ 1,707,472	$ 159,810
Victim witness	-	7,853	4,945	(2,908)
Alcohol open container requirements	-	17,660	7,984	(9,676)
Local law enforcement grant	-	2,118	-	(2,118)
Bulletproof vest partnership program	-	2,373	6,509	4,136
State homeland security program	-	10,000	10,000	-
FEMA grants	-	-	20,792	20,792
Violence against women	-	27,350	27,350	-
Federal interest subsidy	220,000	220,000	223,041	3,041
Emergency management preparedness	-	-	17,607	17,607
Total categorical aid	$ 1,759,024	$ 1,835,016	$ 2,025,700	$ 190,684
Total revenue from the federal government	$ 1,759,024	$ 1,835,016	$ 2,025,700	$ 190,684
Total General Fund	$ 69,952,171	$ 70,866,121	$ 73,607,861	$ 2,741,740
Capital Projects Fund:				
County Capital Improvements Fund:				
Revenue from local sources:				
Other local taxes:				
Meals tax	$ 800,000	$ 800,000	$ 971,798	$ 171,798
Revenue from use of money and property:				
Revenue from the use of money	$ 20,000	$ 20,000	$ 43,639	$ 23,639
Miscellaneous revenue:				
Other miscellaneous	$ 75,000	$ 125,000	$ 95,085	$ (29,915)
Recovered costs:				
Other recovered costs	$ -	$ 16,762	$ 25,435	$ 8,673
Total revenue from local sources	$ 895,000	$ 961,762	$ 1,135,957	$ 174,195
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Public health block grant	$ -	$ -	$ 33,145	$ 33,145
Recordation taxes	120,000	120,000	150,382	30,382
Other categorical aid	30,000	40,000	48,461	8,461
Total categorical aid	$ 150,000	$ 160,000	$ 231,988	$ 71,988
Total revenue from the Commonwealth	$ 150,000	$ 160,000	$ 231,988	$ 71,988
Total County Capital Improvements Fund	$ 1,045,000	$ 1,121,762	$ 1,367,945	$ 246,183

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2016 (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:				
Miscellaneous revenue:				
Other miscellaneous	$ -	$ -	$ 156,865	$ 156,865
Total revenue from local sources	$ -	$ -	$ 156,865	$ 156,865
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
FEMA - earthquake funds	$ -	$ 198,556	$ 485,773	$ 287,217
Revenue from the federal government:				
Categorical aid:				
FEMA - earthquake funds	$ -	$ 930,729	$ 2,276,869	$ 1,346,140
Total Natural Disaster Capital Projects Fund	-	1,129,285	2,919,507	1,790,222
Total Primary Government	$ 70,997,171	$ 73,117,168	$ 77,895,313	$ 4,778,145
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	$ 497	$ (2,003)
Revenue from the use of property	-	-	42,972	42,972
Total revenue from use of money and property	$ 2,500	$ 2,500	$ 43,469	$ 40,969
Charges for services:				
Tuition	$ 267,500	$ 355,770	$ 469,892	$ 114,122
Cafeteria sales	833,103	833,121	713,299	(119,822)
Total charges for services	$ 1,100,603	$ 1,188,891	$ 1,183,191	$ (5,700)
Miscellaneous revenue:				
Other miscellaneous	$ 310,578	$ 310,578	$ 459,625	$ 149,047
Recovered costs:				
Other recovered costs	$ 235,000	$ 235,000	$ 147,400	$ (87,600)
Total revenue from local sources	$ 1,648,681	$ 1,736,969	$ 1,833,685	$ 96,716
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Louisa, Virginia	$ 30,857,175	$ 31,438,905	$ 30,881,194	$ (557,711)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2016 (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	$ 5,096,541	$ 5,096,541	$ 5,142,743	$ 46,202
Basic school aid	9,048,943	9,048,943	9,098,840	49,897
Remedial education	298,907	298,907	300,189	1,282
Special education	1,327,798	1,327,798	1,333,492	5,694
Textbook payment	195,652	195,652	196,491	839
Vocational SOQ payments	178,938	178,938	179,705	767
Social security fringe benefits	559,180	559,180	561,578	2,398
Retirement fringe benefits	1,106,159	1,106,159	1,110,903	4,744
At risk payments	254,405	254,405	255,441	1,036
Special education - regional tuition	170,447	170,447	422,527	252,080
Primary class size	400,888	400,888	395,614	(5,274)
Technology	206,000	206,000	232,000	26,000
At risk four-year olds	270,000	270,000	270,000	-
Other state funds	630,278	630,278	686,954	56,676
Total categorical aid	$ 19,744,136	$ 19,744,136	$ 20,186,477	$ 442,341
Total revenue from the Commonwealth	$ 19,744,136	$ 19,744,136	$ 20,186,477	$ 442,341
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	888,125	888,125	821,250	(66,875)
Title VI-B: Special education grants	1,827,063	1,827,063	650,679	(1,176,384)
Title VI-B: Special education preschool grants	17,666	17,666	44,844	27,178
Vocational education	75,000	75,000	59,122	(15,878)
Safe and drug free schools and communities	2,500	2,500	-	(2,500)
Title II, part A: Improving teacher quality	188,070	188,070	161,991	(26,079)
School lunch and breakfast program	1,241,219	1,241,219	1,442,491	201,272
FEMA grant	-	-	13,815	13,815
Advanced placement grants	-	-	861	861
Language acquisition grant - refugee children	-	-	5,562	5,562
Total categorical aid	$ 4,254,643	$ 4,254,643	$ 3,200,615	$ (1,054,028)
Total revenue from the federal government	$ 4,254,643	$ 4,254,643	$ 3,200,615	$ (1,054,028)
Total School Operating Fund	$ 56,504,635	$ 57,174,653	$ 56,101,971	$ (1,072,682)
Natural Disaster Operating Fund:				
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Louisa, Virginia	$ -	$ 127,173	$ -	$ (127,173)
Revenue from the Commonwealth:				
Categorical aid:				
FEMA - earthquake funds	$ -	$ 226,084	$ 196,743	$ (29,341)
Revenue from the federal government:				
Categorical aid:				
FEMA - earthquake funds	$ -	$ 1,059,771	$ 922,229	$ (137,542)
Total Natural Disaster Operating Fund	$ -	$ 1,413,028	$ 1,118,972	$ (294,056)
Total Discretely Presented Component Unit - School Board	$ 56,504,635	$ 58,587,681	$ 57,220,943	$ (1,366,738)

Statistical Section

Contents	Tables
Financial Trends These tables contain trend information to help the reader understand how the the County's financial performance and well-being have changed over time.	1 - 6
Revenue Capacity These tables contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.	7 - 10
Debt Capacity These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue debt in the future.	11
Demographic and Economic Information These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.	12
Operating Information These tables contain information about the County's operations and resources to help the reader understand how the County's financial information relate to the services the County provides and the activities it performs.	13-17

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)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets	$ 17,607,864	$ 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
Restricted	-	-	-	-	-	-	-	1,571,038	1,527,892	1,483,266
Unrestricted	39,720,461	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
Total governmental activities net position	$ 57,328,325	$ 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
Primary government										
Net investment in capital assets	$ 17,607,864	$ 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
Restricted	-	-	-	-	-	-	-	1,571,038	1,527,892	1,483,266
Unrestricted	39,720,461	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
Total primary government net position	$ 57,328,325	$ 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

COUNTY OF LOUISA, VIRGINIA

Table 2
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Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
General government administration	$ 3,221,581	$ 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
Judicial administration	1,749,661	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
Public safety	7,702,140	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
Public works	3,181,936	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
Health and welfare	5,729,666	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
Education	22,066,405	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
Parks, recreation and cultural	1,346,662	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
Community development	2,186,487	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
Interest on long-term debt	548,648	612,869	663,163	979,923	971,342	876,571	1,089,251	1,198,401	1,168,271	1,848,496
Total governmental activities expenses	$ 47,733,186	$ 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
Total primary government expenses	$ 47,733,186	$ 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
Program Revenues										
Governmental activities:										
Charges for services:										
General government administration	$ 3,609	$ 34,375	$ 54,675	$ 46,472	$ 77,620	$ 21,176	$ 7,197	$ 41,008	$ 7,797	$ 15,870
Judicial administration	206,547	167,024	175,650	142,758	125,991	83,893	108,028	165,625	119,779	97,417
Public safety	1,032,403	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
Public works	495,604	485,627	332,146	649,390	390,488	173,593	144,159	211,043	230,633	338,143
Parks, recreation and cultural	375,683	398,664	436,224	417,848	474,411	446,390	380,593	405,649	399,985	405,900
Community development	2,312	4,061	-	-	-	-	92,000	24,000	27,250	20,270
Operating grants and contributions	5,742,790	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
Capital grants and contributions	633,676	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
Total governmental activities program revenues	$ 8,492,624	$ 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
Total primary government program revenues	$ 8,492,624	$ 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
Net (expense) / revenue										
Governmental activities	$ (39,240,562)	$ (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)
Total primary government net expense	$ (39,240,562)	$ (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)

COUNTY OF LOUISA, VIRGINIA **Table 2**

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	$ 43,652,658	$ 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
Local sales and use taxes	1,443,201	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
Taxes on recordation and wills	874,653	739,593	571,874	495,804	410,873	427,573	512,023	444,333	476,414	559,854
Motor vehicle licenses taxes	604,244	587,777	21,927	395,196	556,974	597,817	616,661	647,134	674,854	1,193,414
Consumer utility taxes	553,813	568,674	579,350	583,834	591,476	590,706	598,718	604,328	613,142	609,137
E-911 / Communication taxes	350,769	398,901	362,437	363,946	362,146	-	-	-	-	-
Meals taxes	-	-	-	-	-	270,164	783,656	794,167	853,460	971,798
Other local taxes	289,646	285,074	226,923	216,787	246,305	228,194	227,083	333,699	259,704	329,019
Unrestricted grants and contributions	2,014,600	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
Unrestricted revenues from use of money and property	2,002,022	2,075,246	941,206	553,396	356,548	286,590	323,760	305,361	320,025	399,957
Miscellaneous	665,128	323,569	269,679	314,823	184,434	241,277	194,732	335,198	325,243	510,160
Transfers	-	-	(50,735)	-	-	-	-			
Insurance proceeds	-	-	-	-	-	-	1,096,663	2,074,630	-	-
Gain/Loss Sale of Assets	-	-	-	1,825	1,701	-	-	-	-	-
Total governmental activities	$ 52,450,734	$ 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
Total primary government	$ 52,450,734	$ 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
Change in Net Position										
Governmental activities	$ 13,210,172	$ 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
Total primary government	$ 13,210,172	$ 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

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
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
2007	43,652,658	1,443,201	553,813	604,244	874,653	350,769	-	289,646	47,768,984

COUNTY OF LOUISA, VIRGINIA **Table 4**

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General fund										
Nonspendable	$ -	$ -	$ -	$ -	$ -	$ 13,729	$ 12,639	$ 13,173	$ 16,298	$ 47,160
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
Assigned	-	-	-	6,148,450	4,085,570	4,219,865	2,696,787	3,142,020	1,319,725	1,368,802
Unassigned	-	-	-	24,576,330	28,944,536	28,623,070	37,528,191	31,808,588	29,559,129	26,063,587
Unreserved	33,474,221	41,320,911	42,864,680	-	-	-	-	-	-	-
Total general fund	$ 33,474,221	$ 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
All other governmental funds										
Committed for capital projects funds	$ -	$ -	$ -	$ -	$ -	$ -	$ 15,269,509	$ 14,116,425	$ 7,922,833	$ 49,899,791
Assigned for capital projects funds	-	-	-	20,146,488	7,890,912	9,731,381	3,324,472	99,583	-	11,264,363
Unreserved capital projects funds	7,499,078	11,694,539	28,034,638	-	-	-	-	-	-	-
Total all other governmental funds	$ 7,499,078	$ 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

(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)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
General property taxes	$ 43,098,133	$ 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
Other local taxes	4,116,326	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
Permits, privilege fees and regulatory licenses	1,443,061	1,431,386	1,117,012	830,171	590,423	435,796	401,691	428,901	444,544	645,658
Fines and forfeitures	66,784	87,869	132,814	196,601	239,817	169,536	136,111	85,254	48,357	37,974
Revenue from use of money and property	2,002,022	2,075,246	938,376	553,396	356,548	286,590	323,760	305,361	320,025	399,957
Charges for services	1,085,304	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
Miscellaneous	281,824	323,420	895,138	300,189	216,759	517,356	205,981	335,198	325,243	510,160
Recovered costs	230,214	277,414	134,990	150,493	163,522	99,459	71,213	93,425	181,956	231,852
Intergovernmental revenues:										
Contribution from School Board	-	-	-	-	-	-	-	-	1,167,485	0
Commonwealth	6,073,669	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
Federal	1,853,397	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
Total revenues	$ 60,250,734	$ 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
Expenditures										
General government administration	$ 3,039,497	$ 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
Judicial administration	1,625,348	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
Public safety	6,933,865	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
Public works	2,993,707	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
Health and welfare	5,889,447	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
Education	20,236,354	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
Parks, recreation and cultural	1,330,834	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
Community development	1,603,502	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
Capital projects	6,200,421	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
Debt service:										
Principal retirement	1,178,650	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
Interest and other fiscal charges	576,814	517,125	665,331	887,517	1,156,368	1,051,087	1,173,830	1,331,414	1,434,105	1,951,423
Total expenditures	$ 51,608,439	$ 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
Excess of revenues over (under) expenditures	$ 8,642,295	$ 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)
Other financing sources (uses)										
Transfers in	$ 6,984,813	$ 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
Transfers out	(6,984,813)	(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)
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	-
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
Extraordinary items:										
Insurance proceeds	$ -	$ -	$ -	$ -	$ -	$ -	$ 7,408,956	$ 9,913,837	$ -	$ -
Net change in fund balances	$ 8,642,295	$ 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
Debt service as a percentage of noncapital expenditures	3.76%	3.19%	3.48%	3.49%	4.35%	4.97%	4.14%	3.90%	3.63%	5.11%

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
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
2007	43,098,133	1,443,201	553,813	604,244	874,653	350,769	-	289,646	47,214,459

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
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
2007	4,435,126,200	271,383,455	12,298,720	14,546,860	58,433,510	2,225,453,118	7,017,241,863	7,017,241,863	100.00%	0.72

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
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
2007	0.64	1.90	0.64	1.90	0.65	0.72	0.195	0.71	0.25	0.44

(1) Per $100 of assessed value

COUNTY OF LOUISA, VIRGINIA **Table 9**

Principal Property Taxpayers
Current Year and the Period Nine Years Prior

		Fiscal Year 2016		Fiscal Year 2007	
Taxpayer	Type Business	2015 Assessed Valuation	% of Total Assessed Valuation	2006 Assessed Valuation	% of Total Assessed Valuation
Dominion Virgina Power	Electric	1,934,318,220	24.75%	1,708,325,854	24.34%
Old Dominion	Electric	444,510,460	5.69%	399,886,131	5.70%
Walmart	Retailer	116,415,210	1.49%	83,672,290	1.19%
Rappahannock Electric Co-op	Electric	47,881,340	0.61%	34,096,832	0.49%
Spring Creek Land	Land Developer	28,028,280	0.36%	10,356,800	0.15%
Klockner Pentaplast	Manufacturing	27,086,530	0.35%	23,750,355	0.34%
Columbia Gas	Pipeline	22,696,190	0.29%	11,277,725	0.16%
Lowes	Retailer	17,418,165	0.22%	N/A	N/A
Colonial Pipeline	Pipeline	15,717,700	0.20%	11,007,953	0.16%
William A. Cooke Inc.	Land Developer/Realtor	15,517,740	0.20%	20,466,600	0.29%
Verizon	Telecom	N/A	N/A	26,719,599	0.38%
CSX	Railroad	N/A	N/A	11,217,208	0.16%
Central Virginia Electric	Electric	N/A	N/A	7,708,560	0.11%
		2,669,589,835	34.16%	2,348,485,907	33.47%

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)		Collections in Subsequent Years (1, 2)	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2016	$ 55,928,868	$ 52,909,359	94.60%	$ -	$ 52,909,359	94.60%
2015	53,108,367	51,638,365	97.23%	890,172	52,528,537	98.91%
2014	49,622,067	48,270,091	97.28%	1,113,173	49,383,264	99.52%
2013	49,460,489	48,241,955	97.54%	1,269,208	49,511,163	100.10%
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%
2007	44,456,354	43,707,712	98.32%	657,538	44,365,250	99.80%

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	Governmental Activities							
Fiscal Years	General Obligation Bonds	Lease Revenue Bonds	Bond Premium	Revenue Anticipation Notes	Capital Leases	Literary Fund Loans	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2016	$ 27,303,390	$ 37,830,000	$ 6,916,922	$ 7,500,000	$ 1,184,634	$ -	$ 80,734,946	5057.26%	$ 2,333
2015	29,198,832	-	1,932,473	500,000	899,514	-	32,530,819	2037.74%	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
2007	9,100,000	-	-	-	-	101,750	9,201,750	794.11%	290

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)
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
2007	9,201,750	9,201,750	0.13%	290

(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)
2016	34,602	$ 1,596,417	$ 46,478		4,688	3.60%
2015	34,312	1,596,417	46,478		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%
2007	31,716	1,158,748	36,535		4,439	2.90%

Souce:
(1) US Census Quick Facts
(2) U.S. Bureau of Economic Analysis
(3) Meidan 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) Viginia 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 2016			Fiscal Year 2007	
Employer	**Employees**	**Rank**	**% of Total County Employment**	**Employees**	**Rank**
Walmart, Inc.	1,214	1	13.26%	Dominon Virginia Power	1
Louisa County Public Schools	983	2	10.74%	Walmart, Inc.	2
Dominion Virginia Power	940	3	10.27%	Louisa County Public Schools	3
Klockner- Pentaplast of America	483	4	5.28%	Klockner - Pentaplast of America	4
County of Louisa	407	5	4.45%	County of Louisa	5
Tri-Dim Filter Corporation	206	6	2.25%	Tri-Dim Filter Corporation	6
Food Lion	150	7	1.64%	Shenandoah Crossings Resort	7
Shenandoah Crossings Resort*	150	8	1.64%	Mead Westvaco	8
Lowes	145	9	1.58%	Louisa Health Care Center	9
McDonalds	108	10	1.58%	Advance Concrete Foundation	10
Louisa Health Care Center	96	11	1.18%	Virginia Community Bank	11
Cavalier Produce	78	12	0.85%	Food Lion	12
Totals	4,960		54.71%		

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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government	29	31	33	32	32	32	29	32	32	32
Judicial administration	15	17	18	18	16	16	16	15	15	15
Public safety										
Sheriffs department	55	55	57	59	63	59	59	62	60	57
Fire & rescue	14	13	19	31	33	32	34	35	41	43
Building inspections	6.5	6.5	6.5	5.5	5.5	6	6	6	6	6
Animal control	4	4	4	4	2	4	4	4	3	3
Public works										
General maintenance	11	10	13	11	11	11	11	11	11	12
Landfill	2	2	2	2	1	1	1	1	1	5
Engineering	1	1	-	-	-	-	-	-	-	-
Health and welfare										
Department of social services	35	37	41	39	39	42	41	41	38	42
Culture and recreation										
Parks and recreation	5	7	5	5	5	5	5	5	5	5
Community development										
Planning	10.5	9.5	12.5	11.5	8.5	8	8	8	8	9
Totals	188	193	211	218	216	216	214	220	220	229

Source: Payroll Records

Operating Indicators by Function
Last Ten Fiscal Years

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public safety										
Sheriffs department:										
Physical arrests	1,857	1,885	2,068	2,078	2,227	2,155	1,974	1,751	1,850	1,764
Traffic violations	1,616	2,235	3,624	4,909	4,249	2,757	1,893	1,277	937	920
Civil papers	11,090	11,292	11,303	11,440	10,371	10,176	9,791	11,187	9,443	10,640
Fire and rescue:										
Fire	2,303	2,500	3,379	2,968	3,153	3,382	3,175	4,723	4,565	4,723
Rescue	5,501	5,231	4,910	5,258	5,220	5,234	5,491	5,553	5,133	6554
Total Number of calls answered	7,804	7,731	8,289	8,226	8,373	8,616	8,666	10,276	9,698	11,277
Total Number of actual rescue transports			1,732	2,550	2,620	3,001	3,320	3,464	3,374	3630
Building inspections:										
Permits issued	2,050	1,970	1,403	1,197	1,263	1,491	1,322	1,245	1,099	1386
Public works										
General maintenance:										
Trucks/vehicles	9	9	10	12	13	10	11	12	10	11
Landfill:										
Refuse collected (tons/day)	82.1	87.9	67	64.91	59.04	63.02	82.40	109.43	55.11	61.64
Health and welfare										
Department of Social Services:										
Caseload:										
Food Stamps	909	962	1,130	1,544	1,977	2,107	2,201	2,269	1,992	1,786
Medicaid	2,423	2,475	2,339	2,223	2,454	2,556	2,737	2,845	3,018	2,946
Temporary Asst. Needy Families	105	103	109	128	127	113	123	118	100	91
Culture and recreation										
Parks and recreation:										
Recreation hall permits issued	44	48	66	140	210	193	159	167	206	198
After-school program participants	252	273	214	191	160	210	204	225	229	253
Aquatic Facility Participants		6,065	14,333	12,791	12,196	10,008	9,277	9,170	9,329	11,734
Youth sports participants	7,997	7,533	10,029	6,228	6,175	5,725	5,044	6,051	4,956	5,676
Community development										
Planning:										
Zoning permits issued	945	961	840	668	590	942	658	566	926	870
Component Unit - School Board										
Education:										
School age population		5,881			6,204			6,124		6059
Actual School Enrollment (March)	4,439	4,538	4,571	4,533	4,553	4,546	4,573	4,618	4,867	4688
Number of teachers	370	378	361	355	375	391	375	374	393	374
Local expenditures per pupil	5,245	5,270	5,409	5,422	5,649	6,477	5,796	5,810	6,665	6,652
Total expenditures per pupil	9,800	9,725	10,432	10,162	10,108	11,646	11,410	11,628	11,491	11,469

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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government administration										
Administration buildings	9	9	9	9	9	9	9	9	9	9
Vehicles	10	10	9	9	9	9	12	10	10	10
Public safety										
Sheriffs department:										
Patrol units	44	44	45	47	47	47	45	46	46	41
Other vehicles	13	14	24	23	26	32	31	31	31	39
Building inspections:										
Vehicles										
Animal control:										
Vehicles	3	4	4	4	4	5	5	5	5	4
Emergency Services:										
Vehicles	3	5	6	6	6	6	8	7	7	6
Ambulances	2	2	3	5	4	5	5	6	6	6
Public works										
General maintenance:										
Trucks/vehicles	9	10	10	12	13	13	12	12	11	8
Landfill:										
Vehicles	0	0	0	0	0	0	0	0	0	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	11	10	11	11	8	7	7	8	8	9
Culture and recreation										
Parks and recreation:										
Community centers	2	2	2	2	2	2	2	2	2	2
Vehicles	5	5	5	4	6	6	8	8	9	9
Aquatic facilities			1	1	1	1	1	1	1	1
Parks acreage	24.22	35.22	35.22	35.22	35.22	35.22	104.62	104.62	104.62	104.62
Community development										
Planning:										
Vehicles	9	10	11	9	9	8	7	7	10	6
Component Unit - School Board										
Education:										
Schools	5	5	5	5	6	6	6	6	6	6
School buses	110	115	111	119	117	117	122	126	119	127

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, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Louisa, Virginia, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise County of Louisa, Virginia's basic financial statements, and have issued our report thereon dated November 28, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 County of Louisa, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of 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*.

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 28, 2016

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, 2016. 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.

Basis for Qualified Opinion on Special Education Cluster

As described in the accompanying schedule of findings and questioned costs, the County of Louisa, Virginia did not comply with requirements regarding CFDA 84.027 Title VI-B Special Education as described in finding number 2016-001 for Allowable Costs. Compliance with such requirements is necessary, in our opinion, for the County of Louisa, Virginia to comply with the requirements applicable to that program.

Qualified Opinion on Special Education Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 Special Education Cluster for the year ended June 30, 2016.

Unmodified Opinion on Each of the Other Major Federal Programs

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 other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2016.

Other Matters

County of Louisa, Virginia's response to the noncompliance 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 compliance and, accordingly, we express no opinion on the response.

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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2016-001 to be a material weakness.

Report on Internal Control Over Compliance (continued)

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.

County of Louisa, Virginia's response to the internal control over compliance 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 compliance and, accordingly, we express no opinion on the response.

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 28, 2016

COUNTY OF LOUISA, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

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	0950115/0950114	$ 14,925
Temporary assistance for needy families	93.558	0400115/0400116	216,532
Refugee and entrant assistance - state administered programs	93.566	0500115/0500116	255
Low-income home energy assistance	93.568	0600415/0600416	24,615
Child care mandatory and matching funds of the child care and development fund	93.596	0760115/0760116	32,979
Chafee education and training vouchers program (ETV)	93.599	9160115/9160114	2,102
Stephanie Tubbs Jones child welfare services program	93.645	0900115/0900116	1,505
Foster care - Title IV-E	93.658	1100115/1100116	239,797
Adoption assistance	93.659	1120115/1120116	245,610
Social services block grant	93.667	1000115/1000116	190,547
Chafee foster care independence program	93.674	9150115/9150116	3,574
Children's health insurance program	93.767	0540115/0540116	13,206
Medical assistance program	93.778	1200115/1200116	403,948
Total Department of Health and Human Services			$ 1,389,595
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
Disaster grants - public assistance (presidentially declared disasters)	97.036	77602-156/ DKH-018	3,233,705
Emergency management performance grants	97.042	77501-62745	17,607
State homeland security program (SHSP)	97.073	77501-62704	10,000
Total Department of Homeland Security			$ 3,261,312
Department of Agriculture:			
Child Nutrition Cluster:			
Pass Through Payments:			
Department of Agriculture:			
Food distribution	10.555	201616N109941	$ 137,634
Department of Education:			
National school lunch program	10.555	2015IN109941/ 201616N109941	964,001
Total 10.555			$ 1,101,635
School breakfast program	10.553	2015IN109941/ 201616N109941	327,192
Summer food service program for children	10.559	201616N109941	13,342
Food distribution	10.559	201616N109941	322
Total 10.559			$ 13,664
Total child nutrition cluster			$ 1,442,491

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2016

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	0010116/0010115	$	317,877
Total Department of Agriculture			$	1,760,368
Department of Justice:				
Direct payments:				
Bulletproof vest partnership program	16.607	Not Available	$	6,509
Pass Through Payments:				
Department of Criminal Justice Service:				
Crime victim assistance	16.575	16-S9586VW15	$	4,945
Violence against women formula grants	16.588	39001-46500		27,350
Total Department of Justice			$	38,804
Department of Transportation:				
Pass Through Payments:				
Department of Motor Vehicles:				
Highway Safety Cluster:				
Alcohol impaired driving countermeasures incentive grants I	20.601	60507-56084	$	3,365
Alcohol open container requirements	20.607	60507-55168		4,619
Total Department of Transportation			$	7,984
Department of Education:				
Pass Through Payments:				
Virginia Tech:				
English language acquisition state grants	84.365	12493510	$	5,562
Department of Education:				
Title I grants to local educational agencies	84.010	S010A150046 S010A140046		821,250
Special Education Cluster (IDEA):				
Special education - grants to states	84.027	H027A150107 H027A140107		650,679
Special education - preschool grants	84.173	H173A130112 H173A140112 H173A150112		44,844
Career and technical education - basic grants to states	84.048	V048A150046		59,122
Supporting effective instruction state grant	84.367	S367A150044 S367A140044 S367A130044		161,991
Advanced placement program	84.330	S330B140002		861
Total Department of Education			$	1,744,309
Total Expenditures of Federal Awards			$	8,202,372

See accompanying notes to Schedule of Expenditures of Federal Awards.

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

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, 2016. 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.

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	$	2,025,700
Natural Disaster Capital Projects Fund		2,276,869
Total primary government	$	4,302,569
Component Unit School Board:		
School Operating Fund	$	3,200,615
Natural Disaster Operating Fund		922,229
Total component unit school board	$	4,122,844
Total federal expenditures per basic financial statements	$	8,425,413
Less federal interest subsidy		(223,041)
Total federal expenditures per the Schedule of Expenditures of Federal Awards	$	8,202,372

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Modified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR, Section .516 (a)?	Yes

Identification of major .510(a) programs:

CFDA #	Name of Federal Program or Cluster
84.027/84.173	Special Education Cluster
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)

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

None

Section III - Federal Award Findings and Questioned Costs

Finding 2016-001

CFDA Title: Special Education Cluster- Title VI-B Special Education
CFDA Number: 84.027
Federal Award Number: H027A140107/H027A150107
Federal Award Year: 2014/2015

Criteria:

Amounts requested for reimbursement under federal awards should only be for actual costs incurred for the specific program.

Condition:

The Title VI-B reimbursment requests included $24,113.18 of salary that was also requested for reimbrusement under the Preschool Grant (84.173).

Questioned Costs:
$24,113.18

Context:
This appears to be an isolated to the salary for one specific teacher.

Effect:
The School Board received reimbursement in the amount of $24,113.18 which was not attributable to program costs.

Cause:
The spreadsheet that is prepared to determine the amounts to request for reimbursement under Title VI-B did not properly account for a teacher that has a portion of their salary reimbrsed under the Preschool Grant resulting in $24,113.18 being requested under both prorgams.

Recommendation:
Controls should be strengthened to ensure that the amounts requested on reimbursement requests are requested under only one federal program.

Views of responsible officials and planned corrective actions:
The schools are reinforcing reconciliation procedures which cross reference the amount of eligible expenses via the general ledger verses the amount requested for reimbursements. Monthly billings will continue to take place and staff re-training will occur as is appropriate.

Section IV - Prior Year Audit Findings

Finding 2015-001

Federal award finding - 84.027 - expenditures requested for reimbursement in duplicate.

Status:
The School Board has designed appropriate controls for remediation of the federal award finding however a similar finding is being reported in the current year (Finding 2016-001)