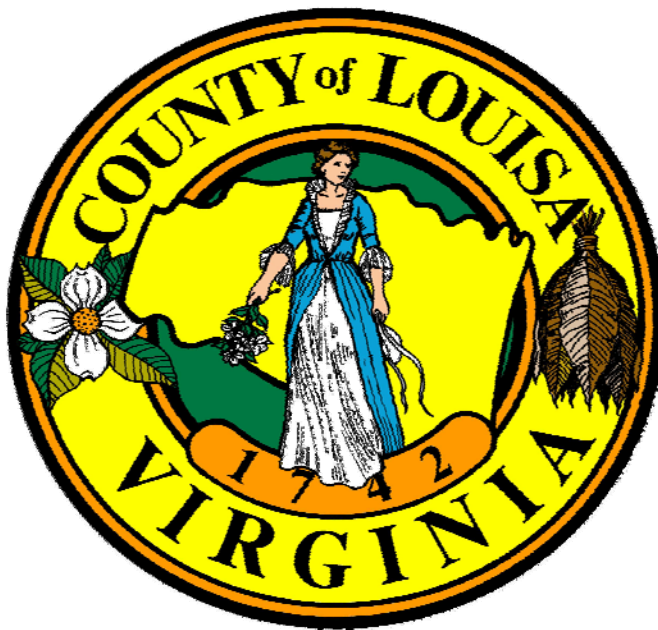


County of Louisa, Virginia

Comprehensive Annual Financial Report



Year Ended June 30, 2014

County of Louisa, Virginia

**Comprehensive Annual
Financial Report**

Year Ended June 30, 2014

Prepared By:

Christian Goodwin, Interim County Administrator
Phil Trayer, Finance Director
Faye Stewart, Accountant

COUNTY OF LOUISA, VIRGINIA

Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2014

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	i-iv
Organizational Chart	v
Directory of Principal Officials	vii
Certificate of Achievement	ix
 FINANCIAL SECTION	
Independent Auditors' Report	1-3
Management's Discussion and Analysis	5-12
<u>Basic Financial Statements:</u>	
Government-wide Financial Statements:	
Exhibit 1 Statement of Net Position	17
Exhibit 2 Statement of Activities	18-19
Fund Financial Statements:	
Exhibit 3 Balance Sheet-Governmental Funds	23
Exhibit 4 Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds	24
Exhibit 5 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
Exhibit 6 Statement of Fiduciary Net Position—Fiduciary Funds	26
Notes to Financial Statements	27-65

COUNTY OF LOUISA, VIRGINIA

Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2014

TABLE OF CONTENTS (Continued)

	<u>Page</u>
FINANCIAL SECTION (CONTINUED)	
<u>Required Supplementary Information:</u>	
Exhibit 7 Schedule of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual—General Fund	69-72
Exhibit 8 Schedule of Pension Funding Progress—Virginia Retirement System	73
Exhibit 9 Schedule of OPEB Funding Progress	74
<u>Other Supplementary Information:</u>	
Combining and Individual Fund Statements and Schedules:	
Exhibit 10 Schedule of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual—Capital Projects Fund	79
Exhibit 11 Schedule of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual—Natural Disaster Capital Projects Fund	80
Exhibit 12 Combining Statement of Fiduciary Net Position—Agency Funds	81
Exhibit 13 Combining Statement of Changes in Assets and Liabilities—Agency Funds	82
Discretely Presented Component Unit-School Board:	
Exhibit 14 Balance Sheet—Governmental Funds	84
Exhibit 15 Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds	85
Exhibit 16 Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual	86-87
Supporting Schedule:	
Schedule 1 Governmental Funds—Schedule of Revenues—Budget and Actual	91-95

COUNTY OF LOUISA, VIRGINIA

Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2014

TABLE OF CONTENTS (Continued)

	<u>Page</u>
STATISTICAL SECTION	
<u>Statistical Tables:</u>	
Table 1 Net Position by Component—Last Ten Fiscal Years	99
Table 2 Changes in Net Position—Last Ten Fiscal Years	100-101
Table 3 Governmental Activities Tax Revenues by Source—Last Ten Fiscal Years	102
Table 4 Fund Balances of Governmental Funds—Last Ten Fiscal Years	103
Table 5 Changes in Fund Balances of Governmental Funds—Last Ten Fiscal Years	104
Table 6 General Governmental Tax Revenues by Source—Last Ten Fiscal Years	105
Table 7 Assessed and Estimated Actual Value of Taxable Property—Last Ten Fiscal Years	106
Table 8 Property Tax Rates—Direct and Overlapping Governments—Last Ten Fiscal Years	107
Table 9 Principal Property Taxpayers—Current and the Period Nine Years Prior	108
Table 10 Property Tax Levies and Collections—Last Ten Fiscal Years	109
Table 11 Ratios of Outstanding Debt by Type—Last Ten Fiscal Years	110
Table 12 Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita—Last Ten Fiscal Years	111
Table 13 Demographic and Economic Statistics—Last Ten Fiscal Years	112
Table 14 Principal Employers—Current and the Period Nine Years Prior	113
Table 15 Full-Time Equivalent County Government Employees by Function—Last Ten Fiscal Years	114
Table 16 Operating Indicators by Function—Last Ten Fiscal Years	115
Table 17 Capital Asset Statistics by Function—Last Ten Fiscal Years	116
COMPLIANCE SECTION	
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 <i>Government Auditing Standards</i>	117-118
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133	119-120
Schedule of Expenditures of Federal Awards	121-122
Notes to Schedule of Expenditures of Federal Awards	123
Schedule of Findings and Questioned Costs	124



December 15, 2014

**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, 2014.

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 unmodified opinion on the County's financial statements for the year ended June 30, 2014. The independent auditor's report is located at the front of the financial section of this report.

In addition to the general financial statement audit the County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. 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.

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.

Located in heart of Central Virginia, Louisa 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 U. S. Routes 15, 22, 33, 208 and 522. Louisa County is bordered by Hanover, Albemarle, Fluvanna, Spotsylvania and Orange Counties. The second largest fresh-water inland lake in Virginia, Lake Anna, with over 250 miles of shoreline and 13,000 surface acres of water, borders the County along Spotsylvania and Orange County lines. Lake Anna has become a premier location in Central Virginia for water sports and fishing. Initially known as a vacation community, 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, leading to increased tourism. Major regional commercial development continues in Zion Crossroads with the opening of the opening of UVA's 55,000 square foot facility in the Spring Creek Business Park and the construction of a new Orthodontist office. This corridor will continue to be the focus of responsible industrial and commercial development, with the James River Water Project serving as the catalyst in driving new development along this corridor.

Employment in Louisa is trending positively as the local unemployment rate is 5.2% as of September 2014, down from 5.8% as of June 2014¹. • The County's population continues to increase. Since the 2000 census, Louisa County's population has increased by over 29%. 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 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 State of Virginia;2014 Virginia Labor Market Information.

Reporting Entity: (Continued)

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, 2014, 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 specific programs designed to provide county residents with cost efficient government while enhancing their home and employment environment.

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

- The County experienced and is recovering from a catastrophic earthquake which destroyed two schools and severely damaged numerous other public and private structures. The recovery efforts are reaching their advanced stages as one of the two temporary schools erected has been dismantled and the new Thomas Jefferson Elementary Schools is open and in service. The temporary facility for the high is scheduled to be dismantled in late FY2015 and students will begin attending the new Louisa County High School in August 2015.
- The Zion Crossroads Market continues to experience significant commercial growth. Stonegate Apartments (the residential section of the Planned Unit Development known as The Ridges) has submitted development plans to the County in anticipation of a construction start date in calendar year 2015. The Ridges 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. Spring Creek has sold over half of the planned 1,200 lots within the subdivision so far. In addition, over 450 homes have been built to date. The new clubhouse/restaurant was finished in June 2014 and is now open to the public.
- 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 is currently under construction. This brings the total number of medical related businesses within the park to five. Several existing business expansions and new businesses completed construction of their new facilities along in the 250 corridor in 2014. Capital investment related to the new construction and expansion projects approached \$10 million, total new square footage was approximately 85,000 sq. ft. and roughly 90 new jobs were created in the County. 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. At least one new industrial prospect is scheduled for construction in the first quarter of 2015. Interest in commercial development is growing in the County.

- The County has finalized the expansion of the Zion Crossroads Wastewater Treatment Plant to a state-of-the-art treatment facility. The re-use / effluent pipeline is scheduled for completion in June 2015. The Expansion and upgrades at the Regional Wastewater Treatment Plant is complete, with additional upgrades pending design completion. The construction of the Louisa County section of the James River Water Project is scheduled to begin during the summer of 2015, with an anticipated completion date in 2018.
- The Town of Louisa will benefit tremendously from the announcement of two major super regional retailers locating within the Town in 2015. These two retailers will bring significant revenues to the Town and County, along with approximately 75 new jobs combined. The Town of Mineral will benefit from a new retail store opening in late 2014.
- The new County landfill cell has been in operation for 1 year. The facility's original cell has been closed and final closure construction activity is slated for completion in late 2014.

Awards and Achievements

The County received its 12th consecutive Certificate of Achievement on its fiscal year 2013 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.

Future Budget Considerations

For fiscal year 2015, the Board of Supervisors has approved a General Fund Operating Budget of \$92,943,440. The approved CIP Budget is \$5,704,195. The real estate tax rate was set at \$0.68 per \$100 of assessed value, and reserve funds were utilized to balance the general fund budget.

The County faces continued financial pressures in FY2015 from increased healthcare and Virginia Retirement System costs as well as reductions in state revenues. Additional financial pressures can be expected in education from English Language Learners (ELL) requirements and costs associated with incarceration.

Acknowledgments

The preparation of this report on a timely basis could not have been accomplished without the dedicated services of the entire Department of Finance, Treasurer's Office, and the office of the Commissioner of the Revenue. We would also like to thank the Board of Supervisors for their interest and support in planning and conducting the financial operation of the county in a responsible and progressive manner.

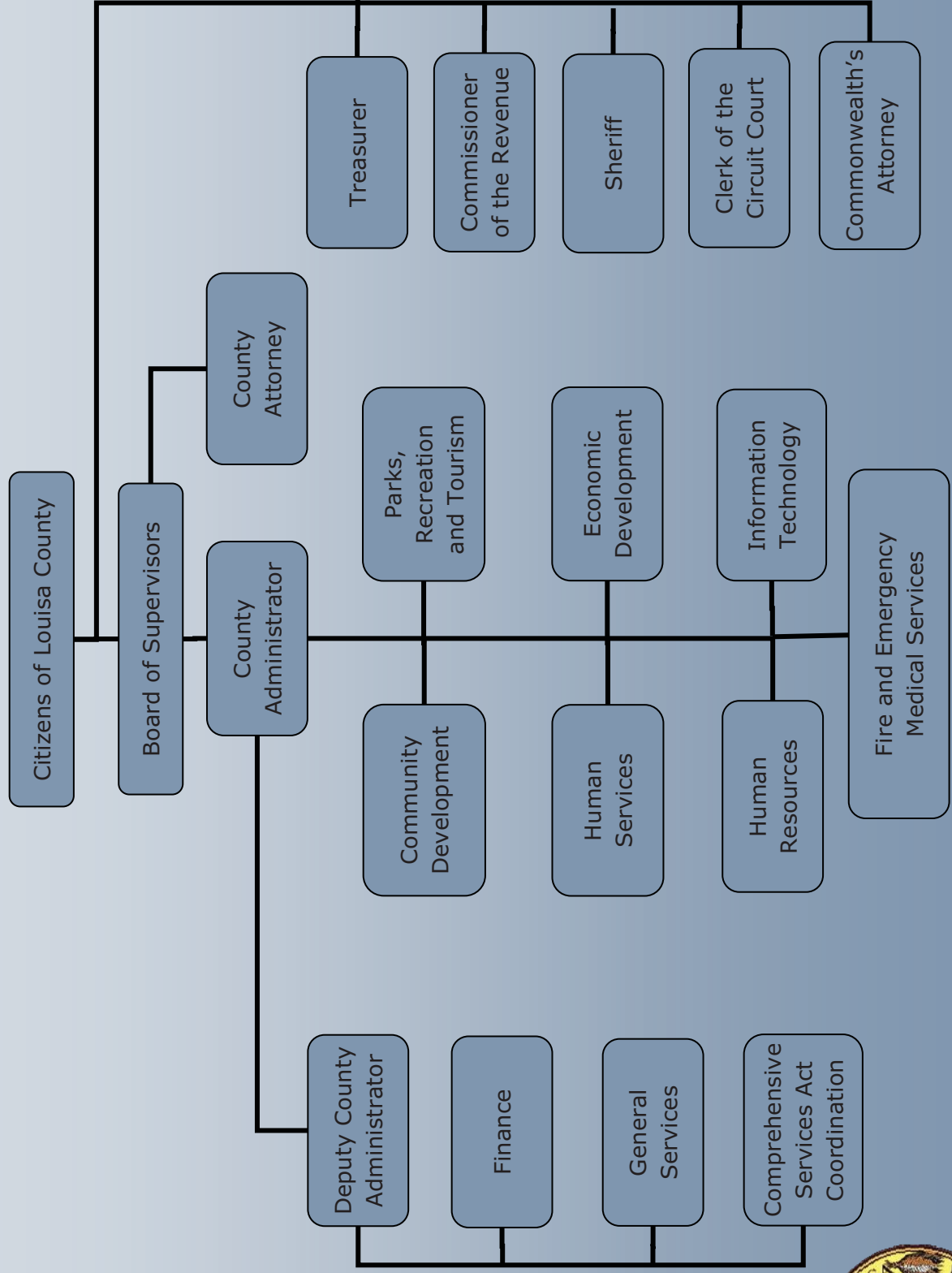
Respectfully submitted,



Christian R. Goodwin
County Administrator

COUNTY OF LOUISA

Organizational Structure



**COUNTY OF LOUISA, VIRGINIA
JUNE 30, 2014**

BOARD OF SUPERVISORS

Willie L. Gentry, Jr., Chairman
Richard A. Havasy, Vice-Chairman

Tommy Barlow
Fitzgerald A. Barnes

Stephanie L. Koren
Troy Wade

Dan Byers

COUNTY SCHOOL BOARD

Gregory V. Strickland, Chairman
Gail O. Proffitt, Vice-Chairman

Stephen C. Harris
Deborah A. Hoffman

William A. Seay
Sherman T. Shifflett

Allen B. Jennings

OTHER OFFICIALS

Judge of the Circuit Court.....	Timothy K. Sanner
Clerk of the Circuit Court	Susan R. Hopkins
Judge of the General District Court	Edward K. Carpenter
Judge of Juvenile and Domestic Relations Court.....	Richard E. Moore
Commonwealth's Attorney	Russell E. McGuire
Commissioner of the Revenue	Nancy M. Pleasants
Treasurer.....	Henry B. Wash
Sheriff	Ashland D. Fortune
Superintendent of Schools	Deborah Pettit
Clerk of the School Board	Rebecca A. Fisher
Director of Department of Human Services/Superintendent of Welfare	Janice Allen
Interim County Administrator.....	Christian R. Goodwin
Parks & Recreation Director.....	Jane Shelhorse



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, 2013



Executive Director/CEO

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Louisa, Virginia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County of Louisa, Virginia'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 County of Louisa, Virginia, as of June 30, 2014, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of pension and OPEB funding progress on pages 5-12, 69-72, 73 and 74 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 County of Louisa, Virginia's basic financial statements. The introductory section, other supplementary information, and statistical information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The other supplementary information 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 other supplementary information 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 December 4, 2014, on our consideration of 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 County of Louisa, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia

December 4, 2014

This page intentionally left blank

MANAGEMENT'S DISCUSSION AND ANALYSIS

**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, 2014. 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. to iv. of this report.

Financial Highlights FY 2014¹

- The general fund balance decreased \$3,375,226.
- Revenues exceeded the original budget estimate by \$3,463,701 and revenues exceeded the amended budget by \$2,768,441.
- Expenditures were less than the original budget estimate by \$468,377 and expenditures were less than the amended budget by \$6,801,955.
- The real estate tax rate remained the same rate \$0.65 per \$100 of assessed value.
- Reserve funds of \$11,671,509 were utilized to balance the general fund budget.
- The assets of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$71,645,382, (net position). Of this amount, \$51,610,080 (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 \$66,878,399, a decrease of \$7,753,199 in comparison with the prior year. Approximately 48% of this total amount, or \$31,808,588, is available for spending at the County's discretion (unassigned fund balance), and 52%, or \$35,069,811, is nonspendable, restricted, committed, or assigned for specific projects. The overall decrease in fund balance is largely attributable to fund utilization for Natural Disaster Capital Projects such as school reconstruction which was incomplete as of the end of the fiscal year.
- Unassigned fund balance for the general fund was \$31,808,588, or 50 percent of total general fund expenditures.
- The County of Louisa, Virginia's total debt decreased by \$525,878, mostly for the repayment of general obligation bonds.

¹ Fiscal Year ended June 30, 2014.

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.

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.

Overview of the Financial Statements: (Continued)

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

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

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 exceeded liabilities and deferred inflows of resources by \$71,645,382 at the close of the most recent fiscal year.

A significant portion (26 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	
	2014	2013
Current and other assets	\$ 126,830,146	\$ 131,535,209
Capital assets	40,771,103	37,007,940
Total assets	\$ 167,601,249	\$ 168,543,149
Long-term liabilities outstanding	\$ 38,586,963	\$ 39,112,841
Current liabilities	4,167,621	4,207,400
Total liabilities	\$ 42,754,584	\$ 43,320,241
Deferred inflows of resources - unavailable revenue	\$ 53,201,283	\$ 49,728,634
Net position:		
Net investment in capital assets	\$ 18,464,264	\$ 16,354,996
Restricted	1,571,038	-
Unrestricted	51,610,080	59,139,278
Total net position	\$ 71,645,382	\$ 75,494,274

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 2014, the County's net position decreased by \$3,848,892. Key elements of this decrease are as follows:

County of Louisa, Virginia's Changes in Net Position			
	Governmental Activities		
	2014	2013	
Revenues:			
Program revenues:			
Charges for services	\$ 2,237,283	\$ 2,241,159	
Operating grants and contributions	7,020,212	6,398,089	
Capital grants and contributions	13,772,275	4,061,482	
General revenues:			
Property taxes	48,680,852	48,819,978	
Other local taxes	5,844,284	5,481,190	
Other	2,661,871	2,411,133	
Total revenues	<u>\$ 80,216,777</u>	<u>\$ 69,413,031</u>	
Expenses:			
General government	\$ 3,506,219	\$ 3,397,777	
Judicial administration	2,064,058	2,058,528	
Public safety	13,522,591	12,406,368	
Public works	5,705,451	4,396,747	
Health and welfare	7,310,884	7,728,749	
Education	48,664,735	35,300,357	
Parks, recreation and culture	1,551,528	1,488,418	
Community development	2,616,432	3,573,642	
Interest	1,198,401	1,089,251	
Total expenses	<u>\$ 86,140,299</u>	<u>\$ 71,439,837</u>	
Insurance proceeds - earthquake	<u>\$ 2,074,630</u>	<u>\$ 1,096,663</u>	
Increase (decrease) in net position	\$ (3,848,892)	\$ (930,143)	
Net position – beginning	75,494,274	76,424,417	
Net position - ending	<u>\$ 71,645,382</u>	<u>\$ 75,494,274</u>	

- Capital grants and contributions – The significant increase of \$9,710,793 in capital grants and contributions are attributed to grants for earthquake repairs.
- Education related costs increased by \$13,364,378, primarily as a result of earthquake reconstruction.
- Public safety related costs increased \$1,116,223. Costs associated with the expansion of the regional jail, and purchase of two ambulances drove the majority of this increase.
- Public Works related costs increased by \$1,308,704 as a result of landfill projects associated with cell opening and closure.
- Community Development expenses decreased by \$957,210, as a result of capitalized construction costs of a new effluent line.

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 \$66,878,399, which represents a decrease of \$7,753,199 in comparison with the prior year. Approximately 48% of this total amount, (\$31,808,588), constitutes unassigned general fund balance, which is available for spending at the County's discretion. \$13,173 of fund balance is nonspendable (prepaids). 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
- NAPS Stabilization expenditures
- Landfill Closure
- Landfill Development
- Zion Crossroad's future debt
- Earthquake repairs
- Future capital improvement expenditures

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 eighty-two percent of the total general fund expenditures.

The general fund balance decreased \$3,375,226 during the current fiscal year. The change is linked to a combination of increased operating costs and a budgeted utilization of general fund balance for fiscal year 2014.

The capital projects fund has a total fund balance of \$99,583, all of which is committed for future capital projects. The fund balance decreased \$3,224,889 as a result of completed capital projects.

General Fund Budgetary Highlights

Differences between the original expenditure budget and the final amended budget totaled an increase of \$6,333,578. The increase in appropriations can be briefly summarized as follows:

- \$154,961 increase in judicial administration expenditures are the results of Technology Funds from the Compensation Board and funds received from the Victim Witness and the VSTOP Assistant Attorney grants.
- \$1,245,204 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 FY13 carryover.

General Fund Budgetary Highlights: (Continued)

- \$3,123,670 increase in public works expenditures is primarily the result of landfill projects associated with cell opening and closure. In addition, funds were allocated to the James River Water Authority for the permit process of relocation of water intake.
- \$215,763 increase in Human Services expenditures for grants received for Adoption Subsidy, Special Needs Adoption, Adult Protective Services, and Medicaid-Famis funding.
- \$136,972 increase in Housing Projects – CDBG is the result of a Community Development Block Grant award for private structure earthquake repair and reconstruction.
- \$1,169,793 increase in Education expenditures associated with earthquake recovery operating costs.
- \$218,256 decrease in miscellaneous expenditures due to allocated non-departmental budget to actual functions that occurred during the year.

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

During the year revenues exceeded the original budget estimate by \$3,463,701 and actual revenues exceeded the amended budget by \$2,768,441. Expenditures were less than the original budget estimate by \$468,377 and expenditures were less than the amended budget by \$6,801,955. Building enhancement work in progress, 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

- \$1,881,704 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.
- \$421,710 is materially attributable to the continued success of the Revenue Recovery Program for Ambulance Transports.
- \$231,117 in other local tax revenues is primarily attributed in an increase in business licenses, motor vehicle, and utility taxes.

Expenditures:

- \$156,835 under budget in General Government Administration is attributable to unfilled positions and savings associated with staff turnover.
- \$229,496 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.
- \$1,064,147 under budget in Public Safety is attributed to savings in payroll and related expenses within the Sheriff's Department, Department of Emergency Services as well as Fire and Rescue. In addition, fuel consumption was 15 percent lower than budget expectations and improvements to the firing range were in progress but not completed. Funding provided for fire programs and volunteer rescue from the Commonwealth has not been spent by the volunteers and is being carried over.
- \$2,368,490 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.

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental funds as of June 30, 2014 amounts to \$40,771,103 (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 \$3,763,163.

County of Louisa, Virginia's Capital Assets		
	Governmental Activities	
	2014	2013
Land	\$ 2,328,523	\$ 2,328,523
Buildings and improvements	23,397,538	23,397,538
Equipment	8,066,906	7,703,294
Construction in progress	6,459,143	-
Tenancy in common	16,305,000	18,280,000
Total	\$ 56,557,110	\$ 51,709,355
Less: accumulated depreciation	(15,786,007)	(14,701,415)
Net capital assets	\$ 40,771,103	\$ 37,007,940

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, the County had total bonded debt outstanding of \$31,084,274. Of this amount, \$31,084,274 comprises debt backed by the full faith and credit of the County.

During the current fiscal year, the County's total debt decreased by \$2,220,442 due to the repayment of general obligation bonds.

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 5.80%² for June 2014.
- The Zion Crossroads Market continues to experience a year on year commercial growth trend. Stonegate Apartments, the residential section of the Planned Unit Development known as The Ridges has submitted development plans to the County in anticipation of a construction start date in calendar year 2015. The Ridges development is inclusive of 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. Spring Creek has sold over half of the planned 1,200 lots within the subdivision so far. In addition, over 450 homes have been built to date. The new clubhouse/restaurant was finished in June 2014 and is now open to the public. 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 is currently under construction. This brings the total number of medical related businesses within the park to five. Several existing business expansions and new businesses completed construction of their new facilities along in the 250 corridor in 2014. Capital investment related to the new construction and expansion projects approached \$10 million, total new square footage was approximately 85,000 sq. ft. and roughly 90 new jobs in the County. This corridor will continue to be the focus of responsible industrial and commercial development, with the James River Water Project serving as the catalyst in driving new development along this corridor. In calendar year 2015 least one new industrial prospect is scheduled to be under construction in the 1st quarter of 2015. Interest in commercial development is growing in Louisa as inquiries are on the rise.

² State of Virginia; Labor Market Information

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

- The Town of Louisa will benefit tremendously from the announcement of two major super regional retailers locating within the Town in 2015. These two retailers will bring significant revenues to the Town and County, along with approximately 75 new jobs combined. The Town of Mineral will benefit from a new retail store opening in late 2014.
- In August of 2011, the county experienced a significant earthquake which significantly damaged several county structures. The majority of the repairs have been completed and one of the two schools which were completely destroyed has been replaced and is in operation. The high school is scheduled for substantial completion in June 2015. Repair costs are significant and are being offset by insurance proceeds and federal emergency disaster relief funding.
- The County's population continues to increase. Since the 2000 census, the County's population has increased by over 29%. 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 need to upgrade the County's water and sewer infrastructure.

All of these factors were considered in preparing the County's budget for the 2015 fiscal year.

For fiscal year 2015, the Board of Supervisors has approved a General Fund Operating Budget of \$92,943,440. The approved CIP Budget is \$5,704,195. The approved FY 2015 budget set the real estate tax rate at \$0.68 per \$100 of assessed value, and reserve funds were required to balance the general fund budget.

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.

BASIC FINANCIAL STATEMENTS

This page intentionally left blank

Government-wide Financial Statements

This page intentionally left blank

Statement of Net Position
June 30, 2014

June 30, 2014

	Primary Government		Component Units	
			School Board	Louisa County Water Authority
	Governmental Activities			
ASSETS				
Cash and cash equivalents	\$ 55,989,760	\$ 8,745,022	\$ 251,411	
Receivables (net of allowance for uncollectibles):				
Taxes receivable	56,676,144	-	-	
Accounts receivable	331,254	8,731	123,491	
Landfill accounts	37,311	-	-	
Due from component unit	3,420,201	-	-	
Due from other governmental units	8,791,265	3,846,019	-	
Prepaid items	13,173	252,617	23,844	
Restricted assets:				
Cash and cash equivalents	1,571,038	-	2,257,525	
Capital assets (net of accumulated depreciation):				
Land	2,328,523	866,127	913,325	
Buildings and system	30,145,972	16,062,382	297,198	
Machinery and equipment	1,837,465	3,824,227	22,732	
Intangible assets	-	-	4,727,666	
Infrastructure	-	-	429,236	
Construction in progress	6,459,143	34,403,569	13,837,989	
Total assets	\$ 167,601,249	\$ 68,008,694	\$ 22,884,417	
LIABILITIES				
Accounts payable	\$ 1,753,315	\$ 1,255,655	\$ 41,912	
Retainage payable	1,533,971	-	-	
Accrued liabilities	191,571	5,194,865	2,500	
Amounts held for future projects	-	-	10,000	
Customers' deposits	-	-	49,795	
Accrued interest payable	565,841	-	-	
Due to primary government	-	3,420,201	-	
Unearned revenue	122,923	-	90,906	
Long-term liabilities:				
Due within one year	2,179,928	58,706	-	
Due in more than one year	36,407,035	3,676,470	114,444	
Total liabilities	\$ 42,754,584	\$ 13,605,897	\$ 309,557	
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - property taxes	\$ 53,201,283	\$ -	\$ -	
NET POSITION				
Net investment in capital assets	\$ 18,464,264	\$ 55,156,305	\$ 20,228,146	
Restricted:				
Future capital expenses	-	-	2,166,619	
Industrial development collateral	1,571,038	-	-	
Unrestricted (deficit)	51,610,080	(753,508)	180,095	
Total net position	\$ 71,645,382	\$ 54,402,797	\$ 22,574,860	

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, 2014

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 3,506,219	\$ 41,008	\$ 436,965	\$ -
Judicial administration	2,064,058	165,625	593,880	-
Public safety	13,522,591	1,389,958	1,710,938	164,793
Public works	5,705,451	211,043	117,409	-
Health and welfare	7,310,884	-	3,961,286	-
Education	48,664,735	-	-	13,555,593
Parks, recreation, and cultural	1,551,528	405,649	7,314	-
Community development	2,616,432	24,000	-	51,889
Interest on long-term debt	1,198,401	-	192,420	-
Total governmental activities	\$ 86,140,299	\$ 2,237,283	\$ 7,020,212	\$ 13,772,275
COMPONENT UNITS:				
School Board	\$ 53,346,286	\$ 885,980	\$ 22,413,012	\$ 223,800
Louisa County Water Authority	2,355,241	1,747,531	16,000	1,966,293
Total component units	\$ 55,701,527	\$ 2,633,511	\$ 22,429,012	\$ 2,190,093

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
Insurance proceeds - earthquake

Total extraordinary items

Change in net position
Net position - beginning
Net position - ending

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Position		
Primary Government	Component Units	
		Louisa County Water Authority
Governmental Activities	School Board	
\$ (3,028,246)		
(1,304,553)		
(10,256,902)		
(5,376,999)		
(3,349,598)		
(35,109,142)		
(1,138,565)		
(2,540,543)		
(1,005,981)		
<u>\$ (63,110,529)</u>		
	\$ (29,823,494)	\$ -
	-	1,374,583
	<u>\$ (29,823,494)</u>	<u>\$ 1,374,583</u>
\$ 48,680,852	\$ -	\$ -
3,020,623	-	-
444,333	-	-
647,134	-	-
604,328	-	-
794,167	-	-
333,699	-	-
305,361	8,404	14,391
335,198	410,185	-
-	47,985,606	-
2,021,312	-	-
<u>\$ 57,187,007</u>	<u>\$ 48,404,195</u>	<u>\$ 14,391</u>
\$ -	\$ (1,111,291)	\$ -
2,074,630	-	-
<u>\$ 2,074,630</u>	<u>\$ (1,111,291)</u>	<u>\$ -</u>
\$ (3,848,892)	\$ 17,469,410	\$ 1,388,974
75,494,274	36,933,387	21,185,886
<u>\$ 71,645,382</u>	<u>\$ 54,402,797</u>	<u>\$ 22,574,860</u>

This page intentionally left blank

Fund Financial Statements

This page intentionally left blank

Balance Sheet
Governmental Funds
June 30, 2014

	General	Capital Projects	Natural Disaster Capital Projects	Total
ASSETS				
Cash and cash equivalents	\$ 46,550,878	\$ 463,728	\$ 8,975,154	\$ 55,989,760
Receivables (net of allowance for uncollectible):				
Taxes receivable	56,676,144	-	-	56,676,144
Accounts receivable	243,505	87,749	-	331,254
Landfill accounts	37,311	-	-	37,311
Due from other funds	309,662	-	-	309,662
Due from component unit	3,420,201	-	-	3,420,201
Due from other governmental units	1,434,289	199,770	7,157,206	8,791,265
Prepaid items	13,173	-	-	13,173
Restricted assets:				
Cash and cash equivalents	1,571,038	-	-	1,571,038
Total assets	<u>\$ 110,256,201</u>	<u>\$ 751,247</u>	<u>\$ 16,132,360</u>	<u>\$ 127,139,808</u>
LIABILITIES				
Liabilities:				
Accounts payable	\$ 938,349	\$ 530,751	\$ 284,215	\$ 1,753,315
Accrued liabilities	182,571	5,918	3,082	191,571
Retainage payable	-	114,995	1,418,976	1,533,971
Due to other funds	-	-	309,662	309,662
Unearned revenue	122,923	-	-	122,923
Total liabilities	<u>\$ 1,243,843</u>	<u>\$ 651,664</u>	<u>\$ 2,015,935</u>	<u>\$ 3,911,442</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	<u>\$ 56,349,967</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,349,967</u>
Fund balances:				
Nonspendable:				
Prepays	\$ 13,173	\$ -	\$ -	\$ 13,173
Restricted:				
Industrial development collateral	1,571,038	-	-	1,571,038
Committed:				
NAPS stabilization	15,800,000	-	-	15,800,000
Human services	253,507	-	-	253,507
Comprehensive services	74,065	-	-	74,065
Capital projects	-	-	14,116,425	14,116,425
Assigned:				
Landfill closure	2,130,068	-	-	2,130,068
Earthquake repairs	353,075	-	-	353,075
Zion Crossroads development debt	357,130	-	-	357,130
Debt service	277,747	-	-	277,747
REM access	24,000	-	-	24,000
Capital projects	-	99,583	-	99,583
Unassigned	31,808,588	-	-	31,808,588
Total fund balances	<u>\$ 52,662,391</u>	<u>\$ 99,583</u>	<u>\$ 14,116,425</u>	<u>\$ 66,878,399</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 110,256,201</u>	<u>\$ 751,247</u>	<u>\$ 16,132,360</u>	<u>\$ 127,139,808</u>

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds \$ 66,878,399

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. 40,771,103

Interest on long-term debt is not accrued in governmental funds, but rather is recognized when paid. (565,841)

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. 3,148,684

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. (38,586,963)

Net position of governmental activities \$ 71,645,382

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, 2014

	General	Capital Projects	Natural Disaster Capital Projects	Total
REVENUES				
General property taxes	\$ 48,994,477	\$ -	\$ -	\$ 48,994,477
Other local taxes	5,050,117	794,167	-	5,844,284
Permits, privilege fees, and regulatory licenses	428,901	-	-	428,901
Fines and forfeitures	85,254	-	-	85,254
Revenue from the use of money and property	274,330	17,690	13,341	305,361
Charges for services	1,723,128	-	-	1,723,128
Miscellaneous	324,318	10,880	-	335,198
Recovered costs	72,499	20,926	-	93,425
Intergovernmental:				
Commonwealth	6,974,851	404,761	2,365,819	9,745,431
Federal	1,978,594	-	11,089,774	13,068,368
Total revenues	<u>\$ 65,906,469</u>	<u>\$ 1,248,424</u>	<u>\$ 13,468,934</u>	<u>\$ 80,623,827</u>
EXPENDITURES				
Current:				
General government administration	\$ 3,295,339	\$ -	\$ -	\$ 3,295,339
Judicial administration	1,926,261	-	-	1,926,261
Public safety	11,797,370	-	-	11,797,370
Public works	3,789,408	-	-	3,789,408
Health and welfare	7,298,502	-	-	7,298,502
Education	29,382,401	-	-	29,382,401
Parks, recreation, and cultural	1,432,249	-	-	1,432,249
Community development	1,384,468	-	-	1,384,468
Capital projects	-	6,736,386	27,696,623	34,433,009
Debt service:				
Principal retirement	2,220,442	-	-	2,220,442
Interest and other fiscal charges	1,331,414	-	-	1,331,414
Total expenditures	<u>\$ 63,857,854</u>	<u>\$ 6,736,386</u>	<u>\$ 27,696,623</u>	<u>\$ 98,290,863</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,048,615</u>	<u>\$ (5,487,962)</u>	<u>\$ (14,227,689)</u>	<u>\$ (17,667,036)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 10,716	\$ 2,273,789	\$ 3,160,768	\$ 5,445,273
Transfers out	(5,434,557)	(10,716)	-	(5,445,273)
Total other financing sources (uses)	<u>\$ (5,423,841)</u>	<u>\$ 2,263,073</u>	<u>\$ 3,160,768</u>	<u>\$ -</u>
EXTRAORDINARY ITEMS				
Insurance proceeds - earthquake	\$ -	\$ -	\$ 9,913,837	\$ 9,913,837
Net change in fund balances	\$ (3,375,226)	\$ (3,224,889)	\$ (1,153,084)	\$ (7,753,199)
Fund balances - beginning	56,037,617	3,324,472	15,269,509	74,631,598
Fund balances - ending	<u>\$ 52,662,391</u>	<u>\$ 99,583</u>	<u>\$ 14,116,425</u>	<u>\$ 66,878,399</u>

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, 2014

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

Net change in fund balances - total governmental funds \$ (7,753,199)

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	\$ 7,227,489	
Depreciation expense	(1,997,076)	
Transfer of joint tenancy assets from Primary Government to the Component Unit	<u>(1,467,250)</u>	3,763,163

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (313,625)

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	\$ 2,220,442	
Amortization of premiums on bonds payable	<u>204,122</u>	2,424,564

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	\$ (1,684,670)	
(Increase)/decrease in net OPEB obligation	(204,470)	
(Increase)/decrease in accrued interest payable	(71,109)	
(Increase)/decrease in compensated absences	<u>(9,546)</u>	<u>(1,969,795)</u>

Change in net position of governmental activities \$ (3,848,892)

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

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 686,740
Total assets	<u>\$ 686,740</u>
LIABILITIES	
Amounts held for social services clients	\$ 5,031
Amounts held for projects	624,011
Amounts held for others	<u>57,698</u>
Total liabilities	<u>\$ 686,740</u>

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

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements As of June 30, 2014

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 component 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).

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

Blended Component Units - The County has no blended component units.

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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, 2014.

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.

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.

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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 when earned or at the time of the specific expenditure. Revenues from general purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the government. 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.

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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:

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.

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

Investments are stated at fair value which approximates market; no investments are valued at cost. Certificates of deposit and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents. Investments consist of assets held by a trustee.

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.

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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 \$713,654 at June 30, 2014 and is comprised of the following:

Property taxes	\$ 697,080
Landfill billings	<u>16,574</u>
Total	<u>\$ 713,654</u>

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 fair market 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 is included as part of the capitalized value of the assets constructed. The County reported no capitalized interest as of June 30, 2014.

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:

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

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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 does not have any deferred outflows of resources as of June 30, 2014.

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 one type of item that qualifies 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.

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.

K. 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.

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

L. 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 sale, 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

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 14 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.

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

M. Retirement Plan

Retirement plan contributions are actuarially determined and consist of current services costs and amortization of prior service cost over a 30-year period. The County's policy is to fund pension costs as it accrues.

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.

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.

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.

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 2—Deposits and Investments: (Continued)

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, 2014 were rated by Standard & Poor’s and the ratings are presented below using Standard & Poor’s rating scale.

<u>County's Rated Debt Investments' Values</u>	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Local Government Investment Pool	\$ 15,866,650
State Non-Arbitrage Pool (SNAP)	<u>4,581,640</u>
Total	\$ <u><u>20,448,290</u></u>

External Investment Pools

The State Non-Arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission (SEC).

The fair value of the positions in the external investment pools (Local Government Investment Pool and State Non-Arbitrage Pool) are the same as the value of the pool shares. As the LGIP is not SEC registered, regulatory oversight of the pools rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 3–Due From Other Governmental Units:

At June 30, 2014 the County and School Board had receivables from other governments as follows:

	<u>Primary Government</u>	<u>Discretely Presented Component Unit School Board</u>
Commonwealth of Virginia:		
State Sales Taxes	\$ -	\$ 838,910
Local Sales Taxes	593,888	-
Communication Tax	58,923	-
Recordation Tax	34,977	-
VPA Funds	136,798	-
Rescue Squad Assistance	164,793	-
Shared Expenses	178,241	-
FEMA Funds	1,231,555	416,943
Comprehensive Services Act Reimbursement	186,817	-
Other State Aid	128,048	95,000
Federal Government:		
School Funds	-	597,049
FEMA Funds	5,925,651	1,898,117
Public Safety Grants	14,871	-
VPA Funds	136,703	-
Total	\$ <u>8,791,265</u>	\$ <u>3,846,019</u>

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

<u>Fund</u>	<u>Due From Component Unit School Board</u>	<u>Due to Primary Government</u>
General	\$ 3,420,201	\$ -
School Board	<u>-</u>	<u>3,420,201</u>
Totals	\$ <u>3,420,201</u>	\$ <u>3,420,201</u>

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

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2014:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Government Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,328,523	\$ -	\$ -	\$ 2,328,523
Construction in Progress	-	6,459,143	-	6,459,143
Total capital assets not being depreciated	\$ 2,328,523	\$ 6,459,143	\$ -	\$ 8,787,666
Capital assets being depreciated:				
Buildings and improvements	\$ 41,677,538	\$ -	\$ 1,975,000	\$ 39,702,538
Machinery and equipment	7,703,294	768,346	404,734	8,066,906
Total capital assets being depreciated	\$ 49,380,832	\$ 768,346	\$ 2,379,734	\$ 47,769,444
Accumulated depreciation:				
Buildings and improvements	\$ 8,988,533	\$ 1,075,783	\$ 507,750	\$ 9,556,566
Machinery and equipment	5,712,882	921,293	404,734	6,229,441
Total accumulated depreciation	\$ 14,701,415	\$ 1,997,076	\$ 912,484	\$ 15,786,007
Total capital assets being depreciated, net	\$ 34,679,417	\$ (1,228,730)	\$ 1,467,250	\$ 31,983,437
Governmental activities capital assets, net	\$ 37,007,940	\$ 5,230,413	\$ 1,467,250	\$ 40,771,103

The following is a summary of changes in School Board capital assets for the fiscal year ended June 30, 2014:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Capital assets, not being depreciated:				
Land	\$ 866,127	\$ -	\$ -	\$ 866,127
Construction in progress	10,539,963	23,863,606	-	34,403,569
Total capital assets not being depreciated	\$ 11,406,090	\$ 23,863,606	\$ -	\$ 35,269,696
Capital assets being depreciated:				
Buildings and improvements	\$ 32,281,992	\$ 2,131,902	\$ -	\$ 34,413,894
Machinery and equipment	11,297,067	1,217,095	-	12,514,162
Total capital assets being depreciated	\$ 43,579,059	\$ 3,348,997	\$ -	\$ 46,928,056
Accumulated depreciation:				
Buildings and improvements	\$ 16,806,670	\$ 1,544,842	\$ -	\$ 18,351,512
Machinery and equipment	7,776,031	913,904	-	8,689,935
Total accumulated depreciation	\$ 24,582,701	\$ 2,458,746	\$ -	\$ 27,041,447
Total capital assets being depreciated, net	\$ 18,996,358	\$ 890,251	\$ -	\$ 19,886,609
School Board capital assets, net	\$ 30,402,448	\$ 24,753,857	\$ -	\$ 55,156,305

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 5-Capital Assets: (Continued)

Capital asset activity for the School Board for the year ended June 30, 2014 was as follows:

Depreciation expense	\$ 1,950,996
Depreciation on joint tenancy assets- transferred to School Board	<u>507,750</u>
Net increases in accumulated depreciation	\$ <u><u>2,458,746</u></u>

(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, 2014, is that school financed assets in the amount of \$20,138,017 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	\$ 227,805
Judicial Administration	137,390
Public Safety	790,097
Public Works	203,634
Health and Welfare	21,725
Education	407,625
Parks, Recreation and Cultural	90,025
Community Development	<u>118,775</u>
Total	\$ <u><u>1,997,076</u></u>
Component Unit School Board	\$ <u><u>1,950,996</u></u>

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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, 2014:

	Balance July 1, 2013	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2014	Amounts Due Within One Year
Compensated absences	\$ 571,822	\$ 66,728	\$ 57,182	\$ 581,368	\$ 58,137
General obligation bonds	33,304,716	-	2,220,442	31,084,274	1,885,442
Premium on bonds payable	2,372,944	-	204,122	2,168,822	236,349
Net OPEB obligation	917,748	257,506	53,036	1,122,218	-
Landfill closure and postclosure care	1,945,611	1,684,670	-	3,630,281	-
Total	<u>\$ 39,112,841</u>	<u>\$ 2,008,904</u>	<u>\$ 2,534,782</u>	<u>\$ 38,586,963</u>	<u>\$ 2,179,928</u>

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 June 30,	General Obligation Bonds		Premium on Bonds Payable	
	Principal	Interest	Principal	Interest
2015	\$ 1,885,442	\$ 1,379,723	\$ 236,349	\$ -
2016	1,895,442	1,310,639	224,913	-
2017	1,910,442	1,236,091	212,284	-
2018	1,925,442	1,158,354	198,882	-
2019	1,935,442	1,077,878	185,113	-
2020	1,945,442	998,143	171,253	-
2021	1,965,442	915,215	156,659	-
2022	1,650,442	836,135	141,423	-
2023	1,650,442	765,800	126,262	-
2024	1,650,442	695,464	111,101	-
2025	1,650,442	624,417	95,865	-
2026	1,650,442	557,044	81,271	-
2027	1,650,442	489,671	66,678	-
2028	1,650,441	421,379	51,924	-
2029	1,460,441	360,333	38,443	-
2030	1,460,441	308,473	26,919	-
2031	725,441	276,371	19,023	-
2032	725,441	259,331	13,588	-
2033	725,441	242,291	8,153	-
2034	725,441	225,251	2,719	-
2035	245,441	108,366	-	-
Total	<u>\$ 31,084,274</u>	<u>\$ 14,246,369</u>	<u>\$ 2,168,822</u>	<u>\$ -</u>

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 6--Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of Long-Term Obligations

General Obligation Bonds:

	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
\$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%	\$ 2,660,000	\$ 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%	11,760,000	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%	1,885,000	230,000
\$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%	5,154,274	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%	<u>9,625,000</u>	<u>485,000</u>
Total General Obligation Bonds	\$ <u>31,084,274</u>	\$ <u>1,885,442</u>
Premium on Bonds Payable	\$ 2,168,822	\$ 236,349
Compensated absences	581,368	58,137
Net OPEB obligation	1,122,218	-
Landfill closure and postclosure care	<u>3,630,281</u>	<u>-</u>
Total Long-Term Obligations	\$ <u><u>38,586,963</u></u>	\$ <u><u>2,179,928</u></u>

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

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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, 2014:

	<u>Balance</u> <u>July 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Compensated absences	\$ 597,120	\$ 49,647	\$ 59,712	\$ 587,055	\$ 58,706
Net OPEB obligation	<u>2,574,528</u>	<u>722,373</u>	<u>148,780</u>	<u>3,148,121</u>	<u>-</u>
Total	<u>\$ 3,171,648</u>	<u>\$ 772,020</u>	<u>\$ 208,492</u>	<u>\$ 3,735,176</u>	<u>\$ 58,706</u>

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 \$56,472,890 is comprised of the following:

- A. Primary Government—Unearned Revenue: Unearned revenue representing amounts collected prior to June 30 not available for funding of current expenditures totaled \$122,923 at June 30, 2014.
- B. Primary Government— Unavailable Property Taxes – revenue representing deferred/unavailable property tax revenues totaled \$56,349,967 at June 30, 2014.

Note 8—Pension Plan:

A. Plan Description

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

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

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 8—Pension Plan: (Continued)

A. Plan Description (Continued)

Within the VRS Plan, the System administers three different benefit plans for local government employees – Plan 1, Plan 2, and, Hybrid. Each plan has different eligibility and benefit structures as set out below:

VRS – PLAN 1

1. **Plan Overview** - VRS 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 VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.
2. **Eligible Members** - Employees are in VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.
3. **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 VRS Plan 1 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and had prior service under VRS Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 1 or ORP.

4. **Retirement Contributions** - Members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution; 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.
5. **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.

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 8—Pension Plan: (Continued)

A. Plan Description (Continued)

VRS – PLAN 1 (CONTINUED)

6. **Vesting** - Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.

Members are always 100% vested in the contributions that they make.

7. **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.

8. **Average Final Compensation** - A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.

9. **Service Retirement Multiplier** - 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 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.

10. **Normal Retirement Age** - Age 65.

11. **Earliest Unreduced Retirement Eligibility** - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.

Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

12. **Earliest Reduced Retirement Eligibility** - Members may retire with a reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.

13. **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%.

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 8—Pension Plan: (Continued)

A. Plan Description (Continued)

VRS – PLAN 1 (CONTINUED)

- 14. 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.

- 15. Exceptions to COLA Effective Dates** - The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:

- The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
- The member retires on disability.
- The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).
- 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.

- 16. 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.

Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

- 17. 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.

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 8—Pension Plan: (Continued)

A. Plan Description (Continued)

VRS – PLAN 2

1. **Plan Overview** - VRS 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 VRS 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.
2. **Eligible Members** - Employees are in VRS 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.
3. **Hybrid Opt-In Election** - VRS 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 VRS Plan 2 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and have prior service under VRS Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 2 or ORP.

4. **Retirement Contributions** – Same as VRS Plan 1—Refer to Section 4.
5. **Creditable Service** – Same as VRS Plan 1— Refer to Section 5.
6. **Vesting** – Same as VRS Plan 1—Refer to Section 6.
7. **Calculating the Benefit** – Same as VRS Plan 1—Refer to Section 7.
8. **Average Final Compensation** - A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.
9. **Service Retirement Multiplier** - Same as Plan1 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.
10. **Normal Retirement Age** - Normal Social Security retirement age.
11. **Earliest Unreduced Retirement Eligibility** - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 8—Pension Plan: (Continued)

A. Plan Description (Continued)

VRS – PLAN 2 (CONTINUED)

12. **Earliest Reduced Retirement Eligibility** - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.
13. **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%.
14. **Eligibility** – Same as VRS Plan 1—Refer to Section 14.
15. **Exceptions to COLA Effective Dates** – Same as VRS Plan 1—Refer to Section 15.
16. **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.

Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.
17. **Purchase of Prior Service** – Same as VRS Plan 1—Refer to Section 17.

HYBRID RETIREMENT PLAN

1. **Plan Overview** - 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 VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during a special election window. (See “Eligible Members”)
 - The defined benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula.
 - The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.
 - In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 8—Pension Plan: (Continued)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

2. **Eligible Members** - Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:
- State employees*
 - School division employees
 - Political subdivision employees*
 - Judges appointed or elected to an original term on or after January 1, 2014
 - Members in VRS Plan 1 or VRS 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
3. ***Non-Eligible Members** - Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:
- Members of the State Police Officers' Retirement System (SPORS)
 - Members of the Virginia Law Officers' Retirement System (VaLORS)
 - Political subdivision employees who are covered by enhanced benefits for hazardous duty employees

Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under VRS Plan 1 or VRS Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select VRS Plan 1 or VRS Plan 2 (as applicable) or ORP.

4. **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.

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 8—Pension Plan: (Continued)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

5. 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 Contribution Component - Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

6. 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. VRS Plan 1 or VRS 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 Contribution Component - Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.

Members are always 100% vested in the contributions that they make.

Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.

- After two years, a member is 50% vested and may withdraw 50% of employer contributions.
- After three years, a member is 75% vested and may withdraw 75% of employer contributions.
- After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.

Distribution is not required by law until age 70½.

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 8—Pension Plan: (Continued)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

7. Calculating the Benefit

Defined Benefit Component – Same as VRS Plan 1—Refer to Section 7.

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.

8. **Average Final Compensation** – Same as VRS Plan 2—Refer to Section 8. It is used in the retirement formula for the defined benefit component of the plan.

9. **Service Retirement Multiplier** - The retirement multiplier is 1.0%.

For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or VRS Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

10. Normal Retirement Age

Defined Benefit Component – Same as VRS Plan 2—Refer to Section 10.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

11. Earliest Unreduced Retirement Eligibility

Defined Benefit Component - Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

12. Earliest Reduced Retirement Eligibility

Defined Benefit Component - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 8—Pension Plan: (Continued)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

13. Cost-of-Living Adjustment (COLA) in Retirement

Defined Benefit Component – Same as VRS Plan 2—Refer to Section 13.

Defined Contribution Component – Not Applicable.

14. **Eligibility** – Same as VRS Plan 1 and VRS Plan 2—Refer to Section 14.

15. **Exceptions to COLA Effective Dates** – Same as VRS Plan 1 and VRS Plan 2—Refer to Section 15.

16. **Disability Coverage** - Eligible political subdivision and school division members (including VRS Plan 1 and VRS 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.

State employees (including VRS Plan 1 and VRS Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

Hybrid members (including VRS Plan 1 and VRS Plan 2 opt-ins) covered under VSDP or VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

17. Purchase of Prior Service

Defined Benefit Component - Same as VRS Plan 1 and VRS Plan 2—Refer to Section 17.

Defined Contribution Component – Not Applicable.

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/2013-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County and School Board's contribution rates for the fiscal year ended 2014 were 12.91% and 8.98% of annual covered payroll, respectively.

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 8—Pension Plan: (Continued)

B. Funding Policy (Continued)

The School Board's contributions for professional employees were \$2,908,832, \$2,811,617, and \$1,158,875, to the teacher cost-sharing pool for the fiscal years ended June 30, 2014, 2013, and 2012, respectively and these contributions represented 11.66%, 11.66%, and 6.33% for 2014, 2013, and 2012, respectively, of current covered payroll.

C. Annual Pension Cost

For fiscal year 2014, the County's annual pension cost of \$1,348,738 was equal to the County's required and actual contributions.

Three-Year Trend Information for the County

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC) (1)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2014	\$ 1,348,738	100%	\$ -
June 30, 2013	1,010,760	100%	-
June 30, 2012	867,960	100%	-

(1) Employer portion only

For fiscal year 2014, the School Board's annual pension cost for the School Board's non-professional employees was \$323,393, which was equal to the Board's required and actual contributions.

Three-Year Trend Information for the School Board Non-Professional

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC) (1)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2014	\$ 323,393	100%	\$ -
June 30, 2013	315,613	100%	-
June 30, 2012	224,544	100%	-

(1) Employer portion only

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 8—Pension Plan: (Continued)

C. Annual Pension Cost: (Continued)

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

D. Funded Status and Funding Progress:

As of June 30, 2013, the most recent actuarial valuation date, the County's plan was 85.42% funded. The actuarial accrued liability for benefits was \$28,421,664, and the actuarial value of assets was \$24,278,071, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,143,593. The covered payroll (annual payroll of active employees covered by the plan) was \$9,884,960 and ratio of the UAAL to the covered payroll was 41.92%.

As of June 30, 2013, the most recent actuarial valuation date, the School Board's plan was 89.59% funded. The actuarial accrued liability for benefits was \$11,123,603, and the actuarial value of assets was \$9,966,103, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,157,500. The covered payroll (annual payroll of active employees covered by the plan) was \$3,501,330 and ratio of the UAAL to the covered payroll was 33.06%.

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

Note 9—Contingent Liabilities:

Federal programs in which the County and its component units participate were audited in accordance with the provisions of the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by the audit, 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.

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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 six 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 \$3,630,281 reported as landfill closure, postclosure and corrective action liability on the June 30, 2014 Statement of Net Position is equal to the expected closure and postclosure costs, based on an expected closure date of fiscal year 2014. The landfill is closed as of June 30, 2014. 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 also been named as a defendant in matters involving real estate and other matters. It is not known what liability, if any, the County faces.

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 13–Interfund Transfers:

Interfund transfers for the year ended June 30, 2014, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 10,716	\$ 5,434,557
Natural Disaster Capital Projects Fund	3,160,768	-
Capital Projects Fund	<u>2,273,789</u>	<u>10,716</u>
Total	<u>\$ 5,445,273</u>	<u>\$ 5,445,273</u>

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:

	<u>Amount</u>
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.

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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	\$ 259,006	\$ 726,582
Interest on OPEB obligation	36,710	102,981
Adjustment to annual required contribution	(38,210)	(107,190)
Annual OPEB cost (expense)	\$ 257,506	\$ 722,373
Contribution made	(53,036)	(148,780)
Increase in net OBEB obligation	\$ 204,470	\$ 573,593
Net OPEB obligation - beginning of year	917,748	2,574,528
Net OPEB obligation - end of year	<u>\$ 1,122,218</u>	<u>\$ 3,148,121</u>

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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, 2014 \$	257,506	20.60% \$	1,122,218
June 30, 2013	242,323	27.79%	917,748
June 30, 2012	222,964	28.82%	742,755
Schools:			
June 30, 2014 \$	722,373	20.60% \$	3,148,121
June 30, 2013	672,372	21.93%	2,574,528
June 30, 2012	644,356	29.01%	2,049,626

D. Funded Status and Funding Progress

As of July 1, 2012, the County's actuarial accrued liability for benefits was \$1,561,339, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$10,043,418, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 15.55 percent.

As of July 1, 2012, the School Board's actuarial accrued liability for benefits was \$5,797,671, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$27,681,960, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 20.94 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.

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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, 2012 was thirty years. The healthcare cost trend rate was 8.00% for 2013 reduced to 5% over 7 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.

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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 2013 was .16% 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 2014, the County's contribution of \$16,656 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 2014 and the preceding two years were as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2014	\$ 16,656	100%	-
June 30, 2013	12,527	100%	-
June 30, 2012	7,086	100%	-

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2013, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$ 102,461
Actuarial value of plan assets	59,557
Unfunded actuarial accrued liability	42,904
Funded ratio (actuarial value of plan assets/AAL)	58.13%
Covered payroll (active plan members)	4,465,120
UAAL as a percentage of covered payroll	0.96%

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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, 2014 was 30 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.

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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 2013 was .56% 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 2014, the School Board's contribution of \$20,193 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 2014 and preceding two years were as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2014	\$ 20,193	100%	-
June 30, 2013	19,682	100%	-
June 30, 2012	21,385	100%	-

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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, 2013, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$ 306,483
Actuarial value of plan assets	158,915
Unfunded actuarial accrued liability	147,568
Funded ratio (actuarial value of plan assets/AAL)	51.85%
Covered payroll (active plan members)	3,501,330
UAAL as a percentage of covered payroll	4.21%

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, 2013 was 30 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.

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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 .71% of annual covered payroll. The School Board's contributions to VRS for the year ended June 30, 2014 was \$177,124 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.

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 17–Extraordinary Items: (Continued)

During 2014 the School Board received \$9,913,837 of insurance proceeds related to earthquake expenditures including the lease of modular classrooms. The insurance proceeds are reported an extraordinary item as is the \$1,111,291 of operating related expenditures. Capital project expenditures related to the earthquake totaled \$27,696,623 and are reported in the Natural Disaster Capital Projects Fund.

Note 18–Construction Commitments:

As of June 30, 2014 the County has the following construction commitments:

<u>Project</u>	<u>Contract Amounts</u>	<u>Expenditures as of June 30, 2014</u>	<u>Contract Balance</u>
Jouett and Trevilians Earthquake Repairs \$	2,019,938 \$	1,539,596 \$	480,342
Thomas Jefferson Elementary	11,231,679	11,146,806	84,873
Louisa County High School	48,534,705	18,036,074	30,498,631
Effluent Line	<u>5,045,988</u>	<u>2,329,899</u>	<u>2,716,089</u>
Total	\$ <u>66,832,310</u>	\$ <u>33,052,375</u>	\$ <u>33,779,935</u>

Note 19–Upcoming GASB Pronouncements:

At June 30, 2014, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by the County. The statements which might impact the County are as follows:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, will improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. Statement No. 68 will be effective for fiscal years beginning after June 15, 2014.

The County has not yet determined the effect these GASB Statements will have on its financial statements.

Note 20–Line of Credit:

On January 10, 2014 the County secured a line of credit in a total amount not to exceed \$6,051,190, interest payable at 3.45% for the first 18 months. As of June 30, 2014 no monies were drawn on this line of credit.

This page intentionally left blank

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.

This page intentionally left blank

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 47,112,773	\$ 47,112,773	\$ 48,994,477	\$ 1,881,704
Other local taxes	4,819,000	4,819,000	5,050,117	231,117
Permits, privilege fees, and regulatory licenses	405,000	405,000	428,901	23,901
Fines and forfeitures	180,000	180,000	85,254	(94,746)
Revenue from the use of money and property	198,000	198,000	274,330	76,330
Charges for services	1,521,950	1,301,418	1,723,128	421,710
Miscellaneous	100,000	276,045	324,318	48,273
Recovered costs	40,000	45,740	72,499	26,759
Intergovernmental:				
Commonwealth	6,645,260	7,237,397	6,974,851	(262,546)
Federal	1,420,785	1,562,655	1,978,594	415,939
Total revenues	\$ 62,442,768	\$ 63,138,028	\$ 65,906,469	\$ 2,768,441
EXPENDITURES				
General government administration:				
Legislative:				
Board of supervisors	\$ 144,707	\$ 155,130	\$ 155,097	\$ 33
General and financial administration:				
County administrator	\$ 390,180	\$ 397,152	\$ 352,603	\$ 44,549
County attorney	338,885	339,056	318,930	20,126
Administrative and human resources	214,374	207,802	190,335	17,467
Commissioner of revenue	405,343	405,577	392,058	13,519
Reassessment	481,190	486,253	450,827	35,426
Treasurer	469,190	469,391	467,100	2,291
Finance	368,664	395,839	393,729	2,110
Network administration	405,224	412,482	405,029	7,453
Total general and financial administration	\$ 3,073,050	\$ 3,113,552	\$ 2,970,611	\$ 142,941
Board of elections:				
Electoral board and officials	\$ 183,470	\$ 183,492	\$ 169,631	\$ 13,861
Total general government administration				
	\$ 3,401,227	\$ 3,452,174	\$ 3,295,339	\$ 156,835
Judicial administration:				
Courts:				
Circuit court	\$ 95,794	\$ 95,833	\$ 75,321	\$ 20,512
General district court	9,080	9,080	5,895	3,185
Juvenile domestic court	6,180	6,180	4,674	1,506
Clerk of the circuit court	510,545	566,537	488,019	78,518
Sheriff - courts	753,587	755,725	716,215	39,510
Law library	-	-	197	(197)
Total courts	\$ 1,375,186	\$ 1,433,355	\$ 1,290,321	\$ 143,034

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2014 (Continued)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
EXPENDITURES: (Continued)				
Judicial administration: (Continued)				
Commonwealth's attorney:				
Commonwealth's attorney	\$ 625,610	\$ 722,402	\$ 635,940	\$ 86,462
Total judicial administration	\$ 2,000,796	\$ 2,155,757	\$ 1,926,261	\$ 229,496
Public safety:				
Law enforcement and traffic control:				
Sheriff - law enforcement	\$ 3,755,669	\$ 4,080,745	\$ 3,807,773	\$ 272,972
Communications center	788,096	794,605	794,344	261
Emergency 911 system	220,940	220,940	199,076	21,864
Total law enforcement and traffic control	\$ 4,764,705	\$ 5,096,290	\$ 4,801,193	\$ 295,097
Fire and rescue services:				
Office of emergency services	\$ 413,811	\$ 642,005	\$ 412,079	\$ 229,926
Fire & rescue assistance	1,258,822	1,551,013	1,281,276	269,737
Revenue recovery	152,234	152,257	124,307	27,950
Emergency services	2,393,181	2,591,537	2,413,175	178,362
Total fire and rescue services	\$ 4,218,048	\$ 4,936,812	\$ 4,230,837	\$ 705,975
Correction and detention:				
Sheriff - correction and detention	\$ 1,945,896	\$ 2,103,130	\$ 2,099,029	\$ 4,101
Other protection:				
Animal control	\$ 216,432	\$ 218,227	\$ 199,588	\$ 18,639
Animal shelter	163,972	166,048	125,981	40,067
Forest fire prevention & extinction	10,000	18,000	17,882	118
Emergency services (civil defense)	21,165	21,165	21,164	1
Transportation safety commission	1,200	1,200	1,096	104
Transportation department	274,895	300,645	300,600	45
Total other protection	\$ 687,664	\$ 725,285	\$ 666,311	\$ 58,974
Total public safety	\$ 11,616,313	\$ 12,861,517	\$ 11,797,370	\$ 1,064,147

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2014 (Continued)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
EXPENDITURES: (Continued)				
Public works:				
Sanitation and waste removal:				
Refuse collection-solid waste control	\$ 1,390,830	\$ 4,283,315	\$ 1,914,825	\$ 2,368,490
Litter control	-	9,940	9,940	-
Total sanitation and waste removal	\$ 1,390,830	\$ 4,293,255	\$ 1,924,765	\$ 2,368,490
Maintenance of general buildings and grounds:				
General properties	\$ 2,425,874	\$ 2,471,536	\$ 1,519,757	\$ 951,779
Water and wastewater	325,000	500,583	344,886	155,697
Total maintenance of general buildings and grounds	\$ 2,750,874	\$ 2,972,119	\$ 1,864,643	\$ 1,107,476
Total public works	\$ 4,141,704	\$ 7,265,374	\$ 3,789,408	\$ 3,475,966
Health and human services:				
Health:				
Supplement of local health department	\$ 663,854	\$ 663,854	\$ 663,854	\$ -
Total health	\$ 663,854	\$ 663,854	\$ 663,854	\$ -
Mental health and mental retardation:				
Region 10	\$ 135,000	\$ 135,000	\$ 135,000	\$ -
Human services:				
Administration & public assistance	\$ 3,970,665	\$ 4,186,184	\$ 3,844,616	\$ 341,568
At risk youth	2,109,489	2,109,733	1,902,335	207,398
Monticello Area Community Action Agency	32,400	32,400	32,400	-
Jefferson Area Board for Aging	272,564	272,564	272,564	-
Housing assistance	108,550	108,550	108,550	-
CDBG - earthquake housing repairs	-	136,972	46,839	90,133
Human service agency donations	294,344	294,344	292,344	2,000
Total human services	\$ 6,788,012	\$ 7,140,747	\$ 6,499,648	\$ 641,099
Total health and human services	\$ 7,586,866	\$ 7,939,601	\$ 7,298,502	\$ 641,099
Education:				
Other instructional costs:				
Contribution to Louisa County school board	\$ 28,682,123	\$ 29,851,916	\$ 29,348,409	\$ 503,507
Contributions to local community college	33,992	33,992	33,992	-
Total education	\$ 28,716,115	\$ 29,885,908	\$ 29,382,401	\$ 503,507
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation	\$ 814,647	\$ 633,464	\$ 578,916	\$ 54,548
Parks and recreation - self supporting	140,000	355,130	345,825	9,305
Swimming pools	135,088	136,203	102,589	33,614
Total parks and recreation	\$ 1,089,735	\$ 1,124,797	\$ 1,027,330	\$ 97,467

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2014 (Continued)

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget -
			Amounts	Positive
				(Negative)
EXPENDITURES: (Continued)				
Parks, recreation, and cultural: (Continued)				
Cultural enrichment:				
Agriculture fair	\$ 2,000	\$ 2,000	\$ 2,000	\$ -
Community organizations	65,000	82,760	70,000	12,760
Total cultural enrichment	\$ 67,000	\$ 84,760	\$ 72,000	\$ 12,760
Library:				
Contribution to regional library	\$ 333,639	\$ 333,639	\$ 332,919	\$ 720
Total parks, recreation, and cultural	\$ 1,490,374	\$ 1,543,196	\$ 1,432,249	\$ 110,947
Community development:				
Planning and community development:				
Planning	\$ 1,039,546	\$ 1,069,387	\$ 855,541	\$ 213,846
Planning District Commission	49,432	49,432	49,432	-
Industrial Development Authority	123,000	123,000	123,000	-
Economic development	131,566	132,863	111,838	21,025
Tourism	101,472	101,495	56,611	44,884
Other community development	3,000	3,000	3,000	-
Total planning and community development	\$ 1,448,016	\$ 1,479,177	\$ 1,199,422	\$ 279,755
Environmental management:				
Soil and water conservation	\$ 73,880	\$ 73,880	\$ 73,880	\$ -
Cooperative extension program:				
VPI extension	\$ 114,590	\$ 114,614	\$ 111,166	\$ 3,448
Total community development	\$ 1,636,486	\$ 1,667,671	\$ 1,384,468	\$ 283,203
Nondepartmental:				
Miscellaneous	\$ 555,011	\$ 336,755	\$ -	\$ 336,755
Debt service:				
Principal retirement	\$ 2,089,994	\$ 2,335,436	\$ 2,220,442	\$ 114,994
Interest and other fiscal charges	1,091,345	1,216,420	1,331,414	(114,994)
Total debt service	\$ 3,181,339	\$ 3,551,856	\$ 3,551,856	\$ -
Total Expenditures	\$ 64,326,231	\$ 70,659,809	\$ 63,857,854	\$ 6,801,955
Excess (deficiency) of revenues over (under) expenditures	\$ (1,883,463)	\$ (7,521,781)	\$ 2,048,615	\$ 9,570,396
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 10,716	\$ 10,716	\$ -
Transfers out	\$ (550,000)	\$ (4,160,444)	\$ (5,434,557)	\$ (1,274,113)
Total other financing sources (uses)	\$ (550,000)	\$ (4,149,728)	\$ (5,423,841)	\$ (1,274,113)
Net change in fund balances	\$ (2,433,463)	\$ (11,671,509)	\$ (3,375,226)	\$ 8,296,283
Fund balances - beginning	2,433,463	11,671,509	56,037,617	44,366,108
Fund balances - ending	\$ -	\$ -	\$ 52,662,391	\$ 52,662,391

Virginia Retirement System
Schedule of Pension Funding Progress
Last Three Fiscal Years

County:**Virginia Retirement System:**

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability	Funded Ratio (2) / (3)	Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2013	\$ 24,278,071	\$ 28,421,664	\$ 4,143,593	85.42%	\$ 9,884,960	41.92%
6/30/2012	22,522,328	27,941,532	5,419,204	80.61%	10,043,418	53.96%
6/30/2011	21,763,518	26,795,920	5,032,402	81.22%	10,153,301	49.56%

Health Insurance Credit Program:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability	Funded Ratio (2) / (3)	Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2013	\$ 59,557	\$ 102,461	\$ 42,904	58.13%	\$ 4,465,120	0.96%
6/30/2012	53,222	103,032	49,810	51.66%	4,418,697	1.13%
6/30/2011	51,034	101,684	50,650	50.19%	4,471,678	1.13%

Discretely Presented Component Unit - School Board**Virginia Retirement System:****School Board Non-Professionals:**

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability	Funded Ratio (2) / (3)	Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2013	\$ 9,966,103	\$ 11,123,603	\$ 1,157,500	89.59%	\$ 3,501,330	33.06%
6/30/2012	9,376,532	11,237,014	1,860,482	83.44%	3,493,708	53.25%
6/30/2011	9,230,853	11,023,920	1,793,067	83.73%	3,472,469	51.64%

Health Insurance Credit Program:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability	Funded Ratio (2) / (3)	Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2013	\$ 158,915	\$ 306,483	\$ 147,568	51.85%	\$ 3,501,330	4.21%
6/30/2012	136,601	298,768	162,167	45.72%	3,493,708	4.64%
6/30/2011	128,236	289,783	161,547	44.25%	3,472,469	4.65%

Schedule of OPEB Funding Progress

County:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
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%
7/1/2008	-	1,332,034	1,332,034	0.00%	9,297,315	14.33%

Discretely Presented Component Unit - School Board

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
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%
7/1/2008	-	6,019,472	6,019,472	0.00%	27,879,898	21.59%

OTHER SUPPLEMENTARY INFORMATION

This page intentionally left blank

Combining and Individual Fund Statements and Schedules

This page intentionally left blank

Capital Projects Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Other local taxes	\$ 700,000	\$ 700,000	\$ 794,167	\$ 94,167
Revenue from the use of money and property	20,000	20,000	17,690	(2,310)
Miscellaneous	50,000	50,000	10,880	(39,120)
Recovered costs	-	-	20,926	20,926
Intergovernmental:				
Commonwealth	120,000	315,542	404,761	89,219
Total revenues	<u>\$ 890,000</u>	<u>\$ 1,085,542</u>	<u>\$ 1,248,424</u>	<u>\$ 162,882</u>
EXPENDITURES				
Current:				
Economic development projects	\$ 6,235,000	\$ 10,018,778	\$ 3,735,064	\$ 6,283,714
Emergency services projects	550,000	919,281	761,112	158,169
Human services projects	-	25,000	5,971	19,029
Parks and recreation	50,000	446,500	19,500	427,000
Sheriff's department	171,000	776,583	772,051	4,532
School capital projects	7,376,086	1,626,211	1,383,060	243,151
Public works	581,429	744,167	59,628	684,539
Total expenditures	<u>\$ 14,963,515</u>	<u>\$ 14,556,520</u>	<u>\$ 6,736,386</u>	<u>\$ 7,820,134</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (14,073,515)</u>	<u>\$ (13,470,978)</u>	<u>\$ (5,487,962)</u>	<u>\$ 7,983,016</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 550,000	\$ 1,132,779	\$ 2,273,789	\$ 1,141,010
Transfers out	-	(5,943,870)	(10,716)	5,933,154
Issuance of bonds	-	11,854,804	-	(11,854,804)
Total other financing sources (uses)	<u>\$ 550,000</u>	<u>\$ 7,043,713</u>	<u>\$ 2,263,073</u>	<u>\$ (4,780,640)</u>
Net change in fund balances	<u>\$ (13,523,515)</u>	<u>\$ (6,427,265)</u>	<u>\$ (3,224,889)</u>	<u>\$ 3,202,376</u>
Fund balances - beginning	<u>13,523,515</u>	<u>6,427,265</u>	<u>3,324,472</u>	<u>(3,102,793)</u>
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 99,583</u></u>	<u><u>\$ 99,583</u></u>

Natural Disaster Capital Projects Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2014

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 13,341	\$ 13,341
Intergovernmental:				
Commonwealth	-	-	2,365,819	2,365,819
Federal	-	34,686,918	11,089,774	(23,597,144)
Total revenues	\$ -	\$ 34,686,918	\$ 13,468,934	\$ (21,217,984)
EXPENDITURES				
Capital projects				
School - earthquake projects	\$ -	\$ 77,808,652	\$ 27,696,623	\$ 50,112,029
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (43,121,734)	\$ (14,227,689)	\$ 28,894,045
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 9,093,922	\$ 3,160,768	\$ (5,933,154)
EXTRAORDINARY ITEMS				
Insurance proceeds - earthquake	\$ -	\$ 17,727,812	\$ 9,913,837	\$ (7,813,975)
Net change in fund balances	\$ -	\$ (16,300,000)	\$ (1,153,084)	\$ 15,146,916
Fund balances - beginning	-	16,300,000	15,269,509	(1,030,491)
Fund balances - ending	\$ -	\$ -	\$ 14,116,425	\$ 14,116,425

Combining Statement of Fiduciary Net Position
 Agency Funds
 June 30, 2014

	Agency Funds			
	Special Welfare Fund	Bond Escrow Fund	Spencer Scholarship Fund	Total
ASSETS				
Cash and cash equivalents	\$ 5,031	\$ 624,011	\$ 57,698	\$ 686,740
Total assets	<u>\$ 5,031</u>	<u>\$ 624,011</u>	<u>\$ 57,698</u>	<u>\$ 686,740</u>
LIABILITIES				
Amounts held for social services clients	\$ 5,031	\$ -	\$ -	\$ 5,031
Amounts held for projects	-	624,011	-	624,011
Amounts held for others	-	-	57,698	57,698
Total liabilities	<u>\$ 5,031</u>	<u>\$ 624,011</u>	<u>\$ 57,698</u>	<u>\$ 686,740</u>

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 For the Year Ended June 30, 2014

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
Special Welfare Fund:				
ASSETS				
Cash and cash equivalents	\$ 32,453	\$ 44,740	\$ 72,162	\$ 5,031
Total assets	<u>\$ 32,453</u>	<u>\$ 44,740</u>	<u>\$ 72,162</u>	<u>\$ 5,031</u>
LIABILITIES				
Amounts held for social services clients	\$ 32,453	\$ 44,740	\$ 72,162	\$ 5,031
Total liabilities	<u>\$ 32,453</u>	<u>\$ 44,740</u>	<u>\$ 72,162</u>	<u>\$ 5,031</u>
Bond Escrow Fund:				
ASSETS				
Cash and cash equivalents	\$ 441,713	\$ 182,298	\$ -	\$ 624,011
Total assets	<u>\$ 441,713</u>	<u>\$ 182,298</u>	<u>\$ -</u>	<u>\$ 624,011</u>
LIABILITIES				
Amounts held for projects	\$ 441,713	\$ 182,298	\$ -	\$ 624,011
Total liabilities	<u>\$ 441,713</u>	<u>\$ 182,298</u>	<u>\$ -</u>	<u>\$ 624,011</u>
Spencer Scholarship Fund:				
ASSETS				
Cash and cash equivalents	\$ 59,469	\$ -	\$ 1,771	\$ 57,698
Total assets	<u>\$ 59,469</u>	<u>\$ -</u>	<u>\$ 1,771</u>	<u>\$ 57,698</u>
LIABILITIES				
Amounts held for others	\$ 59,469	\$ -	\$ 1,771	\$ 57,698
Total liabilities	<u>\$ 59,469</u>	<u>\$ -</u>	<u>\$ 1,771</u>	<u>\$ 57,698</u>
Totals - All Agency Funds:				
ASSETS				
Cash and cash equivalents	\$ 533,635	\$ 227,038	\$ 73,933	\$ 686,740
Total assets	<u>\$ 533,635</u>	<u>\$ 227,038</u>	<u>\$ 73,933</u>	<u>\$ 686,740</u>
LIABILITIES				
Amounts held for social services clients	\$ 32,453	\$ 44,740	\$ 72,162	\$ 5,031
Amounts held for projects	441,713	182,298	-	624,011
Amounts held for others	59,469	-	1,771	57,698
Total liabilities	<u>\$ 533,635</u>	<u>\$ 227,038</u>	<u>\$ 73,933</u>	<u>\$ 686,740</u>

Discretely Presented Component Unit-School Board

Combining Balance Sheet
 Governmental Funds - Discretely Presented Component Unit - School Board
 June 30, 2014

	School Operating Fund	Natural Disaster Operating Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 6,610,627	\$ 2,134,395	\$ 8,745,022
Receivables (net of allowance for uncollectibles):			
Accounts receivable	8,731	-	8,731
Due from other governmental units	1,530,959	2,315,060	3,846,019
Prepaid items	199,308	53,309	252,617
Total assets	<u>\$ 8,349,625</u>	<u>\$ 4,502,764</u>	<u>\$ 12,852,389</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,096,613	\$ 159,042	\$ 1,255,655
Accrued liabilities	5,194,865	-	5,194,865
Due to primary government	2,057,839	1,362,362	3,420,201
Total liabilities	<u>\$ 8,349,317</u>	<u>\$ 1,521,404</u>	<u>\$ 9,870,721</u>
Fund balances:			
Committed:			
Earthquake related expenditures	\$ -	\$ 2,981,360	\$ 2,981,360
Assigned:			
Cafeteria operations	308	-	308
Total fund balances	<u>\$ 308</u>	<u>\$ 2,981,360</u>	<u>\$ 2,981,668</u>
Total liabilities and fund balances	<u>\$ 8,349,625</u>	<u>\$ 4,502,764</u>	<u>\$ 12,852,389</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:			
Total fund balances per above			\$ 2,981,668
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			55,156,305
Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the funds.			<u>(3,735,176)</u>
Net position of governmental activities			<u>\$ 54,402,797</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2014

	School Operating Fund	Natural Disaster Operating Fund	Total Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ 8,404	\$ -	\$ 8,404
Charges for services	885,980	-	885,980
Miscellaneous	410,185	-	410,185
Recovered costs	235,720	-	235,720
Intergovernmental:			
Local government	28,178,616	1,169,793	29,348,409
Commonwealth	18,328,558	186,336	18,514,894
Federal	3,248,468	873,450	4,121,918
Total revenues	<u>\$ 51,295,931</u>	<u>\$ 2,229,579</u>	<u>\$ 53,525,510</u>
EXPENDITURES			
Current:			
Education	\$ 51,295,931	\$ -	\$ 51,295,931
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 2,229,579	\$ 2,229,579
EXTRAORDINARY ITEMS			
Earthquake related expenditures	\$ -	\$ (1,111,291)	\$ (1,111,291)
Insurance proceeds - earthquake	-	-	-
Total extraordinary items	<u>\$ -</u>	<u>\$ (1,111,291)</u>	<u>\$ (1,111,291)</u>
Net change in fund balances	\$ -	\$ 1,118,288	\$ 1,118,288
Fund balances - beginning	308	1,863,072	1,863,380
Fund balances - ending	<u>\$ 308</u>	<u>\$ 2,981,360</u>	<u>\$ 2,981,668</u>
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		\$	1,118,288
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. Details supporting this adjustment are as follows:			
Capital outlay		\$ 228,449	
Depreciation expense		(1,950,996)	
Assets contributed by Primary Government		17,169,947	
Transfer of joint tenancy assets from Primary Government to the Component Unit		<u>1,467,250</u>	\$ 16,914,650
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		\$ 10,065	
Change in net OPEB obligation		<u>(573,593)</u>	\$ (563,528)
Change in net position of governmental activities			<u>\$ 17,469,410</u>

COUNTY OF LOUISA, VIRGINIA

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2014

	School Operating Fund				Variance with Final Budget Positive (Negative)
	Budgeted Amounts				
	Original	Final	Actual		
REVENUES					
Revenue from the use of money and property	\$ 2,500	\$ 2,500	\$ 8,404	\$	5,904
Charges for services	1,047,758	1,049,277	885,980		(163,297)
Miscellaneous	435,550	435,551	410,185		(25,366)
Recovered costs	479,829	479,829	235,720		(244,109)
Intergovernmental:					
Local government	28,682,123	28,682,123	28,178,616		(503,507)
Commonwealth	18,650,538	18,790,465	18,328,558		(461,907)
Federal	3,697,716	3,697,716	3,248,468		(449,248)
Total revenues	\$ 52,996,014	\$ 53,137,461	\$ 51,295,931	\$	(1,841,530)
EXPENDITURES					
Current:					
Education:					
Instruction	\$ 35,831,922	\$ 36,537,889	\$ 35,643,344	\$	894,545
Administration, attendance and health	2,556,304	2,464,687	1,989,033		475,654
Pupil transportation	5,201,764	4,951,769	4,823,263		128,506
Operation and maintenance services	4,540,780	4,192,824	4,079,143		113,681
Technology	2,667,514	2,741,062	2,581,513		159,549
School food services	2,197,730	2,197,734	2,179,635		18,099
Total expenditures	\$ 52,996,014	\$ 53,085,965	\$ 51,295,931	\$	1,790,034
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 51,496	\$ -	\$	(51,496)
EXTRAORDINARY ITEMS					
Earthquake related expenditures	\$ -	\$ -	\$ -	\$	-
Insurance proceeds - earthquake	-	-	-		-
Total extraordinary items	\$ -	\$ -	\$ -	\$	-
Net change in fund balances	\$ -	\$ 51,496	\$ -	\$	(51,496)
Fund balances - beginning	-	(51,496)	308		51,804
Fund balances - ending	\$ -	\$ -	\$ 308	\$	308

Natural Disaster Operating Fund				
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	
Original	Final			
\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	1,169,793	1,169,793	-	-
-	1,190,241	186,336	(1,003,905)	-
-	5,579,255	873,450	(4,705,805)	-
\$ -	\$ 7,939,289	\$ 2,229,579	\$ (5,709,710)	-
\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	-
\$ -	\$ 7,939,289	\$ 2,229,579	\$ (5,709,710)	-
\$ -	\$ (13,439,575)	\$ (1,111,291)	\$ 12,328,284	-
-	5,500,286	-	(5,500,286)	-
\$ -	\$ (7,939,289)	\$ (1,111,291)	\$ 6,827,998	-
\$ -	\$ -	\$ 1,118,288	\$ 1,118,288	-
-	-	1,863,072	1,863,072	-
\$ -	\$ -	\$ 2,981,360	\$ 2,981,360	-

This page intentionally left blank

Supporting Schedules

This page intentionally left blank

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

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	\$ 25,250,000	\$ 25,250,000	\$ 26,185,872	\$ 935,872
Real and personal public service corporation taxes	16,850,000	16,850,000	16,588,890	(261,110)
Personal property taxes	3,854,773	3,854,773	4,667,080	812,307
Mobile home taxes	48,000	48,000	59,233	11,233
Machinery and tools taxes	300,000	300,000	344,437	44,437
Other taxes	430,000	430,000	478,276	48,276
Penalties	190,000	190,000	307,045	117,045
Interest	190,000	190,000	363,644	173,644
Total general property taxes	<u>\$ 47,112,773</u>	<u>\$ 47,112,773</u>	<u>\$ 48,994,477</u>	<u>\$ 1,881,704</u>
Other local taxes:				
Local sales and use taxes	\$ 3,025,000	\$ 3,025,000	\$ 3,020,623	\$ (4,377)
Consumers' utility taxes	560,000	560,000	604,328	44,328
Business license taxes	130,000	130,000	231,932	101,932
Utility license taxes	4,000	4,000	5,982	1,982
Motor vehicle licenses	590,000	590,000	647,134	57,134
Taxes on recordation and wills	425,000	425,000	444,333	19,333
Hotel and motel room taxes	85,000	85,000	95,785	10,785
Total other local taxes	<u>\$ 4,819,000</u>	<u>\$ 4,819,000</u>	<u>\$ 5,050,117</u>	<u>\$ 231,117</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 15,000	\$ 15,000	\$ 13,862	\$ (1,138)
Land use application fees	500	500	4,874	4,374
Transfer fees	1,500	1,500	1,370	(130)
Building and other related permits	275,000	275,000	273,740	(1,260)
Zoning and use permits	75,000	75,000	97,292	22,292
Erosion and sediment control	35,000	35,000	33,394	(1,606)
Permits and other licenses	3,000	3,000	4,369	1,369
Total permits, privilege fees, and regulatory licenses	<u>\$ 405,000</u>	<u>\$ 405,000</u>	<u>\$ 428,901</u>	<u>\$ 23,901</u>
Fines and forfeitures:				
Court fines and forfeitures	<u>\$ 180,000</u>	<u>\$ 180,000</u>	<u>\$ 85,254</u>	<u>\$ (94,746)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 180,000	\$ 180,000	\$ 243,036	\$ 63,036
Revenue from use of property	18,000	18,000	31,294	13,294
Total revenue from use of money and property	<u>\$ 198,000</u>	<u>\$ 198,000</u>	<u>\$ 274,330</u>	<u>\$ 76,330</u>
Charges for services:				
Excess fees of clerk	\$ 20,000	\$ 20,000	\$ 8,805	\$ (11,195)
Charges for law enforcement and traffic control	4,600	4,600	5,329	729
Charges for courthouse maintenance	15,000	15,000	11,565	(3,435)
Concealed weapons permits	2,250	2,250	6,367	4,117
Charges for Commonwealth's Attorney	2,000	2,000	2,698	698
Ambulance services	825,000	579,468	959,974	380,506
Charges for sanitation and waste removal	175,000	175,000	211,043	36,043

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014 (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)				
Charges for parks and recreation	\$ 405,500	\$ 406,500	\$ 405,649	\$ (851)
Charges for telecommunication review	-	24,000	24,000	-
Other court charges	60,000	60,000	54,609	(5,391)
Other charges for services	12,600	12,600	30,395	17,795
Court fees law library	-	-	2,694	2,694
Total charges for services	\$ 1,521,950	\$ 1,301,418	\$ 1,723,128	\$ 421,710
Miscellaneous revenue:				
Miscellaneous	\$ 100,000	\$ 276,045	\$ 324,318	\$ 48,273
Recovered costs:				
Juvenile and domestic relations court costs	\$ 20,000	\$ 20,000	\$ 24,007	\$ 4,007
Expenditure refunds	-	-	7,096	7,096
Other recovered costs	20,000	25,740	41,396	15,656
Total recovered costs	\$ 40,000	\$ 45,740	\$ 72,499	\$ 26,759
Total revenue from local sources	\$ 54,376,723	\$ 54,337,976	\$ 56,953,024	\$ 2,615,048
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ -	\$ -	\$ 28,342	\$ 28,342
Mobile home titling tax	20,000	20,000	19,078	(922)
Motor vehicle rental tax	1,500	1,500	3,990	2,490
Communication sales tax	350,000	350,000	349,675	(325)
Personal property tax relief funds	1,620,227	1,620,227	1,620,227	-
Total noncategorical aid	\$ 1,991,727	\$ 1,991,727	\$ 2,021,312	\$ 29,585
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 315,000	\$ 315,000	\$ 335,667	\$ 20,667
Sheriff	1,175,000	1,175,000	1,226,420	51,420
Commissioner of revenue	115,000	115,000	127,822	12,822
Treasurer	115,000	115,000	122,963	7,963
Registrar/electoral board	50,000	50,000	41,102	(8,898)
Clerk of the Circuit Court	250,000	250,000	258,213	8,213
Total shared expenses	\$ 2,020,000	\$ 2,020,000	\$ 2,112,187	\$ 92,187
Other categorical aid:				
Welfare administration and assistance	\$ 1,491,058	\$ 1,671,797	\$ 1,496,252	\$ (175,545)
Wireless E-911 grant	-	-	49,774	49,774
Juvenile justice - crime control	-	9,904	12,381	2,477
At risk youth - comprehensive services act	1,142,475	1,142,475	871,992	(270,483)
Four 4 life grant	-	37,497	37,497	-
Litter control grant	-	9,940	9,940	-
Radiological preparedness grant	-	25,000	25,000	-

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2014 (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)				
Fire programs fund	\$ -	\$ 182,283	\$ 182,283	\$ -
Internet crimes against children grant	-	66,514	70,760	4,246
Victim-witness grant	-	25,414	25,349	(65)
Other categorical aid	-	54,846	60,124	5,278
Total other categorical aid	<u>\$ 2,633,533</u>	<u>\$ 3,225,670</u>	<u>\$ 2,841,352</u>	<u>\$ (384,318)</u>
Total categorical aid	<u>\$ 4,653,533</u>	<u>\$ 5,245,670</u>	<u>\$ 4,953,539</u>	<u>\$ (292,131)</u>
Total revenue from the Commonwealth	<u>\$ 6,645,260</u>	<u>\$ 7,237,397</u>	<u>\$ 6,974,851</u>	<u>\$ (262,546)</u>
Revenue from the federal government:				
Categorical aid:				
Welfare public assistance	\$ 1,420,785	\$ 1,444,369	\$ 1,593,042	\$ 148,673
Victim witness	-	25,413	25,349	(64)
Alcohol open container requirements	-	9,900	12,103	2,203
Local law enforcement grant	-	3,167	1,557	(1,610)
Bulletproof vest partnership program	-	3,929	7,880	3,951
Community development block grant	-	-	51,889	51,889
SHSP grant	-	-	1,753	1,753
Help america vote act requirements	-	-	5,000	5,000
State domestic preparedness equipment program	-	27,807	22,371	(5,436)
FEMA grants	-	-	983	983
Violence against women	-	27,350	27,350	-
Federal interest subsidy	-	-	192,420	192,420
Asset forfeiture	-	20,720	1,683	(19,037)
Emergency management preparedness	-	-	35,214	35,214
Total categorical aid	<u>\$ 1,420,785</u>	<u>\$ 1,562,655</u>	<u>\$ 1,978,594</u>	<u>\$ 415,939</u>
Total revenue from the federal government	<u>\$ 1,420,785</u>	<u>\$ 1,562,655</u>	<u>\$ 1,978,594</u>	<u>\$ 415,939</u>
Total General Fund	<u><u>\$ 62,442,768</u></u>	<u><u>\$ 63,138,028</u></u>	<u><u>\$ 65,906,469</u></u>	<u><u>\$ 2,768,441</u></u>
Capital Projects Fund:				
County Capital Improvements Fund:				
Revenue from local sources:				
Other local taxes:				
Meals tax	<u>\$ 700,000</u>	<u>\$ 700,000</u>	<u>\$ 794,167</u>	<u>\$ 94,167</u>
Revenue from use of money and property:				
Revenue from the use of money	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 17,690</u>	<u>\$ (2,310)</u>
Miscellaneous revenue:				
Other miscellaneous	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 10,880</u>	<u>\$ (39,120)</u>
Recovered costs:				
Other recovered costs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,926</u>	<u>\$ 20,926</u>
Total revenue from local sources	<u><u>\$ 770,000</u></u>	<u><u>\$ 770,000</u></u>	<u><u>\$ 843,663</u></u>	<u><u>\$ 73,663</u></u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2014 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Fund: (Continued)				
County Capital Improvements Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School equipment grant	\$ -	\$ 100,000	\$ 100,000	\$ -
Rescue squad assistance	-	95,542	164,793	69,251
Recordation taxes	120,000	120,000	139,968	19,968
Total categorical aid	\$ 120,000	\$ 315,542	\$ 404,761	\$ 89,219
Total revenue from the Commonwealth	\$ 120,000	\$ 315,542	\$ 404,761	\$ 89,219
Total County Capital Improvements Fund	\$ 890,000	\$ 1,085,542	\$ 1,248,424	\$ 162,882
Natural Disaster Capital Projects Fund:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 13,341	\$ 13,341
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
FEMA - earthquake funds	\$ -	\$ -	\$ 2,365,819	\$ 2,365,819
Revenue from the federal government:				
Categorical aid:				
FEMA - earthquake funds	\$ -	\$ 34,686,918	\$ 11,089,774	\$ (23,597,144)
Total Natural Disaster Capital Projects Fund	-	34,686,918	13,468,934	(21,217,984)
Total Primary Government	\$ 63,332,768	\$ 98,910,488	\$ 80,623,827	\$ (18,286,661)
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	\$ 604	\$ (1,896)
Revenue from the use of property	-	-	7,800	7,800
Total revenue from use of money and property	\$ 2,500	\$ 2,500	\$ 8,404	\$ 5,904
Charges for services:				
Tuition	\$ 206,758	\$ 206,758	\$ 237,920	\$ 31,162
Cafeteria sales	841,000	842,519	648,060	(194,459)
Total charges for services	\$ 1,047,758	\$ 1,049,277	\$ 885,980	\$ (163,297)
Miscellaneous revenue:				
Other miscellaneous	\$ 435,550	\$ 435,551	\$ 410,185	\$ (25,366)
Recovered costs:				
Other recovered costs	\$ 479,829	\$ 479,829	\$ 235,720	\$ (244,109)
Total revenue from local sources	\$ 1,965,637	\$ 1,967,157	\$ 1,540,289	\$ (426,868)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Louisa, Virginia	\$ 28,682,123	\$ 28,682,123	\$ 28,178,616	\$ (503,507)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014 (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	\$ 4,926,673	\$ 4,926,673	\$ 4,762,529	\$ (164,144)
Basic school aid	8,295,294	8,295,294	8,282,435	(12,859)
Remedial education	266,451	266,451	264,673	(1,778)
Special education	1,088,007	1,088,007	1,080,748	(7,259)
Textbook payment	181,126	181,126	179,918	(1,208)
Vocational SOQ payments	171,578	171,578	170,433	(1,145)
Social security fringe benefits	526,845	526,845	523,331	(3,514)
Retirement fringe benefits	1,078,097	1,078,097	1,064,048	(14,049)
At risk payments	231,798	231,798	230,283	(1,515)
Special education - regional tuition	285,025	285,025	169,860	(115,165)
Primary class size	385,774	385,774	390,738	4,964
Technology	232,000	361,118	223,800	(137,318)
At risk four-year olds	270,000	270,000	270,000	-
Other state funds	711,870	722,679	715,762	(6,917)
Total categorical aid	\$ 18,650,538	\$ 18,790,465	\$ 18,328,558	\$ (461,907)
Total revenue from the Commonwealth	\$ 18,650,538	\$ 18,790,465	\$ 18,328,558	\$ (461,907)
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	878,317	878,317	748,060	(130,257)
Title VI-B: Special education grants	1,350,600	1,350,600	924,380	(426,220)
Title VI-B: Special education preschool grants	17,666	17,666	23,568	5,902
Vocational education	75,000	75,000	69,636	(5,364)
Safe and drug free schools and communities	2,500	2,500	-	(2,500)
Title II, part A: Improving teacher quality	183,414	183,414	178,316	(5,098)
School lunch and breakfast program	1,175,219	1,175,219	1,303,518	128,299
Advanced placement grants	-	-	990	990
Total categorical aid	\$ 3,697,716	\$ 3,697,716	\$ 3,248,468	\$ (449,248)
Total revenue from the federal government	\$ 3,697,716	\$ 3,697,716	\$ 3,248,468	\$ (449,248)
Total School Operating Fund	\$ 52,996,014	\$ 53,137,461	\$ 51,295,931	\$ (1,841,530)
Natural Disaster Operating Fund:				
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Louisa, Virginia	\$ -	\$ 1,169,793	\$ 1,169,793	\$ -
Revenue from the Commonwealth:				
Categorical aid:				
FEMA - earthquake funds	\$ -	\$ 1,190,241	\$ 186,336	\$ (1,003,905)
Revenue from the federal government:				
Categorical aid:				
FEMA - earthquake funds	\$ -	\$ 5,579,255	\$ 873,450	\$ (4,705,805)
Total Natural Disaster Operating Fund	\$ -	\$ 7,939,289	\$ 2,229,579	\$ (5,709,710)
Total Discretely Presented Component Unit - School Board	\$ 52,996,014	\$ 61,076,750	\$ 53,525,510	\$ (7,551,240)

This page intentionally left blank

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.

This page intentionally left blank

COUNTY OF LOUISA, VIRGINIA

Table 1

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net investment in capital assets	\$ 12,522,789	\$ 13,500,980	\$ 17,607,864	\$ 15,445,907	\$ 17,461,096	\$ 17,504,861	\$ 18,143,105	\$ 17,833,603	\$ 16,354,996	\$ 18,464,264
Restricted	-	-	-	-	-	-	-	-	-	1,571,038
Unrestricted	25,422,192	30,617,173	39,720,461	52,132,430	59,940,996	64,218,511	56,273,869	58,590,814	59,139,278	51,610,080
Total governmental activities net position	\$ 37,944,981	\$ 44,118,153	\$ 57,328,325	\$ 67,578,337	\$ 77,402,092	\$ 81,723,372	\$ 74,416,974	\$ 76,424,417	\$ 75,494,274	\$ 71,645,382
Primary government										
Net investment in capital assets	\$ 12,522,789	\$ 13,500,980	\$ 17,607,864	\$ 15,445,907	\$ 17,461,096	\$ 17,504,861	\$ 18,143,105	\$ 17,833,603	\$ 16,354,996	\$ 18,464,264
Restricted	-	-	-	-	-	-	-	-	-	1,571,038
Unrestricted	25,422,192	30,617,173	39,720,461	52,132,430	59,940,996	64,218,511	56,273,869	58,590,814	59,139,278	51,610,080
Total primary government net position	\$ 37,944,981	\$ 44,118,153	\$ 57,328,325	\$ 67,578,337	\$ 77,402,092	\$ 81,723,372	\$ 74,416,974	\$ 76,424,417	\$ 75,494,274	\$ 71,645,382

COUNTY OF LOUISA, VIRGINIA

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General government administration	\$ 2,471,471	\$ 3,076,968	\$ 3,221,581	\$ 3,186,889	\$ 3,350,010	\$ 3,558,411	\$ 3,677,873	\$ 3,315,349	\$ 3,397,777	\$ 3,506,219
Judicial administration	1,480,965	1,531,372	1,749,661	2,064,610	2,171,890	2,159,585	2,102,860	2,009,183	2,058,528	2,064,058
Public safety	6,140,453	6,649,580	7,702,140	8,134,037	9,134,214	10,517,891	11,613,566	12,377,094	12,406,368	13,522,591
Public works	3,154,616	3,708,322	3,181,936	3,436,289	3,563,987	3,991,484	3,785,930	3,618,145	4,396,747	5,705,451
Health and welfare	4,527,540	5,161,120	5,729,666	6,595,067	7,118,397	7,303,205	7,190,521	7,556,166	7,728,749	7,310,884
Education	19,570,379	20,837,915	22,066,405	24,724,820	24,954,712	26,044,246	27,275,972	30,226,555	35,300,357	48,664,735
Parks, recreation and cultural	1,297,959	1,169,334	1,346,662	1,954,021	1,730,650	1,736,229	1,496,928	1,495,615	1,488,418	1,551,528
Community development	2,447,529	2,885,848	2,186,487	2,891,452	2,100,642	4,119,397	12,482,752	2,487,347	3,573,642	2,616,432
Interest on long-term debt	713,040	614,494	548,648	612,869	663,163	979,923	971,342	876,571	1,089,251	1,198,401
Total governmental activities expenses	\$ 41,803,952	\$ 45,634,953	\$ 47,733,186	\$ 53,600,034	\$ 54,787,665	\$ 60,410,371	\$ 70,597,744	\$ 63,962,025	\$ 71,439,837	\$ 86,140,299
Total primary government expenses	\$ 41,803,952	\$ 45,634,953	\$ 47,733,186	\$ 53,600,034	\$ 54,787,665	\$ 60,410,371	\$ 70,597,744	\$ 63,962,025	\$ 71,439,837	\$ 86,140,299
Program Revenues										
Governmental activities:										
Charges for services:										
General government administration	\$ 1,370	\$ 1,360	\$ 3,609	\$ 34,375	\$ 54,675	\$ 46,472	\$ 77,620	\$ 21,176	\$ 7,197	\$ 41,008
Judicial administration	222,114	278,211	206,547	167,024	175,650	142,758	125,991	83,893	108,028	165,625
Public safety	1,030,266	1,189,764	1,032,403	939,053	1,001,743	1,473,731	1,458,471	1,472,152	1,509,182	1,389,958
Public works	426,551	491,862	495,604	485,627	332,146	649,390	390,488	173,593	144,159	211,043
Parks, recreation and cultural	400,793	379,622	375,683	398,664	436,224	417,848	474,411	446,390	380,593	405,649
Community development	-	-	2,312	4,061	-	-	-	-	92,000	24,000
Operating grants and contributions	4,665,544	4,970,503	5,742,790	5,817,630	6,293,647	6,166,247	6,661,424	7,304,734	6,398,089	7,020,212
Capital grants and contributions	1,264,338	537,636	633,676	1,210,700	1,521,611	37,708	312,468	1,678,212	4,061,482	13,772,275
Total governmental activities program revenues	\$ 8,010,976	\$ 7,848,958	\$ 8,492,624	\$ 9,057,134	\$ 9,815,696	\$ 8,934,154	\$ 9,500,873	\$ 11,180,150	\$ 12,700,730	\$ 23,029,770
Total primary government program revenues	\$ 8,010,976	\$ 7,848,958	\$ 8,492,624	\$ 9,057,134	\$ 9,815,696	\$ 8,934,154	\$ 9,500,873	\$ 11,180,150	\$ 12,700,730	\$ 23,029,770
Net (expense) / revenue										
Governmental activities	\$ (33,792,976)	\$ (37,785,995)	\$ (39,240,562)	\$ (44,542,900)	\$ (44,971,969)	\$ (51,476,217)	\$ (61,096,871)	\$ (52,781,875)	\$ (58,739,107)	\$ (63,110,529)
Total primary government net expense	\$ (33,792,976)	\$ (37,785,995)	\$ (39,240,562)	\$ (44,542,900)	\$ (44,971,969)	\$ (51,476,217)	\$ (61,096,871)	\$ (52,781,875)	\$ (58,739,107)	\$ (63,110,529)

COUNTY OF LOUISA, VIRGINIA

Table 2
Page 2 of 2

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 31,105,758	\$ 36,262,298	\$ 43,652,658	\$ 46,208,819	\$ 47,820,043	\$ 48,588,750	\$ 48,946,443	\$ 47,362,574	\$ 48,819,978	\$ 48,680,852
Local sales and use taxes	1,381,918	1,585,747	1,443,201	1,723,872	2,062,118	2,409,995	2,604,059	2,952,991	2,743,049	3,020,623
Taxes on recordation and wills	743,375	1,002,853	874,653	739,593	571,874	495,804	410,873	427,573	512,023	444,333
Motor vehicle licenses taxes	577,077	612,145	604,244	587,777	21,927	395,196	556,974	597,817	616,661	647,134
Consumer utility taxes	510,188	533,015	553,813	568,674	579,350	583,834	591,476	590,706	598,718	604,328
E-911 / Communication taxes	352,848	358,845	350,769	398,901	362,437	363,946	362,146	-	-	-
Meals taxes	-	-	-	-	-	-	-	270,164	783,656	794,167
Other local taxes	157,321	188,250	289,646	285,074	226,923	216,787	246,305	228,194	227,083	333,699
Unrestricted grants and contributions	1,817,589	2,104,711	2,014,600	1,881,387	1,990,902	1,873,141	1,529,514	1,831,432	1,892,641	2,021,312
Unrestricted revenues from use of money and property	618,446	1,143,165	2,002,022	2,075,246	941,206	553,396	356,548	286,590	323,760	305,361
Miscellaneous	267,106	180,854	665,128	323,569	269,679	314,823	184,434	241,277	194,732	335,198
Transfers	-	-	-	-	(50,735)	-	-	-	-	-
Insurance proceeds	-	-	-	-	-	-	-	-	1,096,663	2,074,630
Gain/Loss Sale of Assets	-	(12,716)	-	-	-	1,825	1,701	-	-	-
Total governmental activities	\$ 37,531,626	\$ 43,959,167	\$ 52,450,734	\$ 54,792,912	\$ 54,795,724	\$ 55,797,497	\$ 53,790,473	\$ 54,789,318	\$ 57,808,964	\$ 59,261,637
Total primary government	\$ 37,531,626	\$ 43,959,167	\$ 52,450,734	\$ 54,792,912	\$ 54,795,724	\$ 55,797,497	\$ 53,790,473	\$ 54,789,318	\$ 57,808,964	\$ 59,261,637
Change in Net Position										
Governmental activities	\$ 3,738,650	\$ 6,173,172	\$ 13,210,172	\$ 10,250,012	\$ 9,823,755	\$ 4,321,280	\$ (7,306,398)	\$ 2,007,443	\$ (930,143)	\$ (3,848,892)
Total primary government	\$ 3,738,650	\$ 6,173,172	\$ 13,210,172	\$ 10,250,012	\$ 9,823,755	\$ 4,321,280	\$ (7,306,398)	\$ 2,007,443	\$ (930,143)	\$ (3,848,892)

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
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
2006	36,262,298	1,585,747	533,015	612,145	1,002,853	358,845	-	188,250	40,543,153
2005	31,105,758	1,381,918	510,188	577,077	743,375	352,848	-	157,321	34,828,485

COUNTY OF LOUISA, VIRGINIA

Table 4

Fund Balances of Governmental Funds (1)

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,729	\$ 12,639	\$ 13,173
Restricted	-	-	-	-	-	-	-	-	-	1,571,038
Committed	-	-	-	-	-	15,800,000	15,800,000	15,800,000	15,800,000	16,127,572
Assigned	-	-	-	-	-	6,148,450	4,085,570	4,219,865	2,696,787	3,142,020
Unassigned	-	-	-	-	-	24,576,330	28,944,536	28,623,070	37,528,191	31,808,588
Unreserved	18,747,639	24,429,080	33,474,221	41,320,911	42,864,680	-	-	-	-	-
Total general fund	\$ 18,747,639	\$ 24,429,080	\$ 33,474,221	\$ 41,320,911	\$ 42,864,680	\$ 46,524,780	\$ 48,830,106	\$ 48,656,664	\$ 56,037,617	\$ 52,662,391
All other governmental funds										
Committed for capital projects funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,269,509	\$ 14,116,425
Assigned for capital projects funds	-	-	-	-	-	20,146,488	7,890,912	9,731,381	3,324,472	99,583
Unreserved capital projects funds	8,779,680	7,901,923	7,499,078	11,694,539	28,034,638	-	-	-	-	-
Total all other governmental funds	\$ 8,779,680	\$ 7,901,923	\$ 7,499,078	\$ 11,694,539	\$ 28,034,638	\$ 20,146,488	\$ 7,890,912	\$ 9,731,381	\$ 18,593,981	\$ 14,216,008

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

COUNTY OF LOUISA, VIRGINIA

Table 5

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
General property taxes	\$ 31,123,057	\$ 36,186,328	\$ 43,098,133	\$ 45,676,153	\$ 47,544,306	\$ 47,712,558	\$ 46,990,688	\$ 47,020,171	\$ 48,787,578	\$ 48,994,477
Other local taxes	3,722,727	4,280,855	4,116,326	4,303,891	3,824,629	4,465,562	4,771,833	5,067,445	5,481,190	5,844,284
Permits, privilege fees and regulatory licenses	1,065,640	1,430,597	1,443,061	1,431,386	1,117,012	830,171	590,423	435,796	401,691	428,901
Fines and forfeitures	94,931	73,664	66,784	87,869	132,814	196,601	239,817	169,536	136,111	85,254
Revenue from use of money and property	592,146	1,143,165	2,002,022	2,075,246	938,376	553,396	356,548	286,590	323,760	305,361
Charges for services	1,053,324	1,154,448	1,085,304	1,092,338	1,375,191	1,718,061	1,696,861	1,591,872	1,703,357	1,723,128
Miscellaneous	259,572	187,074	281,824	323,420	895,138	300,189	216,759	517,356	205,981	335,198
Recovered costs	23,666	62,621	230,214	277,414	134,990	150,493	163,522	99,459	71,213	93,425
Intergovernmental revenues:										
Commonwealth	5,064,224	5,437,185	6,073,669	6,633,623	6,669,228	6,226,703	6,372,522	7,419,266	7,142,426	9,745,431
Federal	2,558,047	1,878,665	1,853,397	1,700,094	1,869,565	1,850,393	2,130,884	3,395,112	5,209,786	13,068,368
Total revenues	\$ 45,557,334	\$ 51,834,602	\$ 60,250,734	\$ 63,601,434	\$ 64,501,249	\$ 64,004,127	\$ 63,529,857	\$ 66,002,603	\$ 69,463,093	\$ 80,623,827
Expenditures										
General government administration	\$ 2,339,456	\$ 2,978,779	\$ 3,039,497	\$ 2,923,524	\$ 2,992,833	\$ 3,248,317	\$ 3,201,991	\$ 3,153,551	\$ 3,214,437	\$ 3,295,339
Judicial administration	1,364,770	1,418,898	1,625,348	1,948,552	2,036,725	2,000,848	1,891,250	1,882,501	1,902,864	1,926,261
Public safety	5,645,879	6,062,010	6,933,865	7,503,183	8,573,223	10,029,853	10,495,034	11,535,345	10,846,906	11,797,370
Public works	2,759,444	2,998,909	2,993,707	3,263,493	3,393,254	3,752,836	4,703,428	3,479,533	3,658,635	3,789,408
Health and welfare	4,466,526	5,158,623	5,889,447	6,814,582	7,130,528	7,433,326	7,298,075	7,555,697	7,732,699	7,298,502
Education	17,920,247	18,973,024	20,236,354	22,589,311	22,874,993	23,299,928	25,047,755	24,803,778	26,721,637	29,382,401
Parks, recreation and cultural	1,105,074	1,151,481	1,330,834	1,857,330	1,564,058	1,607,570	1,393,472	1,385,529	1,380,311	1,432,249
Community development	761,774	1,374,277	1,603,502	1,725,372	1,673,821	1,591,805	1,525,489	1,449,634	1,469,817	1,384,468
Capital projects	3,379,938	4,828,350	6,200,421	5,254,451	10,451,354	13,192,002	14,827,245	6,083,921	16,971,127	34,433,009
Debt service:										
Principal retirement	1,446,698	1,429,801	1,178,650	1,166,750	1,215,000	1,190,000	1,940,000	1,955,000	1,960,000	2,220,442
Interest and other fiscal charges	733,241	656,765	576,814	517,125	665,331	887,517	1,156,368	1,051,087	1,173,830	1,331,414
Total expenditures	\$ 41,923,047	\$ 47,030,917	\$ 51,608,439	\$ 55,563,673	\$ 62,571,120	\$ 68,234,002	\$ 73,480,107	\$ 64,335,576	\$ 77,032,263	\$ 98,290,863
Excess of revenues over (under) expenditures:	\$ 3,634,287	\$ 4,803,685	\$ 8,642,295	\$ 8,037,761	\$ 1,930,129	\$ (4,229,875)	\$ (9,950,250)	\$ 1,667,027	\$ (7,569,170)	\$ (17,667,036)
Other financing sources (uses)										
Transfers in	\$ 3,177,077	\$ 3,306,757	\$ 6,984,813	\$ 4,542,675	\$ 9,460,313	\$ 4,854,860	\$ 3,092,633	\$ 5,557,683	\$ 5,646,828	\$ 5,445,273
Transfers out	(3,177,077)	(3,306,757)	(6,984,813)	(4,542,675)	(9,511,048)	(4,854,860)	(3,092,633)	(5,557,683)	(5,646,828)	(5,445,273)
Bonds issued	-	-	-	4,004,390	16,004,474	-	-	-	15,024,716	-
Premium on bonds issued	-	-	-	-	-	-	-	-	1,379,051	-
Sale of capital assets	26,300	-	-	-	-	1,825	-	-	-	-
Total other financing sources (uses)	\$ 26,300	\$ -	\$ -	\$ 4,004,390	\$ 15,953,739	\$ 1,825	\$ -	\$ -	\$ 16,403,767	\$ -
Extraordinary items:										
Insurance proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,408,956	\$ 9,913,837
Net change in fund balances	\$ 3,660,587	\$ 4,803,685	\$ 8,642,295	\$ 12,042,151	\$ 17,883,868	\$ (4,228,050)	\$ (9,950,250)	\$ 1,667,027	\$ 16,243,553	\$ (7,753,199)
Debt service as a percentage of noncapital expenditures	5.30%	4.60%	3.76%	3.19%	3.48%	3.49%	4.35%	4.97%	4.14%	3.90%

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
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
2006	36,186,328	1,585,747	533,015	612,145	1,002,853	358,845	-	188,250	40,467,183
2005	31,123,057	1,094,904	510,188	510,188	267,673	352,848	-	157,321	34,016,179

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
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%
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%
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%
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%
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%
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%
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%
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%
2006	3,204,133,600	252,002,180	12,183,020	13,956,660	55,918,785	2,141,458,204	5,679,652,449	5,679,652,449	100.00%
2005	2,045,482,200	212,330,838	12,335,330	13,573,630	43,627,113	1,936,761,556	4,264,110,667	4,264,110,667	100.00%

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

Fiscal Years	Direct Rates					Overlapping Rates Town of Louisa		Overlapping Rates Town of Mineral	
	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital	Real Estate	Personal Property	Real Estate	Personal Property
2014	0.65	1.90	0.65	1.90	0.65	0.1635	0.71	0.24	0.48
2013	0.65	1.90	0.65	1.90	0.65	0.166	0.71	0.25	0.60
2012	0.62	1.90	0.62	1.90	0.65	0.166	0.71	0.25	0.60
2011	0.62	1.90	0.62	1.90	0.65	0.166	0.71	0.25	0.60
2010	0.62	1.90	0.62	1.90	0.65	0.166	0.71	0.25	0.60
2009	0.62	1.90	0.62	1.90	0.65	0.166	0.71	0.25	0.60
2008	0.62	1.90	0.62	1.90	0.65	0.166	0.71	0.25	0.60
2007	0.64	1.90	0.64	1.90	0.65	0.195	0.71	0.25	0.44
2006	0.66	1.90	0.64	1.90	0.65	0.21	0.71	0.25	0.44
2005	0.70	1.90	0.70	1.90	0.65	0.21	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

Taxpayer	Type Business	Fiscal Year 2014		Fiscal Year 2005	
		2013 Assessed Valuation	% of Total Assessed Valuation	2004 Assessed Valuation	% of Total Assessed Valuation
Dominion Virginia Power	Electric	1,961,583,700	25.61%	1,490,812,616	34.96%
Old Dominion	Electric	462,284,680	6.04%	353,928,113	8.30%
Walmart	Retailer	113,458,425	1.48%	72,144,705	1.69%
Rappahannock Electric Co-op	Electric	47,432,020	0.62%	25,329,273	0.59%
Klockner Pentaplast	Manufacturing	29,679,545	0.39%	22,777,260	0.53%
Columbia Gas	Pipeline	23,115,690	0.30%	13,355,559	0.31%
Spring Creek Land Development	Land Developer	18,597,495	0.24%	N/A	N/A
Lowes	Retailer	17,327,360	0.23%	N/A	N/A
Verizon	Telecom	16,224,090	0.21%	21,677,140	0.51%
William A. Cooke Inc.	Land Developer/Realtor	15,628,515	0.20%	N/A	N/A
Colonial Pipeline	Pipeline	N/A	N/A	8,891,740	0.21%
CSX	Railroad	N/A	N/A	8,439,061	0.20%
Central Virginia Electric	Electric	N/A	N/A	5,588,163	0.13%
		2,705,331,520	35.32%	2,022,943,630	47.44%

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
2014	\$ 49,622,067	\$ 48,270,091	97.28%	-	\$ 48,270,091	97.28%
2013	49,460,489	48,241,955	97.54%	836,005	49,077,960	99.23%
2012	47,825,382	46,403,601	97.03%	1,194,736	47,598,337	99.53%
2011	48,176,866	46,472,902	96.46%	1,399,024	47,871,926	99.37%
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%
2006	38,211,632	37,130,641	97.17%	532,605	37,663,246	98.56%
2005	32,496,675	31,816,243	97.91%	432,059	32,248,301	99.24%

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

Fiscal Years	Governmental Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Literary Fund Loans					
2014	\$	31,084,274	\$	-	\$	2117.44%	909
2013		33,304,716		-	33,304,716	2268.69%	985
2012		20,240,000		-	20,240,000	1378.73%	605
2011		22,195,000		-	22,195,000	1558.81%	664
2010		24,135,000		-	24,135,000	1837.71%	726
2009		25,325,000		-	25,325,000	2014.18%	771
2008		11,835,000		-	11,835,000	957.10%	364
2007		9,100,000		101,750	9,201,750	794.11%	290
2006		10,160,000		220,400	10,380,400	958.33%	335
2005		11,210,000		504,050	11,714,050	1182.06%	393

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		Net Bonded Debt per Capita (1)
			Assessed Value (2)		
2014	\$ 31,084,274	\$ 31,084,274	0.41%	\$	909
2013	33,304,716	33,304,716	0.44%		985
2012	20,240,000	20,240,000	0.26%		605
2011	22,195,000	22,195,000	0.28%		664
2010	24,135,000	24,135,000	0.30%		726
2009	25,325,000	25,325,000	0.32%		771
2008	11,835,000	11,835,000	0.15%		364
2007	9,201,750	9,201,750	0.13%		290
2006	10,380,400	10,380,400	0.18%		335
2005	11,714,050	11,714,050	0.27%		393

- (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 (1)	Per Capita Personal Income (1)	Median Age (2)	School Enrollment (3)	Unemployment Rate (4)
2014	34,211	\$ 1,468,015	\$ 43,913	43.6	4,618	5.80%
2013	33,824	1,468,015	43,913		4,573	6.30%
2012	33,430	1,468,015	43,913		4,546	6.80%
2011	33,410	1,423,841	42,617		4,553	6.90%
2010	33,261	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%
2006	30,946	1,083,176	35,002	40.0	4,361	3.05%
2005	29,835	990,982	33,215		4,251	3.60%

Source:

- (1) Bureau of Economic Analysis; 2013 estimate based on Weldon Cooper Forecast
- (2) Median Age at the County level is not data that is updated annually, but only with decennial census
- (3) Annual School Report as prepared by the Louisa County Public Schools
- (4) Virginia Employment Commission- Labor Market Information; Virginia Economic Development Partnership (2011)

Note: Personal Income and per capita personal income data is not available after 2012. The 2012 data has been used for subsequent years.

COUNTY OF LOUISA, VIRGINIA

Table 14

Principal Employers

Current Year and the Period Nine Years Prior

Employer	Fiscal Year 2014			Fiscal Year 2005		
	Employees	Rank	% of Total County Employment	Employees	Rank	
Walmart, Inc.	1,029	1	11.76%	Dominion Virginia Power	1	
Dominion Virginia Power	946	2	10.82%	Louisa County Public Schools	2	
Louisa County Public Schools	945	3	10.80%	Klockner - Pentaplast of America	3	
Klockner- Pentaplast of America	505	4	5.77%	Walmart, Inc.	4	
County of Louisa	399	5	4.56%	County of Louisa	5	
Tri-Dim Filter Corporation	200	6	2.29%	Tri-Dim Filter Corporation	6	
Lowes	146	7	1.67%	Klearfold	7	
Food Lion	137	8	1.57%	Louisa Health Care Center	8	
McDonald's	121	9	1.38%	VDOT	9	
Shenandoah Crossings Resort*	120	10	1.38%	Food Lion	10	
Louisa Health Care Center	110	11	1.37%			
Patriot Aluminum	62	12	0.71%			
Totals	4,720		54.09%			

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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government	29	32	29	31	33	32	32	32	29	32
Judicial administration	15	15	15	17	18	18	16	16	16	15
Public safety										
Sheriffs department	49	52	55	55	57	59	63	59	59	62
Fire & rescue	11	11	14	13	19	31	33	32	34	35
Building inspections	5.5	6.5	6.5	6.5	6.5	5.5	5.5	6	6	6
Animal control	4	4	4	4	4	4	2	4	4	4
Public works										
General maintenance	2	3	11	10	13	11	11	11	11	11
Landfill	2	2	2	2	2	2	1	1	1	1
Engineering	0	1	1	1	0	0	0			
Health and welfare										
Department of social services	35	36	35	37	41	39	39	42	41	41
Culture and recreation										
Parks and recreation	5	6	5	7	5	5	5	5	5	5
Community development										
Planning	3.5	3.5	10.5	9.5	12.5	11.5	8.5	8	8	8
Totals	161	172	188	193	211	218	216	216	214	220

Source: Payroll Records

COUNTY OF LOUISA, VIRGINIA

Table 16

Operating Indicators by Function
Last Ten Fiscal Years

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public safety										
Sheriffs department:										
Physical arrests	1,555	1,978	1,857	1,885	2,068	2,078	2,227	2,155	1,974	1,751
Traffic violations	1,358	1,415	1,616	2,235	3,624	4,909	4,249	2,757	1,893	1,277
Civil papers	8,552	11,189	11,090	11,292	11,303	11,440	10,371	10,176	9,791	11,187
Fire and rescue:										
Fire			2,303	2,500	3,379	2,968	3,153	3,382	3,175	4,723
Rescue			5,501	5,231	4,910	5,258	5,220	5,234	5,491	5,553
Total Number of calls answered	7,135	7,125	7,804	7,731	8,289	8,226	8,373	8,616	8,666	10,276
Total Number of actual rescue transports					1,732	2,550	2,620	3,001	3,320	3,464
Building inspections:										
Permits issued	1,674	1,878	2,050	1,970	1,403	1,197	1,263	1,491	1,322	1,245
Public works										
General maintenance:										
Trucks/vehicles	10	8	9	9	10	12	13	10	11	12
Landfill:										
Refuse collected (tons/day)	79.24	75.6	82.1	87.9	67	64.91	59.04	63.02	82.40	109.43
Health and welfare										
Department of Social Services:										
Caseload:										
Food Stamps	863	916	909	962	1,130	1,544	1,977	2,107	2,201	2,269
Medicaid	2,432	2,508	2,423	2,475	2,339	2,223	2,454	2,556	2,737	2,845
Temporary Asst. Needy Families	115	119	105	103	109	128	127	113	123	118
Culture and recreation										
Parks and recreation:										
Recreation hall permits issued	106	97	44	48	66	140	210	193	159	167
After-school program participants	239	211	252	273	214	191	160	210	204	225
Aquatic Facility Participants				6,065	14,333	12,791	12,196	10,008	9,277	9,170
Youth sports participants	10,095	13,167	7,997	7,533	10,029	6,228	6,175	5,725	5,044	6,051
Community development										
Planning:										
Zoning permits issued	1,350	1,655	945	961	840	668	590	942	658	566
Component Unit - School Board										
Education:										
School age population	5,657			5,881			6,204			6,124
Actual School Enrollment (March)	4,251	4,361	4,439	4,538	4,571	4,533	4,553	4,546	4,573	4,618
Number of teachers	357	358	370	378	361	355	375	391	375	374
Local expenditures per pupil	4,524	4,789	5,245	5,270	5,409	5,422	5,649	6,477	5,796	5,810
Total expenditures per pupil	8,363	8,721	9,800	9,725	10,432	10,162	10,108	11,646	11,410	11,628

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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government administration										
Administration buildings	9	9	9	9	9	9	9	9	9	9
Vehicles	6	7	10	10	9	9	9	9	12	10
Public safety										
Sheriffs department:										
Patrol units	41	44	44	44	45	47	47	47	45	46
Other vehicles	7	7	13	14	24	23	26	32	31	31
Building inspections:										
Vehicles	5									
Animal control:										
Vehicles	3	3	3	4	4	4	4	5	5	5
Emergency Services:										
Vehicles	2	2	3	5	6	6	6	6	8	7
Ambulances			2	2	3	5	4	5	5	6
Public works										
General maintenance:										
Trucks/vehicles	10	8	9	10	10	12	13	13	12	12
Landfill:										
Vehicles	0	0	0	0	0	0	0	0	0	0
Sites	1	1	1	1	1	1	1	1	1	1
Refuse & Recycling Sites	9	9	9	9	9	9	9	9	9	9
Health and welfare										
Department of Social Services:										
Vehicles	10	10	11	10	11	11	8	7	7	8
Culture and recreation										
Parks and recreation:										
Community centers	2	2	2	2	2	2	2	2	2	2
Vehicles	5	5	5	5	5	4	6	6	8	8
Aquatic facilities					1	1	1	1	1	1
Parks acreage	24.22	24.22	24.22	35.22	35.22	35.22	35.22	35.22	104.62	104.62
Community development										
Planning:										
Vehicles	2	8	9	10	11	9	9	8	7	7
Component Unit - School Board										
Education:										
Schools	5	5	5	5	5	5	6	6	6	6
School buses	104	110	110	115	111	119	117	117	122	126

Source: Insurance Renewal Schedules

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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, 2014, 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 December 4, 2014.

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

December 4, 2014

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

Report on Compliance for Each Major Federal Program

We have audited County of Louisa, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of County of Louisa, Virginia's major federal programs for the year ended June 30, 2014. 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

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

Opinion on Each Major Federal Program

In our opinion, County of Louisa, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of 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 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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of County of Louisa, Virginia's internal control over compliance.

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

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

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

Robinson, Farmer, Cox Associates
Fredericksburg, Virginia
December 4, 2014

COUNTY OF LOUISA, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

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	950113	\$ 15,955
Temporary assistance for needy families	93.558	0400113/0400114	242,658
Refugee and entrant assistance - state administered programs	93.566	0500113/0500114	2,193
Low-income home energy assistance	93.568	0600413/0600414	21,139
Child care mandatory and matching funds of the child care and development fund	93.596	0760113/0760114	32,074
Chafee education and training vouchers program (ETV)	93.599	9160113	7,289
Stephanie Tubbs Jones child welfare services program	93.645	0900113/0900114	1,690
Foster care - Title IV-E	93.658	1100113/1100114	171,633
Adoption assistance	93.659	1120113/1120114	237,712
Social services block grant	93.667	1000113/1000114	193,757
Chafee foster care independence program	93.674	9150113/9150114	5,404
Children's health insurance program	93.767	0540113/0540114	10,043
Medical assistance program	93.778	1200113/1200114	303,162
Total Department of Health and Human Services			\$ <u>1,244,709</u>
U.S. Election Assistance Commission:			
Pass Through Payments:			
Virginia Board of Elections:			
Help america vote act requirements payments	90.401	72302-40030	\$ <u>5,000</u>
Department of Homeland Security:			
Direct Payments:			
Homeland security grant program	97.067	N/A	\$ 1,753
Pass Through Payments:			
Department of Emergency Management:			
Disaster grants - public assistance (presidentially declared disasters)	97.036	77602-156	11,964,207
Emergency management performance grants	97.042	77501-52742/52743	35,214
Total Department of Homeland Security			\$ <u>12,001,174</u>
Department of the Treasury:			
Direct Payments:			
Asset forfeiture	21.000	N/A	\$ <u>1,683</u>
Department of Agriculture:			
Child Nutrition Cluster:			
Pass Through Payments:			
Department of Agriculture:			
Food distribution	10.555	2014IN109941	\$ 132,802
Department of Education:			
National school lunch program	10.555	2014IN109941	887,730
Total 10.555			\$ <u>1,020,532</u>
School breakfast program	10.553	2014IN109941	<u>282,986</u>

COUNTY OF LOUISA, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2014

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	0010113/0010114	\$ 348,333
Total Department of Agriculture			\$ 1,651,851
Department of Justice:			
Direct payments:			
Bulletproof vest partnership program	16.607	N/A	\$ 7,880
Pass Through Payments:			
Department of Criminal Justice Service:			
Violence against women formula grants	16.588	39001-56500/66500	\$ 27,350
Crime Victim Assistance	16.575	39001-66000/56000	25,349
Edward Byrne memorial justice assistance grant program	16.738	39001-81000/51100	23,928
Total Department of Justice			\$ 84,507
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
Highway Safety Cluster:			
State and community highway safety	20.600	60507-54035	\$ 4,173
Alcohol impaired driving countermeasures incentive grants	20.601	60507-53075	7,930
Total Department of Transportation			\$ 12,103
Department of Housing and Urban Development			
Pass Through Payments:			
Department of Housing and Community Development:			
Community Development Block Grant/State's Program and non-entitlement grants in Hawaii	14.228	53305-50790	\$ 51,889
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I grants to local educational agencies	84.010	S010A120046 S010A130046	\$ 748,060
Special Education Cluster (IDEA):			
Special education - grants to states	84.027	H027A130107 H027A120107	924,380
Special education - preschool grants	84.173	H173A120112	23,568
Career and technical education - basic grants to states	84.048	V048A130046	69,636
Improving teacher quality state grants	84.367	S367A130044 S367A120044	178,316
Advanced placement program	84.330	S330B130008	990
Total Department of Education			\$ 1,944,950
Total Expenditures of Federal Awards			\$ 16,997,866

See accompanying notes to Schedule of Expenditures of Federal Awards.

COUNTY OF LOUISA, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2014

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, 2014. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of 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 OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

Note 3 - Food 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	\$ 1,978,594
Natural Disaster Capital Projects Fund	11,089,774
Total primary government	<u>\$ 13,068,368</u>

Component Unit School Board:

School Operating Fund	\$ 3,248,468
Natural Disaster Operating Fund	873,450
Total component unit school board	<u>\$ 4,121,918</u>

Total federal expenditures per basic financial statements	<u>\$ 17,190,286</u>
---	----------------------

Less federal interest subsidy	<u>\$ (192,420)</u>
-------------------------------	---------------------

Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u>\$ 16,997,866</u>
---	----------------------

COUNTY OF LOUISA, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	No

Identification of major .510(a) programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I grants to local educational agencies
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to distinguish between Type A and Type B programs:	509,936
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - Prior Year Audit Findings

None