County of Louisa, Virginia

Comprehensive Annual Financial Report

Year Ended June 30, 2015

County of Louisa, Virginia

Comprehensive Annual Financial Report

For the Year Ended June 30, 2015

Prepared By:

Phil Trayer, Finance Director
Faye Stewart, Accountant

COUNTY OF LOUISA, VIRGINIA

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2015

TABLE OF CONTENTS

COUNTY OF LOUISA, VIRGINIA

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2015

TABLE OF CONTENTS
(Continued)

TABLE OF CONTENTS
(Continued)

December 21, 2015

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, 2015.

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

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

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

Robinson, Farmer, Cox Associates, Certified Public Accountants, have issued an unqualified opinion on the County's financial statements for the year ended June 30, 2015. The independent auditor's report is located at the front of the financial section of this report.

In additional to the general financial statement audit the County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget 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.

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

Profile of Louisa County

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

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

The County, located in heart of central Virginia, is situated between Richmond, Charlottesville and Fredericksburg. The County encompasses a land area of 514 square miles. The primary roads traversing the county are Interstate 64 and routes 15, 22, 33, 208 and 522. Louisa County is bordered by Hanover, Albemarle, Fluvanna, Spotsylvania and Orange Counties. Lake Anna, the second largest freshwater inland lake in Virginia, lies along the northeastern border of the County. The lake, with its 250 miles of shoreline and 13,000 surface acres of water, 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 and giving rise to increased tourism. Major regional commercial development continues in Zion Crossroads. The Ferncliff Business Park has gained momentum in the region with the development of new industrial and commercial space. In 2015, three new businesses announced plans to develop new space within the park. New water and sewer infrastructure developments were initiated within there in 2015, and further growth is anticipated. This corridor will continue to be the focus of responsible industrial and commercial development, with the James River Water Project serving as the catalyst for new development along this corridor.

Employment in Louisa is trending positively with local unemployment at 4.8% as of June 2015, down from 5.4% in the prior year[1]. Louisa County's population continues to increase. Since the 2000 census, Louisa County's population has increased by over 29%. The increase in population has brought additional demands for services not previously provided, such as 24/7 career fire and rescue coverage, and demands for increased capacity in the County educational facilities. In addition to increases in County services, the growth has spurred a need to upgrade the County's water and sewer infrastructure

Reporting Entity

The County of Louisa report includes all funds of the "primary government." In Virginia, cities and counties are distinct units of government; therefore, the county is responsible for providing all services normally provided by a local government. These services include public safety, social services, recreation and cultural activities, and community development. For financial reporting purposes and in accordance with the Governmental Accounting Standards Board (GASB), Statement 14, "The Financial Reporting Entity," the County has identified two discretely presented component units. The GASB statement establishes the criteria used in making this determination and identifies each as a blended component unit or discretely presented component unit. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of this primary government. Therefore, the Louisa County School Board and the Louisa County Water Authority are reported in a discrete presentation. Based on GASB Statement 14 criteria, the Louisa County School Board is a legally separate organization providing educational services to the public whose board is elected and is fiscally dependent on the local government.

[1] State of Virginia; 2015 Virginia Labor Market Information.

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, 2015, has been completed and no material internal control weaknesses or material violations of laws and regulations have been found.

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

Major Initiatives

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

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

- The County experienced and is recovering from a catastrophic earthquake which destroyed two schools and severely damaged numerous other public and private structures. The recovery efforts have reached advanced stages as the second of two temporary schools erected has been dismantled and the new Louisa County High School will be in service at the beginning of the FY16 school year.

- The Zion Crossroads Market continues to experience commercial growth. Stonegate Apartments (the residential section of the Planned Unit Development known as The Ridges) submitted development plans to the County. Those plans have been approved and the developer anticipates breaking ground at the end of 2015 or first quarter 2016. 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 area. In addition, two new shopping centers totaling 12,000 sq. ft. are currently under construction.

- Spring Creek development has sold over half of the planned 1,200 lots within the subdivision. In addition, over 500 homes have been built to date and new sections of the phased development opened in late 2015.

- The Ferncliff Business Park has gained momentum in the region with the development of new industrial and commercial space. In 2015, three new businesses announced plans to locate within the business park. New water and sewer infrastructure developments were initiated within the park in 2015. This park will continue to grow with added infrastructure in the short term.

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

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

- The re-use / effluent pipeline is scheduled for startup in late 2015 and once complete, the Water Authority will request removal of the Consent Orders for both Wastewater Treatment Plants. The Chemical Storage / Septage Receiving station construction at the Regional Wastewater Treatment Plant is underway and should be complete in July 2016. The Nanofiltration upgrade at the Northeast Creek Water Treatment Plant is currently in the design phase, with anticipated construction to begin early spring of 2016, once complete the Authority will request removal of the Consent Order. The construction of the Louisa County section of the James River Water Project is scheduled to begin during the summer of 2016, with an anticipated completion date in late 2019.

- The new cell at the Louisa County Landfill has been in operation for 2 years and has 5.5 years of usable space remaining. There are 2 additional permitted cells on site with approximately 17 additional years of available space. Final Closure of the prior cell was completed in February of 2015.

Awards and Achievements

The County received its 13th consecutive Certificate of Achievement on its fiscal year 2014 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 2016, the Board of Supervisors has approved a General Fund Operating Budget of $93,263,913. The approved CIP Budget is $3,303,680. The real estate tax rate was set at $0.72 per $100 of assessed value. The FY2016 Budget is a balanced budget with no reserves required to support operations or CIP projects.

The County faces continued financial pressures in FY2016 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.

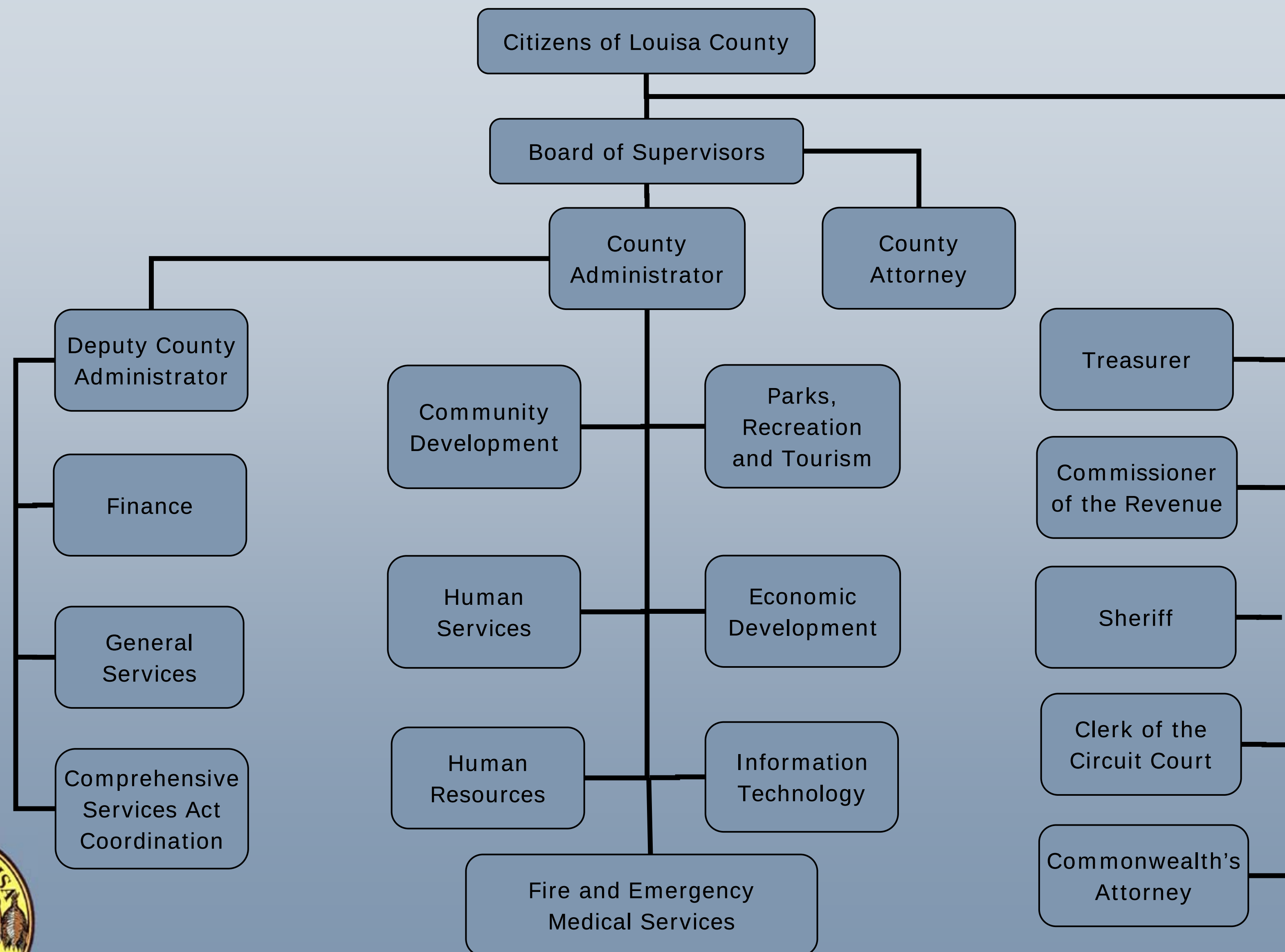
Acknowledgments

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

Respectfully submitted,

Christian R. Goodwin
County Administrator

County of Louisa
Organizational Structure



BOARD OF SUPERVISORS

Tommy Barlow, Chairman
Troy Wade, Vice-Chairman

Richard A. Havasy	Stephanie L. Koren
Fitzgerald A. Barnes	Willie L. Gentry, Jr

Dan Byers

COUNTY SCHOOL BOARD

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

Stephen C. Harris	William A. Seay
Deborah A. Hoffman	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	Deborah S. Tinsley
Commonwealth's Attorney	Russell E. McGuire
Commissioner of the Revenue	Nancy M. Pleasants
Treasurer	Henry B. Wash
Sheriff	Ashland D. Fortune
Superintendent of Schools	Deborah Pettit
Clerk of the School Board	Rebecca A. Fisher
Director of Department of Human Services/Superintendent of Welfare	Janice Allen
County Administrator	Christian R. Goodwin
Parks & Recreation Director	Jane Shelhorse

This page intentionally left blank

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, 2014

Jeffrey R. Emer

Executive Director/CEO

This page intentionally left blank

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Louisa, Virginia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

*Opinion*s

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 unit, each major fund, and the aggregate remaining fund information of the County of Louisa, Virginia, as of June 30, 2015, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2015, the County adopted new accounting guidance, GASB Statement Nos. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and 71*, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedules related to pension and OPEB funding on pages 5-12, 85-88, and 89-94 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Louisa, Virginia's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2015, on our consideration of the County of Louisa, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Louisa, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
December 7, 2015

This page intentionally left blank

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, 2015. 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-iv of this report.

Financial Highlights FY 2015[1]

- The general fund balance decreased $4,195,892.

- Revenues exceeded the original budget estimate by $2,996,471 and revenues exceeded the amended budget by $2,445,858.

- Expenditures were less than the original budget estimate by $2,372,118 and expenditures were less than the amended budget by $6,973,785.

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $74,097,223, (net position). Of this amount, $47,904,898 (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 $56,389,332, a decrease of $10,489,067 in comparison with the prior year. Approximately 52% of this total amount, or $29,559,129, is available for spending at the County's discretion (unassigned fund balance), and 48%, or $26,830,203, 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 $29,559,129, or 45% of total general fund expenditures.

- The County of Louisa, Virginia's total obligations decreased by $2,511,152, mostly for the repayment of general obligation bonds and a decrease in the net pension liability.

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.

[1] Fiscal Year ended June 30, 2015.

<u>Overview of the Financial Statements: (Continued)</u>

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.

<u>Fund financial statements</u> - 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.

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

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

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

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

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

Overview of the Financial Statements: (Continued)

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $74,097,223 at the close of the most recent fiscal year.

A significant portion (33 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	
	2015	**2014**
Current and other assets	$ 119,276,145	$ 126,830,146
Capital assets	56,124,154	40,771,103
Total assets	$ 175,400,299	$ 167,601,249
Deferred outflows of resources	$ 926,785	$ -
Long-term liabilities outstanding	$ 38,763,133	$ 38,586,963
Current liabilities	5,738,761	4,167,621
Total liabilities	$ 44,501,894	$ 42,754,584
Deferred inflows of resources - unavailable revenue	$ 57,727,967	$ 53,201,283
Net position:		
Net investment in capital assets	$ 24,664,433	$ 18,464,264
Restricted	1,527,892	1,571,038
Unrestricted	47,904,898	51,610,080
Total net position	$ 74,097,223	$ 71,645,382

Note: In the year of implementation of GASB 68, prior year comparative information was unavailable. Therefore, the information in the table has not been restated to reflect the requirements of GASB 68.

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 2015, the County's net position increased by $3,866,121. Key elements of this increase are as follows:

County of Louisa, Virginia's Changes in Net Position		
	Governmental Activities	
	2015	2014
Revenues:		
Program revenues:		
Charges for services	$ 2,139,785	$ 2,237,283
Operating grants and contributions	7,282,136	7,020,212
Capital grants and contributions	25,227,045	13,772,275
General revenues:		
Property taxes	52,232,855	48,680,852
Other local taxes	5,757,300	5,844,284
Other	2,590,044	2,661,871
Total revenues	$ 95,229,165	$ 80,216,777
Expenses:		
General government	$ 3,435,934	$ 3,506,219
Judicial administration	1,880,796	2,064,058
Public safety	12,293,528	13,522,591
Public works	4,910,275	5,705,451
Health and welfare	7,594,943	7,310,884
Education	55,404,276	48,664,735
Parks, recreation and culture	1,480,517	1,551,528
Community development	3,194,504	2,616,432
Interest	1,168,271	1,198,401
Total expenses	$ 91,363,044	$ 86,140,299
Insurance proceeds - earthquake	$ -	$ 2,074,630
Increase (decrease) in net position	$ 3,866,121	$ (3,848,892)
Net position – beginning	70,231,102	75,494,274
Net position - ending	$ 74,097,223	$ 71,645,382

Note: In the year of implementation of GASB 68, prior year comparative information was unavailable. Therefore, the information in the table has not been restated to reflect the requirements of GASB 68.

- Capital grants and contributions increased by $11,454,770 as a result natural disaster reimbursements from the Federal Emergency Management Agency and the Virginia Department of Emergency Management.

- Local revenues increased by $3,393,192 and were driven by a combination of a $.03 real estate tax increase along with an increase on property values of approximately 3%.

- Education related costs increased by $6,739,541, primarily as a result of earthquake reconstruction.

- Public safety related costs decreased $1,229,063. Non-recurring costs associated with the expansion of the regional jail in FY2014, and reduced capital improvement expenditures account for the decline in expenditures.

Government-wide Financial Analysis: (Continued)

- Public Works related costs decreased by $795,176 as a result of reduced year on year landfill projects associated with cell opening and closure.

- Community Development expenses increased by $578,072, as a result of capitalized construction costs of a new effluent line and preliminary work of the James River Water pipeline.

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 $56,389,332, which represents a decrease of $10,489,067 in comparison with the prior year. Approximately 52% of this total amount, ($29,559,129), constitutes unassigned general fund balance, which is available for spending at the County's discretion. $16,298 of fund balance is non-spendable (prepaid). The remainder of fund balance is restricted, committed, or assigned to indicate that it is not available for new spending without further Board of Supervisors' action. These funds are restricted, committed, or assigned for items including:

- Industrial Development Collateral
- NAPS Stabilization expenditures
- Zion Crossroad's future debt
- Earthquake repairs
- Future capital improvement expenditures
- Other purposes

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

The general fund balance decreased $4,195,892 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 2015.

General Fund Budgetary Highlights

Differences between the original expenditure budget and the final amended budget totaled an increase of $4,601,667. The increase in appropriations can be briefly summarized as follows:

- $135,393 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.

- $844,491 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 FY14 carryover.

General Fund Budgetary Highlights: (Continued)

- $3,462,111 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 design and permitting efforts.

- $378,694 increase in Human Services expenditures was primarily due to cover expenses associated with an increase is caseloads handled by CSA.

- $219,022 decrease in miscellaneous expenditures due to the allocation of the non-departmental budget to actual functions that occurred during the year.

Other increases in final budget amounts are generally attributable to 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 $2,996,471 and actual revenues exceeded the amended budget by $2,445,858. Expenditures were less than the original budget estimate by $2,372,118 and expenditures were less than the amended budget by $6,973,785. Savings in school operating expenditures accounted for 39% of this positive variance. The remaining $4.2 million is associated with 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:

<u>Revenue</u>

- $2,051,265 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.

- $138,956 is associated with recovered revenue stemming from judicial sales.

- $330,618 in federal revenue is primarily attributed in an increase in reimbursement for services provided by the Department of Social Services.

<u>Expenditures:</u>

- $274,518 under budget in General Government Administration is attributable to unfilled positions and savings associated with staff turnover.

- $206,909 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.

- $1,108,379 under budget in Public Safety is attributed to savings in payroll and related expenses within the Sheriff's Department, Department of Emergency Services, and Correction and Detention. In addition, fuel consumption was 38 percent lower than budget expectations. Funding provided for fire programs and volunteer rescue from the Commonwealth has not been spent by the volunteers and is being carried over.

- $1,211,727 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.

- $2,729,455 under budget in Education expenses. Conservative budgeting in transportation fuel and energy costs couples with savings associated with staff turnover and vacancies produced this positive variance.

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental funds as of June 30, 2015 amounts to $54,596,262 (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 $13,825,159 and is largely associated with reconstruction efforts associated with earthquake recovery.

County of Louisa, Virginia's Capital Assets

	Governmental Activities	
	2015	**2014**
Land	$ 2,328,523	$ 2,328,523
Buildings and improvements	26,096,315	23,397,538
Equipment	9,551,397	8,066,906
Construction in progress	19,229,387	6,459,143
Tenancy in common	15,150,000	16,305,000
Total	$ 72,355,622	$ 56,557,110
Less: accumulated depreciation	(17,759,360)	(15,786,007)
Net capital assets	$ 54,596,262	$ 40,771,103

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 and premium on bonds payable equal $31,131,305. Of this amount, $31,131,305 comprises debt backed by the full faith and credit of the County.

During the current fiscal year, the County's total bonded debt decreased by $2,121,791 due to the repayment of general obligation bonds and bond premium.

During FY2015 the County of Louisa entered into a 5 year capital lease agreement for landfill equipment in the amount of $899,514. The lease is scheduled to expire in FY2020 with monthly payments $15,960.

During FY2015 the County of Louisa secured a 24 month, $12,000,000 revenue anticipation note. Of this amount, $500,000 had been drawn down as of June 30, 2015. Expected proceeds from natural disaster funds from the Federal Emergency Management Agency and the Virginia Department of Emergency Management will be used to repay this note.

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

Economic Factors and Next Year's Budgets and Rates

- The local unemployment rate decreased to 4.80%[2] for June 2015.

- 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) submitted development plans to the County. Those plans have been approved and the developer anticipates breaking ground at the end of 2015 or first quarter 2016. 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. In addition, two new shopping centers totaling 12,000 sq. ft. are currently under construction. Spring Creek has sold over half of the planned 1,200 lots within the subdivision so far. In addition, over 500 homes have

[2] State of Virginia; Labor Market Information

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

been built and new sections of the phased development are underway. The Ferncliff Business Park has gained momentum in the region with the development of new industrial and commercial space. In 2015, three new businesses announced plans to develop new space within the business park. New water and sewer infrastructure developments were announced and initiated within the park in 2015. This park will continue to grow with added infrastructure in the short term. The Spring Creek Business Park continues to thrive as a medical office cluster development with the opening of UVA's 55,000 square foot facility and a new Orthodontist office which opened during 2015.

- Capital investment related to the new construction and expansion projects approached $16 million, total new square footage was approximately 102,000 sq. ft. and roughly 163 new jobs in the County. This corridor will continue to be the focus of responsible industrial and commercial development, with infrastructure development serving as the catalyst for new development along this corridor. The re-use / effluent pipeline is scheduled for startup in December 2015 and once complete, the Water Authority will request removal of the Consent Orders for both Wastewater Treatment Plants. The Chemical Storage / Septage Receiving station construction at the Regional Wastewater Treatment Plant is underway and should be complete in 2016. The James River Water Project, expected to spur economic growth in the region, is scheduled to begin during the summer of 2016, with anticipated completion in late 2019.

- The Town of Louisa benefited from the announcement of two major super regional retailers locating within the Town in 2015. These two retailers brought significant revenues to the Town and County, along with approximately 75 new jobs combined. The Town of Mineral benefited from a new retail store which opened in the early part of fiscal year 2015.

- In August of 2011, the county experienced an earthquake which significantly damaged several county structures. The majority of the repairs have been completed and both of the two schools which were completely destroyed have been replaced and are in operation. Repair costs were 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 continued need for water and sewer infrastructure.

All of these factors were considered in preparing the County's budget for the 2016 fiscal year.

For fiscal year 2016, the Board of Supervisors has approved a General Fund Operating Budget of $93,263,913. The approved CIP Budget is $3,303,680. The approved FY 2016 budget set the real estate tax rate at $0.72 per $100 of assessed value, and the budget was balanced.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

This page intentionally left blank

Government-wide Financial Statements

This page intentionally left blank

Statement of Net Position
June 30, 2015

		Primary Government		Component Units		
		Governmental Activities		School Board		Louisa County Water Authority
ASSETS						
Cash and cash equivalents	$	44,129,723	$	6,726,105	$	750,849
Receivables (net of allowance for uncollectibles):						
Taxes receivable		59,570,260		-		-
Accounts receivable		341,518		115,971		237,002
Landfill accounts		31,842		-		-
Due from component unit		3,420,201		-		-
Due from other governmental units		11,766,303		4,328,955		-
Prepaid items		16,298		95,061		259
Net pension asset		-		360,496		-
Restricted assets:						
Cash and cash equivalents		1,527,892		-		1,326,591
Capital assets (net of accumulated depreciation):						
Land		2,328,523		866,127		913,325
Buildings and system		30,701,903		32,450,499		282,757
Machinery and equipment		2,336,449		3,470,319		14,087
Intangible assets		-		-		19,332,314
Infrastructure		-		-		407,554
Construction in progress		19,229,387		43,702,499		886,597
Total assets	$	175,400,299	$	92,116,032	$	24,151,335
DEFERRED OUTFLOWS OF RESOURCES						
Pension contributions subsequent to the measurement date	$	926,785	$	4,178,426	$	81,481
Changes in proportionate share of net pension liability		-		539,000		-
Total deferred outflows of resources	$	926,785	$	4,717,426	$	81,481
LIABILITIES						
Accounts payable	$	2,326,909	$	951,242	$	30,972
Retainage payable		2,695,596		-		-
Accrued liabilities		168,936		5,439,540		2,500
Amounts held for future projects		-		-		10,000
Customers' deposits		-		-		53,421
Accrued interest payable		536,356		-		-
Due to primary government		-		3,420,201		-
Unearned revenue		10,964		-		90,906
Long-term liabilities:						
Due within one year		2,351,714		54,084		61,413
Due in more than one year		36,411,419		45,228,572		81,158
Total liabilities	$	44,501,894	$	55,093,639	$	330,370
DEFERRED INFLOWS OF RESOURCES						
Items related to the measurement of the net pension liability	$	1,692,168	$	6,852,087	$	125,608
Deferred revenue - property taxes		56,035,799		-		-
Total deferred inflows of resources	$	57,727,967	$	6,852,087	$	125,608
NET POSITION						
Net investment in capital assets	$	24,664,433	$	80,489,444	$	21,836,634
Restricted:						
Future capital expenses		-		-		1,344,421
Industrial development collateral		1,527,892		-		-
Unrestricted (deficit)		47,904,898		(45,601,712)		595,783
Total net position	$	74,097,223	$	34,887,732	$	23,776,838

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, 2015

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	$ 3,435,934	$ 7,797	$ 429,450	$ -
Judicial administration	1,880,796	119,779	613,202	24,784
Public safety	12,293,528	1,354,341	1,702,224	-
Public works	4,910,275	230,633	85,694	-
Health and welfare	7,594,943	-	4,252,584	21,700
Education	55,404,276	-	-	25,180,561
Parks, recreation, and cultural	1,480,517	399,985	6,769	-
Community development	3,194,504	27,250	-	-
Interest on long-term debt	1,168,271	-	192,213	-
Total governmental activities	$ 91,363,044	$ 2,139,785	$ 7,282,136	$ 25,227,045
COMPONENT UNITS:				
School Board	$ 55,478,095	$ 1,522,427	$ 23,806,540	$ 317,000
Louisa County Water Authority	2,540,641	1,959,512	-	1,870,225
Total component units	$ 58,018,736	$ 3,481,939	$ 23,806,540	$ 2,187,225

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

Total general revenues
Extraordinary items:
- Earthquake related expenses

Change in net position
Net position - beginning, as restated
Net position - ending

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

Net (Expense) Revenue and Changes in Net Position		
Primary Government	Component Units	
Governmental Activities	School Board	Louisa County Water Authority
$ (2,998,687)		
(1,123,031)		
(9,236,963)		
(4,593,948)		
(3,320,659)		
(30,223,715)		
(1,073,763)		
(3,167,254)		
(976,058)		
$ (56,714,078)		
	$ (29,832,128)	$ -
	-	1,289,096
	$ (29,832,128)	$ 1,289,096
$ 52,232,855	$ -	$ -
2,879,726	-	-
476,414	-	-
674,854	-	-
613,142	-	-
853,460	-	-
259,704	-	-
320,025	1,039	17,863
325,243	332,910	-
-	54,728,214	-
1,944,776	-	-
$ 60,580,199	$ 55,062,163	$ 17,863
$ -	$ (1,040,165)	$ -
$ 3,866,121	$ 24,189,870	$ 1,306,959
70,231,102	10,697,862	22,469,879
$ 74,097,223	$ 34,887,732	$ 23,776,838

This page intentionally left blank

Fund Financial Statements

This page intentionally left blank

Balance Sheet
Governmental Funds
June 30, 2015

	General	Capital Projects	Natural Disaster Capital Projects	Total
ASSETS				
Cash and cash equivalents	$ 41,978,866	$ 1,277,197	$ 873,660	$ 44,129,723
Receivables (net of allowance for uncollectible):				
Taxes receivable	59,570,260	-	-	59,570,260
Accounts receivable	252,004	89,514	-	341,518
Landfill accounts	31,842	-	-	31,842
Due from other funds	309,662	-	-	309,662
Due from component unit	3,420,201	-	-	3,420,201
Due from other governmental units	1,590,017	58,017	10,118,269	11,766,303
Prepaid items	16,298	-	-	16,298
Restricted assets:				
Cash and cash equivalents	1,527,892	-	-	1,527,892
Total assets	$ 108,697,042	$ 1,424,728	$ 10,991,929	$ 121,113,699
LIABILITIES				
Accounts payable	$ 855,385	$ 1,084,798	$ 386,726	$ 2,326,909
Accrued liabilities	151,894	-	17,042	168,936
Retainage payable	-	339,930	2,355,666	2,695,596
Due to other funds	-	-	309,662	309,662
Unearned revenue	10,964	-	-	10,964
Total liabilities	$ 1,018,243	$ 1,424,728	$ 3,069,096	$ 5,512,067
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	$ 59,212,300	$ -	$ -	$ 59,212,300
Fund balances:				
Nonspendable:				
Prepaids	$ 16,298	$ -	$ -	$ 16,298
Restricted:				
Industrial development collateral	1,527,892	-	-	1,527,892
Committed:				
NAPS stabilization	15,800,000	-	-	15,800,000
Human services	234,682	-	-	234,682
Comprehensive services	8,773	-	-	8,773
Capital projects	-	-	7,922,833	7,922,833
Assigned:				
Earthquake repairs	264,748	-	-	264,748
Zion Crossroads development debt	357,130	-	-	357,130
Debt service	673,847	-	-	673,847
REM access	24,000	-	-	24,000
Unassigned	29,559,129	-	-	29,559,129
Total fund balances	$ 48,466,499	$ -	$ 7,922,833	$ 56,389,332
Total liabilities, deferred inflows of resources, and fund balances	$ 108,697,042	$ 1,424,728	$ 10,991,929	$ 121,113,699

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

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
Governmental Funds
June 30, 2015

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	$	56,389,332
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.		54,596,262
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Items related to measurement of net pension liability		(1,692,168)
Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds.		926,785
Interest on long-term debt is not accrued in governmental funds, but rather is recognized when paid.		(536,356)
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.		3,176,501
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.		(38,763,133)
Net position of governmental activities	$	74,097,223

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, 2015

	General	Capital Projects	Natural Disaster Capital Projects	Nonmajor Fund Broadband Authority	Total
REVENUES					
General property taxes	$ 52,205,038	$ -	$ -	$ -	$ 52,205,038
Other local taxes	4,903,840	853,460	-	-	5,757,300
Permits, privilege fees, and regulatory licenses	444,544	-	-	-	444,544
Fines and forfeitures	48,357	-	-	-	48,357
Revenue from the use of money and property	294,133	25,412	480	-	320,025
Charges for services	1,646,884	-	-	-	1,646,884
Miscellaneous	142,453	182,790	-	-	325,243
Recovered costs	181,956	-	-	-	181,956
Intergovernmental:					
Contribution from School Board	-	-	1,167,485	-	1,167,485
Commonwealth	7,019,825	160,287	4,425,259	-	11,605,371
Federal	2,093,284	-	20,755,302	-	22,848,586
Total revenues	$ 68,980,314	$ 1,221,949	$ 26,348,526	$ -	$ 96,550,789
EXPENDITURES					
Current:					
General government administration	$ 3,259,357	$ -	$ -	$ -	$ 3,259,357
Judicial administration	1,886,765	-	-	-	1,886,765
Public safety	11,747,197	-	-	-	11,747,197
Public works	6,243,301	-	-	-	6,243,301
Health and welfare	7,629,321	-	-	-	7,629,321
Education	28,287,198	-	-	-	28,287,198
Parks, recreation, and cultural	1,409,646	-	-	-	1,409,646
Community development	1,434,971	-	-	-	1,434,971
Capital projects	-	9,641,085	33,536,057	44,925	43,222,067
Debt service:					
Principal retirement	1,885,442	-	-	-	1,885,442
Interest and other fiscal charges	1,434,105	-	-	-	1,434,105
Total expenditures	$ 65,217,303	$ 9,641,085	$ 33,536,057	$ 44,925	$ 108,439,370
Excess (deficiency) of revenues over (under) expenditures	$ 3,763,011	$ (8,419,136)	$ (7,187,531)	$ (44,925)	$ (11,888,581)
OTHER FINANCING SOURCES (USES)					
Transfers in	$ 444,533	$ 7,909,497	$ 493,939	$ 44,925	$ 8,892,894
Transfers out	(8,403,436)	(489,458)	-	-	(8,892,894)
Issuance of capital leases	-	899,514	-	-	899,514
Issuance of revenue anticipation notes	-	-	500,000	-	500,000
Total other financing sources (uses)	$ (7,958,903)	$ 8,319,553	$ 993,939	$ 44,925	$ 1,399,514
Net change in fund balances	$ (4,195,892)	$ (99,583)	$ (6,193,592)	$ -	$ (10,489,067)
Fund balances - beginning	52,662,391	99,583	14,116,425	-	66,878,399
Fund balances - ending	$ 48,466,499	$ -	$ 7,922,833	$ -	$ 56,389,332

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, 2015

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

Net change in fund balances - total governmental funds		$ (10,489,067)
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	$ 16,985,749	
Depreciation expense	(2,154,965)	
Transfer of joint tenancy assets from Primary Government to the Component Unit	(1,005,625)	13,825,159
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	27,817	
Change in deferred inflows related to the measurement of the net pension liability	(1,692,168)	(1,664,351)
The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. Details supporting this adjustment are as follows:		
Principal retired on general obligation bonds	$ 1,885,442	
Amortization of premiums on bonds payable	236,349	
Issuance of capital lease	(899,514)	
Issuance of revenue anticipation notes	(500,000)	722,277
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	$ (584,043)	
(Increase)/decrease in net OPEB obligation	(124,245)	
(Increase)/decrease in accrued interest payable	29,485	
(Increase)/decrease in net pension liability	2,539,645	
(Increase)/decrease in deferred outfloes related to pension contributions subsequent to the measurement date	(346,257)	
(Increase)/decrease in compensated absences	(42,482)	1,472,103
Change in net position of governmental activities		$ 3,866,121

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

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

		Agency Funds
ASSETS		
Cash and cash equivalents	$	1,213,161
Total assets	$	1,213,161
LIABILITIES		
Amounts held for social services clients	$	6,563
Amounts held for projects		1,149,693
Amounts held for others		56,905
Total liabilities	$	1,213,161

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

This page intentionally left blank

Note 1−Summary of Significant Accounting Policies:

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

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

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

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

Government-wide and Fund Financial Statements

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

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

Statement of Net Position - The Statement of Net Position is designed to display the financial position of the primary government and its discretely presented component units. Governments will report all capital assets, in the government-wide Statement of Net Position and will report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The Net Position of a government will be broken down into three categories - 1) net investment in capital assets, 2) restricted; and 3) unrestricted.

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

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

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

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

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

A. Financial Reporting Entity

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

B. Individual Component Unit Disclosures

The Louisa County Broadband Authority is reported as a blended component unit of the County of Louisa, Virginia. The Authority is governed by a board appointed by the government's elected supervisors. There is a financial burden/benefit relationship between the Authority and the County. The Authority does not issue a separate financial report.

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

B. Individual Component Unit Disclosures: (Continued)

Discretely Presented Component Units

Component Unit School Board

The School Board members are elected by the voters and are responsible for the operations of the County's School System. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2015.

Component Unit Louisa County Water Authority

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

Other Related Organizations

James River Water Authority

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

Included in the County's Comprehensive Annual Financial Report

None

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

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

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

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

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

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

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

Property taxes not collected within 60 days after year-end are reflected as unavailable revenues. Sales and utility taxes which are collected by the state or utilities and subsequently remitted to the County are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the County. Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied. Revenues from general purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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

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

The government reports the following major governmental funds:

a. General Fund

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

b. Capital Projects Fund

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

c. Natural Disaster Capital Projects Fund

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

Additionally, the government reports the following fund types:

Special Revenue Fund

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

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

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

D. Budgets and Budgetary Accounting

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

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

2. Public hearings are conducted to obtain citizen comments.

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

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

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

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

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

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

E. Cash and Cash Equivalents

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

F. Investments

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.

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 $676,140 at June 30, 2015 and is comprised of the following:

Property taxes	$ 664,530
Landfill billings	11,610
Total	$ 676,140

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 of business-type activities is included as part of the capitalized value of the assets constructed. The County reported no capitalized interest as of June 30, 2015.

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

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

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

I. Deferred Outflows/Inflows of Resources

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

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

J. Compensated Absences

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

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

K. Pensions

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

L. Long-term Obligations

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

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

M. Fund Balances

Financial Policies

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

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

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

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

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

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

M. Fund Balances: (Continued)

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

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

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

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

N. Use of Estimates

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

O. Net Position

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

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

P. Net Position Flow Assumption

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

Q. Prepaid Items

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

R. Adoption of Accounting Principles

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*:

The County implemented the financial reporting provisions of the above Statements for the fiscal year ended June 30, 2015. These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and required supplementary information requirements about pensions are also addressed. The requirements of this Statement will improve financial reporting by improving accounting and financial reporting by state and local governments for pensions. The implementation of these Statements resulted in the following restatement of net position:

	Governmental Activities	Component Unit School Board	Component Unit Louisa County Water Authority
Net Position as reported June 30, 2014	$ 71,645,382	$ 54,402,797	$ 22,574,860
Implementation of GASB 68	(1,414,280)	(43,704,935)	(104,981)
Net Position as restated June 30, 2014	$ 70,231,102	$ 10,697,862	$ 22,469,879

Note 2−Deposits and Investments:

Deposits

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

Investments

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

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

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2015 were rated by Standard & Poor's and the ratings are presented below using Standard & Poor's rating scale.

County's Rated Debt Investments' Values

Rated Debt Investments	Fair Quality Ratings
	AAAm
Local Government Investment Pool	$ 11,881,004
Total	$ 11,881,004

External Investment Pools

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.

Note 3−Due From Other Governmental Units:

At June 30, 2015 the County and School Board had receivables from other governments as follows:

	Primary Government	Discretely Presented Component Unit School Board
Commonwealth of Virginia:		
State Sales Taxes	$ -	$ 897,732
Local Sales Taxes	593,085	-
Communication Tax	56,897	-
Recordation Tax	36,318	-
VPA Funds	127,798	-
Shared Expenses	175,714	-
FEMA Funds	1,699,867	489,636
Comprehensive Services Act Reimbursement	359,901	-
Other State Aid	123,378	-
Federal Government:		
School Funds	-	677,781
FEMA Funds	8,434,852	2,263,806
Public Safety Grants	8,549	-
VPA Funds	132,337	-
Other Federal Aid	17,607	-
Total	$ 11,766,303	$ 4,328,955

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

Fund	Due From Component Unit School Board	Due to Primary Government
General	$ 3,420,201	$ -
School Board	-	3,420,201
Totals	$ 3,420,201	$ 3,420,201

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

Note 5−Capital Assets:

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

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Government Activities:				
Capital assets, not being depreciated:				
Land	$ 2,328,523	$ -	$ -	$ 2,328,523
Construction in Progress	6,459,143	12,770,244	-	19,229,387
Total capital assets not being depreciated	$ 8,787,666	$ 12,770,244	$ -	$ 21,557,910
Capital assets being depreciated:				
Buildings and improvements	$ 39,702,538	$ 2,698,777	$ 1,155,000	$ 41,246,315
Machinery and equipment	8,066,906	1,516,728	32,237	9,551,397
Total capital assets being depreciated	$ 47,769,444	$ 4,215,505	$ 1,187,237	$ 50,797,712
Accumulated depreciation:				
Buildings and improvements	$ 9,556,566	$ 1,137,221	$ 149,375	$ 10,544,412
Machinery and equipment	6,229,441	1,017,744	32,237	7,214,948
Total accumulated depreciation	$ 15,786,007	$ 2,154,965	$ 181,612	$ 17,759,360
Total capital assets being depreciated, net	$ 31,983,437	$ 2,060,540	$ 1,005,625	$ 33,038,352
Governmental activities capital assets, net	$ 40,771,103	$ 14,830,784	$ 1,005,625	$ 54,596,262

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

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Capital assets, not being depreciated:				
Land	$ 866,127	$ -	$ -	$ 866,127
Construction in progress	34,403,569	26,167,473	16,868,543	43,702,499
Total capital assets not being depreciated	$ 35,269,696	$ 26,167,473	$ 16,868,543	$ 44,568,626
Capital assets being depreciated:				
Buildings and improvements	$ 34,413,894	$ 18,023,543	$ -	$ 52,437,437
Machinery and equipment	12,514,162	506,531	-	13,020,693
Total capital assets being depreciated	$ 46,928,056	$ 18,530,074	$ -	$ 65,458,130
Accumulated depreciation:				
Buildings and improvements	$ 18,351,512	$ 1,635,426	$ -	$ 19,986,938
Machinery and equipment	8,689,935	860,439	-	9,550,374
Total accumulated depreciation	$ 27,041,447	$ 2,495,865	$ -	$ 29,537,312
Total capital assets being depreciated, net	$ 19,886,609	$ 16,034,209	$ -	$ 35,920,818
School Board capital assets, net	$ 55,156,305	$ 42,201,682	$ 16,868,543	$ 80,489,444

Note 5−Capital Assets: (Continued)

Assets acquired under capital leases:

		Cost		Depreciation Expense		Accumulated Drepreciation
Equipment:						
Governmental activities	$	899,514	$	89,951	$	89,951

Capital asset activity for the School Board for the year ended June 30, 2015 was as follows:

Depreciation expense	$	2,346,490
Depreciation on joint tenancy assets-transferred to School Board		149,375
Net increases in accumulated depreciation	$	2,495,865

(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, 2015, is that school financed assets in the amount of $26,599,842 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	$	237,385
Judicial Administration		137,390
Public Safety		795,218
Public Works		384,550
Health and Welfare		21,725
Education		378,750
Parks, Recreation and Cultural		95,433
Community Development		104,514
Total	$	2,154,965
Component Unit School Board	$	2,346,490

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, 2015:

	Balance July 1, 2014 As Restated	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2015	Amounts Due Within One Year
Compensated absences	$ 581,368	$ 100,619	$ 58,137	$ 623,850	$ 62,385
General obligation bonds	31,084,274	-	1,885,442	29,198,832	1,895,442
Revenue anticipation notes	-	500,000	-	500,000	-
Capital lease	-	899,514	-	899,514	168,974
Premium on bonds payable	2,168,822	-	236,349	1,932,473	224,913
Net OPEB obligation	1,122,218	153,389	29,144	1,246,463	-
Net pension liability	2,687,322	3,019,735	5,559,380	147,677	
Landfill closure and postclosure care	3,630,281	584,043	-	4,214,324	-
Total	$ 41,274,285	$ 5,257,300	$ 7,768,452	$ 38,763,133	$ 2,351,714

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

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

Year Ending	General Obligation Bonds		Premium on Bonds Payable		Capital Lease	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2016	$ 1,895,442	$ 1,301,256	$ 224,913	$ -	$ 168,974	$ 22,546
2017	1,910,442	1,226,708	212,284	-	173,663	17,858
2018	1,925,442	1,148,971	198,882	-	178,481	13,039
2019	1,935,442	1,068,495	185,113	-	183,434	8,087
2020	1,945,442	988,760	171,253	-	194,962	2,997
2021	1,965,442	905,832	156,659	-	-	-
2022	1,650,442	826,752	141,423	-	-	-
2023	1,650,442	756,417	126,262	-	-	-
2024	1,650,442	686,081	111,101	-	-	-
2025	1,650,442	615,034	95,865	-	-	-
2026	1,650,442	547,661	81,271	-	-	-
2027	1,650,442	480,288	66,678	-	-	-
2028	1,650,441	411,997	51,924	-	-	-
2029	1,460,441	350,951	38,443	-	-	-
2030	1,460,441	299,091	26,919	-	-	-
2031	725,441	266,989	19,023	-	-	-
2032	725,441	249,949	13,588	-	-	-
2033	725,441	232,909	8,153	-	-	-
2034	725,441	215,870	2,719	-	-	-
2035	245,441	103,675	-	-	-	-
Total	$ 29,198,832	$ 12,683,686	$ 1,932,473	$ -	$ 899,514	$ 64,527

Note: The preceding annual requirements to amortize long-term obligations and related interest include all bonds, notes, and capital leases with the exception of the VRA Revenue Anticipation Notes issued in FY15 which will be included once all the proceeds have been drawn.

Note 6−Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of Long-Term Obligations

General Obligation Bonds:

	Amount Outstanding	Due Within One Year
General Obligation Bonds:		
$3,800,000 Series 2007A issued November 8, 2007 in annual installments ranging from $194,845 to $413,333 beginning July 15, 2008 through July 15, 2028, interest ranging from 4.35% to 5.10%	$ 2,470,000	$ 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%	11,025,000	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%	1,655,000	240,000
$5,399,716 Series 2012-1 issued October 31, 2013, due in annual installments of $245,442 beginning December 1, 2013 through December 1, 2034, interest payable at 4.01%	4,908,832	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%	9,140,000	485,000
Total General Obligation Bonds	$ 29,198,832	$ 1,895,442
Capital Lease:		
$899,514 capital lease issued June 15, 2015 for landfill equipment, monthly payments of $15,960 through June 2020, interest at 2.74%	$ 899,514	$ 168,974
Revenue Anticipation Notes:		
$12,000,000 Series 2015 issued June 5, 2015, due June 30, 2017, interest payable at the prime plus 1.5%. Proceeds of $500,000 have been drawn as of June 30, 2015.	$ 500,000	$ -
Premium on Bonds Payable	$ 1,932,473	$ 224,913
Compensated absences	623,850	62,385
Net OPEB obligation	1,246,463	-
Net pension liability	147,677	-
Landfill closure and postclosure care	4,214,324	-
Total Long-Term Obligations	$ 38,763,133	$ 2,351,714

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

Note 6−Long-Term Obligations: (Continued)

Component Unit School Board:

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2015:

	Balance July 1, 2014 As Restated	Increases	Decreases	Balance June 30, 2015	Amounts Due Within One Year
Compensated absences	$ 587,055	$ 12,486	$ 58,706	$ 540,835	$ 54,084
Net pension liability	46,936,589	-	5,746,589	41,190,000	-
Net OPEB obligation	3,148,121	498,395	94,695	3,551,821	-
Total	$ 50,671,765	$ 510,881	$ 5,899,990	$ 45,282,656	$ 54,084

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 $56,048,763 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 $10,964 at June 30, 2015.

B. Primary Government– Unavailable Property Taxes – revenue representing deferred/unavailable property tax revenues totaled $56,035,799 at June 30, 2015.

Note 8−Pension Plan:

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

Plan Description

All full-time, salaried permanent employees of the County and (nonprofessional) employees of public school divisions are automatically covered by VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

Note 8−Pension Plan: (Continued)

Plan Description: (Continued)

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

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

Note 8−Pension Plan: (Continued)

Plan Description: (Continued)

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

Note 8−Pension Plan: (Continued)

Plan Description: (Continued)

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

Note 8−Pension Plan: (Continued)

Plan Description: (Continued)

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

Note 8−Pension Plan: (Continued)

Plan Description: (Continued)

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

Note 8−Pension Plan: (Continued)

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Vesting (Cont.)	**Vesting (Cont.)**	**Vesting (Cont.)** **Defined Contributions Component: (Cont.)** • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70½.
Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.	**Calculating the Benefit** See definition under Plan 1.	**Calculating the Benefit** **Defined Benefit Component:** See definition under Plan 1 **Defined Contribution Component:** The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.

Note 8−Pension Plan: (Continued)

Plan Description: (Continued)

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

Note 8−Pension Plan: (Continued)

Plan Description: (Continued)

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

Note 8−Pension Plan: (Continued)

Plan Description: (Continued)

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

<u>Eligibility:</u>
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.

<u>Exceptions to COLA Effective Dates:</u>
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.</td>
<td>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%.

<u>Eligibility:</u>
Same as Plan 1

<u>Exceptions to COLA Effective Dates:</u>
Same as Plan 1</td>
<td>Cost-of-Living Adjustment (COLA) in Retirement
<u>Defined Benefit Component:</u>
Same as Plan 2.

<u>Defined Contribution Component:</u>
Not applicable.

<u>Eligibility:</u>
Same as Plan 1 and Plan 2.

<u>Exceptions to COLA Effective Dates:</u>
Same as Plan 1 and Plan 2.</td>
</tr>
</table>

Note 8−Pension Plan: (Continued)

Plan Description: (Continued)

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

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

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

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

Note 8−Pension Plan: (Continued)

Plan Description: (Continued)

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

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at http://www.varetire.org/Pdf/Publications/2014-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 8−Pension Plan: (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2013 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government	Component Unit School Board (Nonprofessional)
Inactive members or their beneficiaries currently receiving benefits	106	77
Inactive members:		
Vested inactive members	43	15
Non-vested inactive members	77	50
Inactive members active elsewhere in VRS	103	16
Total inactive members	223	81
Active members	228	191
Total covered employees	557	349

Contributions

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

The County's contractually required contribution rate for the year ended June 30, 2015 was 9.41% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were $1,008,266 and $1,367,539 for the years ended June 30, 2015 and June 30, 2014, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2015 was 7.20% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

Note 8−Pension Plan: (Continued)

Contributions: (Continued)

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were $261,040 and $323,654 for the years ended June 30, 2015 and June 30, 2014, respectively.

Net Pension Liability (Asset)

The County's and Component Unit School Board's (nonprofessional) net pension liabilities (assets) were measured as of June 30, 2014. The total pension liabilities used to calculate the net pension liabilities (assets) were determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Actuarial Assumptions – General Employees

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

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

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

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

Largest 10 – Non-LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Note 8−Pension Plan: (Continued)

Actuarial Assumptions – General Employees (Continued)

All Others (Non 10 Largest) – Non-LEOS:
Pre-Retirement:
RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

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

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

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

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

Actuarial Assumptions – Public Safety Employees

The total pension liability for Public Safety employees in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

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

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

Note 8−Pension Plan: (Continued)

Actuarial Assumptions – Public Safety Employees (Continued)

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

Largest 10 – Non-LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

Note 8−Pension Plan: (Continued)

Long-Term Expected Rate of Return

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

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

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

Note 8−Pension Plan: (Continued)

Discount Rate

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

Changes in Net Pension Liability

	Primary Government Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2013	$ 28,421,664	$ 25,534,864	$ 2,886,800
Changes for the year:			
Service cost	$ 1,280,684	$ -	$ 1,280,684
Interest	1,941,894	-	1,941,894
Differences between expected and actual experience	-	-	-
Contributions - employer	-	1,367,539	(1,367,539)
Contributions - employee	-	526,699	(526,699)
Net investment income	-	4,077,597	(4,077,597)
Benefit payments, including refunds of employee contributions	(1,360,651)	(1,360,651)	-
Administrative expenses	-	(21,309)	21,309
Other changes	-	214	(214)
Net changes	$ 1,861,927	$ 4,590,089	$ (2,728,162)
Balances at June 30, 2014	$ 30,283,591	$ 30,124,953	$ 158,638

Note 8−Pension Plan: (Continued)

Changes in Net Pension Liability (Asset)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2013	$ 11,123,603	$ 10,482,014	$ 641,589
Changes for the year:			
Service cost	$ 389,308	$ -	$ 389,308
Interest	764,024	-	764,024
Differences between expected and actual experience	-	-	-
Contributions - employer	-	323,654	(323,654)
Contributions - employee	-	180,165	(180,165)
Net investment income	-	1,660,301	(1,660,301)
Benefit payments, including refunds of employee contributions	(417,952)	(417,952)	-
Administrative expenses	-	(8,790)	8,790
Other changes	-	87	(87)
Net changes	$ 735,380	$ 1,737,465	$ (1,002,085)
Balances at June 30, 2014	$ 11,858,983	$ 12,219,479	$ (360,496)

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

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
County Net Pension Liability (Asset)	$ 4,355,107	$ 158,638	$ (3,288,396)
Component Unit School Board (nonprofessional) Net Pension Liability (Asset)	$ 1,140,386	$ (360,496)	$ (1,619,839)

Note 8−Pension Plan: (Continued)

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

For the year ended June 30, 2015, the County and Component Unit School Board (nonprofessional) recognized pension expense of $457,153 and $60,656, respectively. At June 30, 2015, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (Nonprofessional)		Component Unit Louisa County Water Authority	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ 1,692,168	$ -	$ 739,087	$ -	$ 125,608
Employer contributions subsequent to the measurement date	926,785	-	261,040	-	81,481	-
Total	$ 926,785	$ 1,692,168	$ 261,040	$ 739,087	$ 81,481	$ 125,608

$1,008,266 and $261,040 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction or Component of the Net Pension Liability (Asset) in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	Primary Government	Component Unit School Board (Nonprofessional)	Component Unit Louisa County Water Authority
2016	$ 423,042	$ 184,772	$ 31,402
2017	423,042	184,772	31,402
2018	423,042	184,772	31,402
2019	423,042	184,772	31,402
Thereafter	-	-	-

Note 8−Pension Plan: (Continued)

Component Unit School Board (professional)

Plan Description

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

Contributions

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

Each School Division's contractually required contribution rate for the year ended June 30, 2015 was 14.50% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. The actuarial rate for the Teacher Retirement Plan was 18.20%. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the Code of Virginia, as amended the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2015. Contributions to the pension plan from the School Board were $3,917,386 and $2,908,000 for the years ended June 30, 2015 and June 30, 2014, respectively.

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

At June 30, 2015, the school division reported a liability of $41,190,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2014 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2014 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2014, the school division's proportion was .34084% as compared to .33606% at June 30, 2013.

Note 8−Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

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

For the year ended June 30, 2015, the school division recognized pension expense of $3,377,000. Since there was a change in proportionate share between June 30, 2013 and June 30, 2014, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between employer contribuions and proprotionate share of contributions	$ 539,000	$ -
Net difference between projected and actual earnings on pension plan investments	-	6,113,000
Employer contributions subsequent to the measurement date	3,917,386	-
Total	$ 4,456,386	$ 6,113,000

$3,917,386 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	
2016	$ (1,409,000)
2017	(1,409,000)
2018	(1,409,000)
2019	(1,409,000)
Thereafter	62,000

Note 8−Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

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

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

Mortality rates:

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

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

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

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

Note 8−Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Long-Term Expected Rate of Return

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

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

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

Note 8−Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Discount Rate

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

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

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

	Rate		
	(6.00%)	**(7.00%)**	**(8.00%)**
School division's proportinate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	$ 60,483,000	$ 41,190,000	$ 25,305,000

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2014 Comprehensive Annual Financial Report (CAFR). A copy of the 2014 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2014-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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.

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 5.5 years, at which point another cell which bridges the existing pair will be opened pending necessary permitting. State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used at each balance sheet date. The liability in the amount of $4,214,324 reported as landfill closure, postclosure and corrective action liability on the June 30, 2015 Statement of Net Position is equal to the expected closure and postclosure costs. The landfill is closed as of June 30, 2015. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County has demonstrated financial assurance requirements for closure, postclosure care and corrective action costs through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC20-70 of the Virginia Administrative Code. Also, the County intends to fund these costs from funds accumulated for this purpose in the General Fund.

Note 11–Risk Management:

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

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

Each Association member jointly and severally agrees to assume, pay and discharge any liability. The County pays VACO contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County continues to carry commercial insurance for all other risks of losses. For the three previous fiscal years, settled claims from these risks have not exceeded commercial coverage.

Note 12–Litigation:

The County has been named as a defendant in matters involving real estate and other matters. It is not known what liability, if any, the County faces.

Note 13–Interfund Transfers:

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

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	$ 444,533	$ 8,403,436
Natural Disaster Capital Projects Fund	493,939	-
Broadband Authority Fund	44,925	
Capital Projects Fund	7,909,497	489,458
Total	$ 8,892,894	$ 8,892,894

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

Note 14–Surety Bonds:

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

Note 15–Other Postemployment Benefits–Health Insurance:

Background

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

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

A. Plan Description

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

B. Funding Policy

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

C. Annual OPEB Cost and Net OPEB Obligation

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

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

	Primary Government	Component Unit School Board
Annual required contribution	$ 154,295	$ 500,939
Interest on OPEB obligation	44,889	125,925
Adjustment to annual required contribution	(45,795)	(128,469)
Annual OPEB cost (expense)	$ 153,389	$ 498,395
Contribution made	(29,144)	(94,695)
Increase in net OBEB obligation	$ 124,245	$ 403,700
Net OPEB obligation - beginning of year	1,122,218	3,148,121
Net OPEB obligation - end of year	$ 1,246,463	$ 3,551,821

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, 2015	$	153,389	19.00%	$	1,246,463
June 30, 2014		257,506	20.60%		1,122,218
June 30, 2013		242,323	27.79%		917,748
School Board:					
June 30, 2015	$	498,395	19.00%		3,551,821
June 30, 2014		722,373	20.60%	$	3,148,121
June 30, 2013		672,372	21.93%		2,574,528

D. Funded Status and Funding Progress

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

As of July 1, 2014, the School Board's actuarial accrued liability for benefits was $5,357,367, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was $31,151,645, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 17.20 percent.

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

E. Actuarial Methods and Assumptions

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

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

E. Actuarial Methods and Assumptions: (Continued)

The following simplifying assumptions were made:

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

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

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

Based on the historical and expected returns of the County and School Board's short-term investment portfolio, a discount of 4.0% was used. In addition, the projected unit credit actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2014 was thirty years. The healthcare cost trend rate was 8.00% for 2014 reduced to 5% over 5 years.

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

County:

A. Plan Description

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

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

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

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

County: (Continued)

A. Plan Description: (Continued)

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

B. Funding Policy

As a participating local political subdivision, the County is required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the Code of Virginia and the VRS Board of Trustees. The County's contribution rate for the fiscal year ended 2015 was .17% of annual covered payroll.

C. Annual OPEB Cost and Net OPEB Obligation

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

For 2015, the County's contribution of $7,648 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 2015 and the preceding two years were as follows:

Fiscal Year Ending	Annual OPEB Cost	Percentage of OPEB Contributed	Net OPEB Obligation
June 30, 2015	$ 7,648	100%	-
June 30, 2014	16,656	100%	-
June 30, 2013	12,527	100%	-

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2014, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	$ 109,515
Actuarial value of plan assets	67,250
Unfunded actuarial accrued liability	42,265
Funded ratio (actuarial value of plan assets/AAL)	61.41%
Covered payroll (active plan members)	4,965,501
UAAL as a percentage of covered payroll	0.85%

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

County: (Continued)

D. Funded Status and Funding Progress: (Continued)

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

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

E. Actuarial Methods and Assumptions

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

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7% investment rate of return, compounded annually, including an inflation component of 2.5%, and a payroll growth rate of 3%. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining open amortization period at June 30, 2015 was 20-29 years.

School Board:

A. Plan Description

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

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

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

School Board: (Continued)

A. Plan Description: (Continued)

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

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

B. Funding Policy

As a participating local political subdivision, the School Board is required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the Code of Virginia and the VRS Board of Trustees. The School Board's contribution rate for the fiscal year ended 2015 was .45% of annual covered payroll.

C. Annual OPEB Cost and Net OPEB Obligation

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

For 2015, the School Board's contribution of $15,721 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 2015 and preceding two years were as follows:

Fiscal Year Ending	Annual OPEB Cost	Percentage of OPEB Contributed	Net OPEB Obligation
June 30, 2015	$ 15,721	100%	-
June 30, 2014	20,193	100%	-
June 30, 2013	19,682	100%	-

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

School Board: (Continued)

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2014, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	$ 323,698
Actuarial value of plan assets	190,373
Unfunded actuarial accrued liability	133,325
Funded ratio (actuarial value of plan assets/AAL)	58.81%
Covered payroll (active plan members)	3,578,686
UAAL as a percentage of covered payroll	3.73%

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 20-29 years.

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

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

School Board: (Continued)

Professional Employees – Discretely Presented Component Unit School Board

Plan Description

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

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

Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is .71% of annual covered payroll. The School Board's contributions to VRS for the year ended June 30, 2015 was $182,791 and equaled the required contribution for the year.

Note 17−Extraordinary Items:

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

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

Note 17−Extraordinary Items: (Continued)

During 2015, the School Board incurred $1,040,165 of operating expenditures related to the earthquake reported as an extraordinary item. Capital project expenditures related to the earthquake totaled $33,536,057 and are reported in the Natural Disaster Capital Projects Fund.

Note 18–Construction Commitments:

As of June 30, 2015 the County has the following construction commitments:

Project	Contract Amounts	Expenditures as of June 30, 2015	Contract Balance
Louisa County High School	$ 48,646,446	$ 48,246,677	$ 399,769
James River Water Project	4,564,750	1,983,570	2,581,180
Effluent Line	5,397,116	4,815,038	582,078
Total	$ 58,608,312	$ 55,045,285	$ 3,563,027

Note 19−Upcoming GASB Pronouncements:

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

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

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. The following is a summary of the line of credit for the year ended June 30, 2015:

	Balance July 1, 2014	Issuances	Retirements	Balance June 30, 2015
Effluent Line of Credit	$ -	$ 2,421,786	$ 2,421,786	$ -

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, 2015

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	**Final**	**Actual Amounts**	
REVENUES				
General property taxes	$ 50,153,773	$ 50,153,773	$ 52,205,038	$ 2,051,265
Other local taxes	4,899,000	4,899,000	4,903,840	4,840
Permits, privilege fees, and regulatory licenses	394,500	394,500	444,544	50,044
Fines and forfeitures	125,000	125,000	48,357	(76,643)
Revenue from the use of money and property	205,000	205,000	294,133	89,133
Charges for services	1,603,500	1,622,500	1,646,884	24,384
Miscellaneous	100,000	150,827	142,453	(8,374)
Recovered costs	43,000	43,000	181,956	138,956
Intergovernmental:				
Commonwealth	6,815,604	7,178,190	7,019,825	(158,365)
Federal	1,644,466	1,762,666	2,093,284	330,618
Total revenues	$ 65,983,843	$ 66,534,456	$ 68,980,314	$ 2,445,858
EXPENDITURES				
General government administration:				
Legislative:				
Board of supervisors	$ 147,634	$ 160,046	$ 157,784	$ 2,262
General and financial administration:				
County administrator	$ 414,694	$ 421,402	$ 340,026	$ 81,376
County attorney	326,198	326,359	321,723	4,636
Administrative and human resources	196,009	196,760	183,517	13,243
Commissioner of revenue	404,717	403,492	390,507	12,985
Reassessment	479,710	485,203	445,547	39,656
Treasurer	470,461	538,368	535,101	3,267
Finance	422,457	422,669	341,263	81,406
Network administration	389,654	396,807	382,661	14,146
Total general and financial administration	$ 3,103,900	$ 3,191,060	$ 2,940,345	$ 250,715
Board of elections:				
Electoral board and officials	$ 183,949	$ 182,769	$ 161,228	$ 21,541
Total general government administration	$ 3,435,483	$ 3,533,875	$ 3,259,357	$ 274,518
Judicial administration:				
Courts:				
Circuit court	$ 95,421	$ 95,459	$ 74,294	$ 21,165
General district court	9,155	9,155	7,327	1,828
Juvenile domestic court	7,180	6,879	6,194	685
Clerk of the circuit court	495,401	535,306	443,146	92,160
Sheriff - courts	773,634	782,356	696,177	86,179
Law library	-	-	355	(355)
Total courts	$ 1,380,791	$ 1,429,155	$ 1,227,493	$ 201,662

General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015 (Continued)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
EXPENDITURES: (Continued)				
Judicial administration: (Continued)				
Commonwealth's attorney:				
Commonwealth's attorney	$ 577,490	$ 664,519	$ 659,272	$ 5,247
Total judicial administration	$ 1,958,281	$ 2,093,674	$ 1,886,765	$ 206,909
Public safety:				
Law enforcement and traffic control:				
Sheriff - law enforcement	$ 3,779,703	$ 3,889,873	$ 3,763,246	$ 126,627
Communications center	755,491	838,094	825,502	12,592
Emergency 911 system	220,150	236,067	195,665	40,402
Total law enforcement and traffic control	$ 4,755,344	$ 4,964,034	$ 4,784,413	$ 179,621
Fire and rescue services:				
Office of emergency services	$ 409,238	$ 513,752	$ 382,063	$ 131,689
Fire & rescue assistance	1,259,254	1,607,200	1,332,029	275,171
Revenue recovery	149,252	149,252	131,580	17,672
Emergency services	2,538,945	2,671,618	2,579,082	92,536
Total fire and rescue services	$ 4,356,689	$ 4,941,822	$ 4,424,754	$ 517,068
Correction and detention:				
Sheriff - correction and detention	$ 2,202,227	$ 2,213,350	$ 1,945,071	$ 268,279
Other protection:				
Animal control	$ 227,129	$ 231,097	$ 189,926	$ 41,171
Animal shelter	161,336	179,512	110,914	68,598
Forest fire prevention and extinction	28,660	28,660	24,007	4,653
Emergency services (civil defense)	-	17,965	17,964	1
Transportation safety commission	1,200	1,200	434	766
Transportation department	278,500	277,936	249,714	28,222
Total other protection	$ 696,825	$ 736,370	$ 592,959	$ 143,411
Total public safety	$ 12,011,085	$ 12,855,576	$ 11,747,197	$ 1,108,379

General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015 (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	$ 2,085,598	$ 4,731,676	$ 4,431,666	$ 300,010
Litter control	-	9,942	9,942	-
Total sanitation and waste removal	$ 2,085,598	$ 4,741,618	$ 4,441,608	$ 300,010
Maintenance of general buildings and grounds:				
General properties	$ 1,627,319	$ 2,433,410	$ 1,550,937	$ 882,473
Water and wastewater	280,000	280,000	250,756	29,244
Total maintenance of general buildings and grounds	$ 1,907,319	$ 2,713,410	$ 1,801,693	$ 911,717
Total public works	$ 3,992,917	$ 7,455,028	$ 6,243,301	$ 1,211,727
Health and human services:				
Health:				
Supplement of local health department	$ 668,873	$ 668,873	$ 668,873	$ -
Total health	$ 668,873	$ 668,873	$ 668,873	$ -
Mental health and mental retardation:				
Region 10	$ 147,602	$ 147,602	$ 147,602	$ -
Human services:				
Administration and public assistance	$ 4,031,577	$ 4,029,546	$ 3,934,319	$ 95,227
At risk youth	2,108,877	2,487,602	2,238,176	249,426
Monticello Area Community Action Agency	35,424	35,424	35,424	-
Jefferson Area Board for Aging	271,595	271,595	271,595	-
Housing assistance	31,650	31,650	31,650	-
Human service agency donations	299,775	301,775	301,682	93
Total human services	$ 6,778,898	$ 7,157,592	$ 6,812,846	$ 344,746
Total health and human services	$ 7,595,373	$ 7,974,067	$ 7,629,321	$ 344,746
Education:				
Other instructional costs:				
Contribution to Louisa County school board	$ 30,982,175	$ 30,982,175	$ 28,252,720	$ 2,729,455
Contributions to local community college	34,478	34,478	34,478	-
Total education	$ 31,016,653	$ 31,016,653	$ 28,287,198	$ 2,729,455
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation	$ 588,920	$ 609,944	$ 557,733	$ 52,211
Parks and recreation - self supporting	355,994	359,694	340,759	18,935
Swimming pools	134,011	135,118	94,111	41,007
Total parks and recreation	$ 1,078,925	$ 1,104,756	$ 992,603	$ 112,153

General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015 (Continued)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	**Final**	**Actual Amounts**	
EXPENDITURES: (Continued)				
Parks, recreation, and cultural: (Continued)				
Cultural enrichment:				
Agriculture fair	$ 2,000	$ 2,000	$ 2,000	$ -
Community organizations	67,500	85,260	72,500	12,760
Total cultural enrichment	$ 69,500	$ 87,260	$ 74,500	$ 12,760
Library:				
Contribution to regional library	$ 343,053	$ 343,053	$ 342,543	$ 510
Total parks, recreation, and cultural	$ 1,491,478	$ 1,535,069	$ 1,409,646	$ 125,423
Community development:				
Planning and community development:				
Planning	$ 921,751	$ 955,675	$ 887,240	$ 68,435
Planning District Commission	54,544	54,544	54,544	-
Industrial Development Authority	123,000	123,000	123,000	-
Economic development	130,803	132,333	111,969	20,364
Tourism	113,186	113,216	63,397	49,819
Other community development	1,750	6,050	6,050	-
Total planning and community development	$ 1,345,034	$ 1,384,818	$ 1,246,200	$ 138,618
Environmental management:				
Soil and water conservation	$ 77,680	$ 77,680	$ 77,680	$ -
Cooperative extension program:				
VPI extension	$ 117,284	$ 117,306	$ 111,091	$ 6,215
Total community development	$ 1,539,998	$ 1,579,804	$ 1,434,971	$ 144,833
Nondepartmental:				
Miscellaneous	$ 807,988	$ 407,177	$ -	$ 407,177
Debt service:				
Principal retirement	$ 2,360,442	$ 2,360,442	$ 1,885,442	$ 475,000
Interest and other fiscal charges	1,379,723	1,379,723	1,434,105	(54,382)
Total debt service	$ 3,740,165	$ 3,740,165	$ 3,319,547	$ 420,618
Total Expenditures	$ 67,589,421	$ 72,191,088	$ 65,217,303	$ 6,973,785
Excess (deficiency) of revenues over (under) expenditures	$ (1,605,578)	$ (5,656,632)	$ 3,763,011	$ 9,419,643
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ 444,533	$ 444,533	$ -
Transfers out	(4,726,960)	(6,745,247)	(8,403,436)	(1,658,189)
Total other financing sources (uses)	$ (4,726,960)	$ (6,300,714)	$ (7,958,903)	$ (1,658,189)
Net change in fund balances	$ (6,332,538)	$ (11,957,346)	$ (4,195,892)	$ 7,761,454
Fund balances - beginning	6,332,538	11,957,346	52,662,391	40,705,045
Fund balances - ending	$ -	$ -	$ 48,466,499	$ 48,466,499

Schedule of OPEB Funding Progress

County:

Actuarial Valuation Date (1)	Actuarial Value of Assets (AVA) (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded (Excess Funded) Actuarial Accrued Liability (4)	Funded Ratio (2) / (3) (5)	Annual Covered Payroll (6)	UAAL as % of Payroll (4) / (6) (7)
7/1/2014	$ -	$ 1,288,822	$ 1,288,822	0.00%	$ 10,353,671	12.45%
7/1/2012	-	1,561,339	1,561,339	0.00%	10,043,418	15.55%
7/1/2010	-	1,943,251	1,943,251	0.00%	10,020,445	19.39%

Discretely Presented Component Unit - School Board

Actuarial Valuation Date (1)	Actuarial Value of Assets (AVA) (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded (Excess Funded) Actuarial Accrued Liability (4)	Funded Ratio (2) / (3) (5)	Annual Covered Payroll (6)	UAAL as % of Payroll (4) / (6) (7)
7/1/2014	$ -	$ 5,357,367	$ 5,357,367	0.00%	$ 31,151,645	17.20%
7/1/2012	-	5,797,671	5,797,671	0.00%	27,681,960	20.94%
7/1/2010	-	5,178,504	5,178,504	0.00%	27,382,582	18.91%

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

		2014
Total pension liability		
Service cost	$	1,280,684
Interest		1,941,894
Changes of benefit terms		-
Differences between expected and actual experience		-
Changes in assumptions		-
Benefit payments, including refunds of employee contributions		(1,360,651)
Net change in total pension liability	$	1,861,927
Total pension liability - beginning		28,421,664
Total pension liability - ending (a)	$	30,283,591
Plan fiduciary net position		
Contributions - employer	$	1,367,539
Contributions - employee		526,699
Net investment income		4,077,597
Benefit payments, including refunds of employee contributions		(1,360,651)
Administrative expense		(21,309)
Other		214
Net change in plan fiduciary net position	$	4,590,089
Plan fiduciary net position - beginning		25,534,864
Plan fiduciary net position - ending (b)	$	30,124,953
County's net pension liability - ending (a) - (b)	$	158,638
Plan fiduciary net position as a percentage of the total pension liability		99.48%
Covered-employee payroll	$	10,591,139
County's net pension liability as a percentage of covered-employee payroll		1.50%

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

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

		2014
Total pension liability		
Service cost	$	389,308
Interest		764,024
Changes of benefit terms		-
Differences between expected and actual experience		-
Changes in assumptions		-
Benefit payments, including refunds of employee contributions		(417,952)
Net change in total pension liability	$	735,380
Total pension liability - beginning		11,123,603
Total pension liability - ending (a)	$	11,858,983
Plan fiduciary net position		
Contributions - employer	$	323,654
Contributions - employee		180,165
Net investment income		1,660,301
Benefit payments, including refunds of employee contributions		(417,952)
Administrative expense		(8,790)
Other		87
Net change in plan fiduciary net position	$	1,737,465
Plan fiduciary net position - beginning		10,482,014
Plan fiduciary net position - ending (b)	$	12,219,479
School Division's net pension liability/(asset) - ending (a) - (b)	$	(360,496)
Plan fiduciary net position as a percentage of the total pension liability		103.04%
Covered-employee payroll	$	3,578,686
School Division's net pension liability as a percentage of covered-employee payroll		(10.07%)

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

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

	2015
Employer's Proportion of the Net Pension Liability (Asset)	0.34084%
Employer's Proportionate Share of the Net Pension Liability (Asset)	$ 41,190,000
Employer's Covered-Employee Payroll	27,016,456
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	152.46%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.88%

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

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

Schedule of Employer Contributions
For the Year Ended June 30, 2015

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
Primary Government					
2015	$ 1,008,266	$ 1,008,266	$ -	$ 10,714,832	9.41%
Component Unit School Board (nonprofessional)					
2015	$ 261,040	$ 261,040	$ -	$ 3,625,558	7.20%
Component Unit School Board (professional)					
2015	$ 3,917,386	$ 3,917,386	$ -	$ 27,016,456	14.50%

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

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

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

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

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

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

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

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

OTHER SUPPLEMENTARY INFORMATION

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Other local taxes	$ 775,000	$ 775,000	$ 853,460	$ 78,460
Revenue from the use of money and property	20,000	20,000	25,412	5,412
Miscellaneous	75,000	229,705	182,790	(46,915)
Recovered costs	-	30,000	-	(30,000)
Intergovernmental:				
Commonwealth	150,000	351,921	160,287	(191,634)
Total revenues	$ 1,020,000	$ 1,406,626	$ 1,221,949	$ (184,677)
EXPENDITURES				
Current:				
Economic development projects	$ 2,241,900	$ 14,127,159	$ 6,841,789	$ 7,285,370
Emergency services projects	500,983	644,948	392,282	252,666
County administration	466,000	653,500	86,867	566,633
Parks and recreation	102,000	589,000	30,981	558,019
Sheriff's department	365,000	444,766	369,196	75,570
School capital projects	1,346,883	1,659,783	980,956	678,827
Public works	581,429	1,684,335	939,014	745,321
Total expenditures	$ 5,604,195	$ 19,803,491	$ 9,641,085	$ 10,162,406
Excess (deficiency) of revenues over (under) expenditures	$ (4,584,195)	$ (18,396,865)	$ (8,419,136)	$ 9,977,729
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 4,684,195	$ 6,335,544	$ 7,909,497	$ 1,573,953
Transfers out	(100,000)	(544,533)	(489,458)	55,075
Issuance of bonds	-	11,705,940	-	(11,705,940)
Issuance of capital leases	-	899,914	899,514	(400)
Total other financing sources (uses)	$ 4,584,195	$ 18,396,865	$ 8,319,553	$ (10,077,312)
Net change in fund balances	$ -	$ -	$ (99,583)	$ (99,583)
Fund balances - beginning	-	-	99,583	99,583
Fund balances - ending	$ -	$ -	$ -	$ -

Natural Disaster Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Revenue from the use of money and property	$ -	$ -	$ 480	$ 480
Charges for services	-	-	-	-
Miscellaneous	-	152,500	-	(152,500)
Intergovernmental:				
Contribution from School Board	-	1,511,539	1,167,485	(344,054)
Commonwealth	-	4,671,630	4,425,259	(246,371)
Federal	-	21,898,265	20,755,302	(1,142,963)
Total revenues	$ -	$ 28,233,934	$ 26,348,526	$ (1,885,408)
EXPENDITURES				
Capital projects				
School - earthquake projects	$ -	$ 37,392,013	$ 33,536,057	$ 3,855,956
Excess (deficiency) of revenues over (under) expenditures	$ -	$ (9,158,079)	$ (7,187,531)	$ 1,970,548
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ 493,939	$ 493,939	$ -
Issuance of revenue anticipation notes	-	-	500,000	500,000
Total other financing sources (uses)	$ -	$ 493,939	$ 993,939	$ 500,000
Net change in fund balances	$ -	$ (8,664,140)	$ (6,193,592)	$ 2,470,548
Fund balances - beginning	-	8,664,140	14,116,425	5,452,285
Fund balances - ending	$ -	$ -	$ 7,922,833	$ 7,922,833

Combining Statement of Fiduciary Net Position
Agency Funds
June 30, 2015

	Agency Funds			
	Special Welfare Fund	**Bond Escrow Fund**	**Spencer Scholarship Fund**	**Total**
ASSETS				
Cash and cash equivalents	$ 6,563	$ 1,149,693	$ 56,905	$ 1,213,161
Total assets	$ 6,563	$ 1,149,693	$ 56,905	$ 1,213,161
LIABILITIES				
Amounts held for social services clients	$ 6,563	$ -	$ -	$ 6,563
Amounts held for projects	-	1,149,693	-	1,149,693
Amounts held for others	-	-	56,905	56,905
Total liabilities	$ 6,563	$ 1,149,693	$ 56,905	$ 1,213,161

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

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Special Welfare Fund:				
ASSETS				
Cash and cash equivalents	$ 5,031	$ 54,537	$ 53,005	$ 6,563
Total assets	$ 5,031	$ 54,537	$ 53,005	$ 6,563
LIABILITIES				
Amounts held for social services clients	$ 5,031	$ 54,537	$ 53,005	$ 6,563
Total liabilities	$ 5,031	$ 54,537	$ 53,005	$ 6,563
Bond Escrow Fund:				
ASSETS				
Cash and cash equivalents	$ 624,011	$ 525,682	$ -	$ 1,149,693
Total assets	$ 624,011	$ 525,682	$ -	$ 1,149,693
LIABILITIES				
Amounts held for projects	$ 624,011	$ 525,682	$ -	$ 1,149,693
Total liabilities	$ 624,011	$ 525,682	$ -	$ 1,149,693
Spencer Scholarship Fund:				
ASSETS				
Cash and cash equivalents	$ 57,698	$ -	$ 793	$ 56,905
Total assets	$ 57,698	$ -	$ 793	$ 56,905
LIABILITIES				
Amounts held for others	$ 57,698	$ -	$ 793	$ 56,905
Total liabilities	$ 57,698	$ -	$ 793	$ 56,905
Totals - All Agency Funds:				
ASSETS				
Cash and cash equivalents	$ 686,740	$ 580,219	$ 53,798	$ 1,213,161
Total assets	$ 686,740	$ 580,219	$ 53,798	$ 1,213,161
LIABILITIES				
Amounts held for social services clients	$ 5,031	$ 54,537	$ 53,005	$ 6,563
Amounts held for projects	624,011	525,682	-	1,149,693
Amounts held for others	57,698	-	793	56,905
Total liabilities	$ 686,740	$ 580,219	$ 53,798	$ 1,213,161

Discretely Presented Component Unit-School Board

Combining Balance Sheet
Governmental Funds - Discretely Presented Component Unit - School Board
June 30, 2015

	School Operating Fund	Natural Disaster Operating Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 6,728,741	$ -	$ 6,728,741
Receivables (net of allowance for uncollectibles):			
Accounts receivable	48,415	67,556	115,971
Due from other governmental units	1,575,513	2,753,442	4,328,955
Prepaid items	95,061	-	95,061
Total assets	$ 8,447,730	$ 2,820,998	$ 11,268,728
LIABILITIES AND FUND BALANCES			
Liabilities:			
Reconciled overdraft	$ -	$ 2,636	$ 2,636
Accounts payable	950,043	1,199	951,242
Accrued liabilities	5,439,540	-	5,439,540
Due to primary government	2,057,839	1,362,362	3,420,201
Total liabilities	$ 8,447,422	$ 1,366,197	$ 9,813,619
Fund balances:			
Committed:			
Earthquake related expenditures	$ -	$ 1,454,801	$ 1,454,801
Assigned:			
Cafeteria operations	308	-	308
Total fund balances	$ 308	$ 1,454,801	$ 1,455,109
Total liabilities and fund balances	$ 8,447,730	$ 2,820,998	$ 11,268,728

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Total fund balances per above	$ 1,455,109
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	80,489,444
The net pension asset is not an available resource and, thereforem is not reported in the funds.	360,496
Other long-term assets are not available to pay for current period expenditures, and therefore, are deferred in the funds. Items related to the measurment of net pension liability	(6,852,087)
Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds.	4,178,426
Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the funds.	(44,743,656)
Net position of governmental activities	$ 34,887,732

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2015

	School Operating Fund	Natural Disaster Operating Fund	Total Governmental Funds
REVENUES			
Revenue from the use of money and property	$ 1,039	$ -	$ 1,039
Charges for services	1,522,427	-	1,522,427
Miscellaneous	332,910	-	332,910
Recovered costs	279,257	-	279,257
Intergovernmental:			
Local government	28,252,720	344,054	28,596,774
Commonwealth	19,785,166	115,367	19,900,533
Federal	3,657,283	565,724	4,223,007
Total revenues	$ 53,830,802	$ 1,025,145	$ 54,855,947
EXPENDITURES			
Current:			
Education	$ 53,830,802	$ -	$ 53,830,802
Contribition to primary government	-	1,511,539	1,511,539
Total expenditures	$ 53,830,802	$ 1,511,539	$ 55,342,341
Excess (deficiency) of revenues over (under) expenditures	$ -	$ (486,394)	$ (486,394)
EXTRAORDINARY ITEMS			
Earthquake related expenditures	$ -	$ (1,040,165)	$ (1,040,165)
Net change in fund balances	$ -	$ (1,526,559)	$ (1,526,559)
Fund balances - beginning	308	2,981,360	2,981,668
Fund balances - ending	$ 308	$ 1,454,801	$ 1,455,109

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		$ (1,526,559)
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	$ 36,650	
Depreciation expense	(2,346,490)	
Assets contributed by Primary Government	26,637,354	
Transfer of joint tenancy assets from Primary Government to the Component Unit	1,005,625	$ 25,333,139
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in deferred inflows related to the measurement of the net pension liability		(6,852,087)
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	$ 46,220	
Change in net pension liability	5,746,589	
Change in net pension asset	360,496	
Change in deferred outflows related to pension contributions subsequent to the measurement date	946,772	
Change in deferred outflows related to the measurement of the net pension liability	539,000	
Change in net OPEB obligation	(403,700)	$ 7,235,377
Change in net position of governmental activities		$ 24,189,870

COUNTY OF LOUISA, VIRGINIA

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

	School Operating Fund			
	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Revenue from the use of money and property	$ 2,500	$ 2,500	$ 1,039	$ (1,461)
Charges for services	1,031,758	1,031,758	1,522,427	490,669
Miscellaneous	360,550	395,549	332,910	(62,639)
Recovered costs	300,000	300,000	279,257	(20,743)
Intergovernmental:				
Local government	31,107,175	31,072,175	28,252,720	(2,819,455)
Commonwealth	19,455,067	19,566,067	19,785,166	219,099
Federal	3,862,025	3,862,025	3,657,283	(204,742)
Total revenues	$ 56,119,075	$ 56,230,074	$ 53,830,802	$ (2,399,272)
EXPENDITURES				
Current:				
Education:				
Instruction	$ 38,192,379	$ 38,359,734	$ 37,538,343	$ 821,391
Administration, attendance and health	2,759,374	2,694,810	2,101,136	593,674
Pupil transportation	5,352,520	5,352,910	4,649,276	703,634
Operation and maintenance services	4,804,459	4,732,691	4,203,290	529,401
Technology	2,682,653	2,762,239	3,092,357	(330,118)
School food services	2,327,690	2,327,690	2,246,400	81,290
Contribition to primary government	-	-	-	-
Total expenditures	$ 56,119,075	$ 56,230,074	$ 53,830,802	$ 2,399,272
Excess (deficiency) of revenues over (under) expenditures	$ -	$ -	$ -	$ -
EXTRAORDINARY ITEMS				
Earthquake related expenditures	$ -	$ -	$ -	$ -
Net change in fund balances	$ -	$ -	$ -	$ -
Fund balances - beginning	-	-	308	308
Fund balances - ending	$ -	$ -	$ 308	$ 308

Natural Disaster Operating Fund			
Budgeted Amounts			**Variance with Final Budget Positive**
Original	**Final**	**Actual**	**(Negative)**
$ -	$ -	$ -	$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	344,054	344,054
-	475,374	115,367	(360,007)
-	2,228,319	565,724	(1,662,595)
$ -	$ 2,703,693	$ 1,025,145	$ (1,678,548)
$ -	$ -	$ -	$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	1,511,539	1,511,539	-
$ -	$ 1,511,539	$ 1,511,539	$ -
$ -	$ 1,192,154	$ (486,394)	$ (1,678,548)
$ -	$ (3,693,919)	$ (1,040,165)	$ 2,653,754
$ -	$ (2,501,765)	$ (1,526,559)	$ 975,206
-	2,501,765	2,981,360	479,595
$ -	$ -	$ 1,454,801	$ 1,454,801

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, 2015

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	$ 27,917,000	$ 27,917,000	$ 28,043,076	$ 126,076
Real and personal public service corporation taxes	16,940,000	16,940,000	17,804,074	864,074
Personal property taxes	3,927,773	3,927,773	4,823,723	895,950
Mobile home taxes	55,000	55,000	62,537	7,537
Machinery and tools taxes	313,000	313,000	360,264	47,264
Other taxes	451,000	451,000	461,144	10,144
Penalties	275,000	275,000	320,843	45,843
Interest	275,000	275,000	329,377	54,377
Total general property taxes	$ 50,153,773	$ 50,153,773	$ 52,205,038	$ 2,051,265
Other local taxes:				
Local sales and use taxes	$ 3,000,000	$ 3,000,000	$ 2,879,726	$ (120,274)
Consumers' utility taxes	560,000	560,000	613,142	53,142
Business license taxes	150,000	150,000	135,458	(14,542)
Utility license taxes	4,000	4,000	10,428	6,428
Motor vehicle licenses	625,000	625,000	674,854	49,854
Taxes on recordation and wills	475,000	475,000	476,414	1,414
Hotel and motel room taxes	85,000	85,000	113,818	28,818
Total other local taxes	$ 4,899,000	$ 4,899,000	$ 4,903,840	$ 4,840
Permits, privilege fees, and regulatory licenses:				
Animal licenses	$ 14,500	$ 14,500	$ 14,170	$ (330)
Land use application fees	500	500	1,290	790
Transfer fees	1,500	1,500	1,539	39
Building and other related permits	275,000	275,000	287,968	12,968
Zoning and use permits	75,000	75,000	100,997	25,997
Erosion and sediment control	25,000	25,000	34,524	9,524
Permits and other licenses	3,000	3,000	4,056	1,056
Total permits, privilege fees, and regulatory licenses	$ 394,500	$ 394,500	$ 444,544	$ 50,044
Fines and forfeitures:				
Court fines and forfeitures	$ 125,000	$ 125,000	$ 48,357	$ (76,643)
Revenue from use of money and property:				
Revenue from use of money	$ 175,000	$ 175,000	$ 263,551	$ 88,551
Revenue from use of property	30,000	30,000	30,582	582
Total revenue from use of money and property	$ 205,000	$ 205,000	$ 294,133	$ 89,133
Charges for services:				
Excess fees of clerk	$ 18,000	$ 18,000	$ 8,116	$ (9,884)
Charges for law enforcement and traffic control	5,000	5,000	4,849	(151)
Charges for courthouse maintenance	14,000	14,000	11,168	(2,832)
Concealed weapons permits	2,000	2,000	6,291	4,291
Charges for Commonwealth's Attorney	2,500	2,500	2,776	276
Ambulance services	925,000	925,000	905,542	(19,458)
Charges for sanitation and waste removal	150,000	150,000	230,633	80,633
Charges for parks and recreation	412,000	412,000	399,985	(12,015)
Charges for telecommunication review	-	17,600	27,250	9,650

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Other court charges	$ 64,000	$ 64,000	$ 46,766	$ (17,234)
Other charges for services	11,000	12,400	912	(11,488)
Court fees law library	-	-	2,596	2,596
Total charges for services	$ 1,603,500	$ 1,622,500	$ 1,646,884	$ 24,384
Miscellaneous revenue:				
Miscellaneous	$ 100,000	$ 150,827	$ 142,453	$ (8,374)
Recovered costs:				
Juvenile and domestic relations court costs	$ 22,000	$ 22,000	$ 23,831	$ 1,831
Expenditure refunds	-	-	8,020	8,020
Other recovered costs	21,000	21,000	150,105	129,105
Total recovered costs	$ 43,000	$ 43,000	$ 181,956	$ 138,956
Total revenue from local sources	$ 57,523,773	$ 57,593,600	$ 59,867,205	$ 2,273,605
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	$ -	$ -	$ 24,107	$ 24,107
Mobile home titling tax	15,000	14,382	17,944	3,562
Local aid to the Commonwealth of Virginia	-	-	(69,960)	(69,960)
Motor vehicle rental tax	3,000	3,000	5,839	2,839
Communication sales tax	325,000	325,000	346,619	21,619
Personal property tax relief funds	1,620,227	1,620,227	1,620,227	-
Total noncategorical aid	$ 1,963,227	$ 1,962,609	$ 1,944,776	$ (17,833)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	$ 325,000	$ 318,364	$ 341,404	$ 23,040
Sheriff	1,225,000	1,219,058	1,232,640	13,582
Commissioner of revenue	125,000	123,543	128,194	4,651
Treasurer	115,000	113,429	121,500	8,071
Registrar/electoral board	40,000	38,749	40,533	1,784
Clerk of the Circuit Court	250,000	245,606	271,798	26,192
Total shared expenses	$ 2,080,000	$ 2,058,749	$ 2,136,069	$ 77,320
Other categorical aid:				
Welfare administration and assistance	$ 1,629,902	$ 1,629,902	$ 1,535,858	$ (94,044)
Wireless E-911 grant	-	-	51,203	51,203
Juvenile justice - crime control	-	9,603	7,429	(2,174)
At risk youth - comprehensive services act	1,142,475	1,283,806	996,325	(287,481)
Four 4 life grant	-	36,775	36,775	-
Litter control grant	-	9,942	9,942	-
Radiological preparedness grant	-	30,000	30,000	-
Fire programs fund	-	98,627	98,627	-
Internet crimes against children grant	-	-	68,369	68,369
Victim-witness grant	-	52,352	52,352	-

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015 (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)				
Clerk's office equipment grant	$ -	$ -	$ 24,784	$ 24,784
Other categorical aid	-	5,825	27,316	21,491
Total other categorical aid	$ 2,772,377	$ 3,156,832	$ 2,938,980	$ (217,852)
Total categorical aid	$ 4,852,377	$ 5,215,581	$ 5,075,049	$ (140,532)
Total revenue from the Commonwealth	$ 6,815,604	$ 7,178,190	$ 7,019,825	$ (158,365)
Revenue from the federal government:				
Categorical aid:				
Welfare public assistance	$ 1,427,735	$ 1,427,735	$ 1,720,401	$ 292,666
Alcohol open container requirements	-	18,598	17,654	(944)
Local law enforcement grant	-	1,711	3,321	1,610
Bulletproof vest partnership program	-	4,561	-	(4,561)
Help america vote act requirements	-	-	500	500
State domestic preparedness equipment program	-	-	4,554	4,554
FEMA grants	-	-	16,450	16,450
Violence against women	-	27,250	27,350	100
Federal interest subsidy	216,731	216,731	192,213	(24,518)
Asset forfeiture	-	66,080	93,234	27,154
Emergency management preparedness	-	-	17,607	17,607
Total categorical aid	$ 1,644,466	$ 1,762,666	$ 2,093,284	$ 330,618
Total revenue from the federal government	$ 1,644,466	$ 1,762,666	$ 2,093,284	$ 330,618
Total General Fund	$ 65,983,843	$ 66,534,456	$ 68,980,314	$ 2,445,858
Capital Projects Fund:				
County Capital Improvements Fund:				
Revenue from local sources:				
Other local taxes:				
Meals tax	$ 775,000	$ 775,000	$ 853,460	$ 78,460
Revenue from use of money and property:				
Revenue from the use of money	$ 20,000	$ 20,000	$ 25,412	$ 5,412
Miscellaneous revenue:				
Other miscellaneous	$ 75,000	$ 229,705	$ 182,790	$ (46,915)
Recovered costs:				
Other recovered costs	$ -	$ 30,000	$ -	$ (30,000)
Total revenue from local sources	$ 870,000	$ 1,054,705	$ 1,061,662	$ 6,957
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Public health block grant	$ -	$ 33,145	$ 21,700	$ (11,445)
Recordation taxes	120,000	115,776	138,587	22,811
Other categorical aid	30,000	203,000	-	(203,000)
Total categorical aid	$ 150,000	$ 351,921	$ 160,287	$ (191,634)
Total revenue from the Commonwealth	$ 150,000	$ 351,921	$ 160,287	$ (191,634)
Total County Capital Improvements Fund	$ 1,020,000	$ 1,406,626	$ 1,221,949	$ (184,677)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Fund: (Continued)				
Natural Disaster Capital Projects Fund:				
Revenue from use of money and property:				
Revenue from the use of money	$ -	$ -	$ 480	$ 480
Miscellaneous revenue:				
Other miscellaneous	$ -	$ 152,500	$ -	$ (152,500)
Total revenue from local sources	$ -	$ 152,500	$ 480	$ (152,020)
Intergovernmental:				
Revenues from local governments:				
Contribution from School Board	$ -	$ 1,511,539	$ 1,167,485	$ (344,054)
Revenue from the Commonwealth:				
Categorical aid:				
FEMA - earthquake funds	$ -	$ 4,671,630	$ 4,425,259	$ (246,371)
Revenue from the federal government:				
Categorical aid:				
FEMA - earthquake funds	$ -	$ 21,898,265	$ 20,755,302	$ (1,142,963)
Total Natural Disaster Capital Projects Fund	-	28,233,934	26,348,526	(1,885,408)
Total Primary Government	$ 67,003,843	$ 96,175,016	$ 96,550,789	$ 375,773
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	$ 463	$ (2,037)
Revenue from the use of property	-	-	576	576
Total revenue from use of money and property	$ 2,500	$ 2,500	$ 1,039	$ (1,461)
Charges for services:				
Tuition	$ 206,758	$ 206,758	$ 832,266	$ 625,508
Cafeteria sales	825,000	825,000	690,161	(134,839)
Total charges for services	$ 1,031,758	$ 1,031,758	$ 1,522,427	$ 490,669
Miscellaneous revenue:				
Other miscellaneous	$ 360,550	$ 395,549	$ 332,910	$ (62,639)
Recovered costs:				
Other recovered costs	$ 300,000	$ 300,000	$ 279,257	$ (20,743)
Total revenue from local sources	$ 1,694,808	$ 1,729,807	$ 2,135,633	$ 405,826
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Louisa, Virginia	$ 31,107,175	$ 31,072,175	$ 28,252,720	$ (2,819,455)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015 (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	$ 4,909,249	$ 4,909,249	$ 4,976,133	$ 66,884
Basic school aid	8,969,250	8,969,250	9,078,477	109,227
Remedial education	294,496	294,496	297,941	3,445
Special education	1,308,202	1,308,202	1,323,508	15,306
Textbook payment	192,765	192,765	195,020	2,255
Vocational SOQ payments	176,297	176,297	178,359	2,062
Social security fringe benefits	550,927	550,927	557,373	6,446
Retirement fringe benefits	1,129,902	1,129,902	1,135,015	5,113
At risk payments	250,805	250,805	253,608	2,803
Special education - regional tuition	251,969	251,969	330,770	78,801
Primary class size	407,132	407,132	398,252	(8,880)
Technology	206,000	317,000	317,000	-
At risk four-year olds	270,000	270,000	258,000	(12,000)
Other state funds	538,073	538,073	485,710	(52,363)
Total categorical aid	$ 19,455,067	$ 19,566,067	$ 19,785,166	$ 219,099
Total revenue from the Commonwealth	$ 19,455,067	$ 19,566,067	$ 19,785,166	$ 219,099
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	1,186,185	307,868
Title VI-B: Special education grants	1,444,253	1,444,253	803,089	(641,164)
Title VI-B: Special education preschool grants	17,666	17,666	12,360	(5,306)
Vocational education	75,000	75,000	80,309	5,309
Safe and drug free schools and communities	2,500	2,500	-	(2,500)
Title II, part A: Improving teacher quality	188,070	188,070	226,138	38,068
School lunch and breakfast program	1,241,219	1,241,219	1,348,166	106,947
Advanced placement grants	-	-	1,036	1,036
Total categorical aid	$ 3,862,025	$ 3,862,025	$ 3,657,283	$ (204,742)
Total revenue from the federal government	$ 3,862,025	$ 3,862,025	$ 3,657,283	$ (204,742)
Total School Operating Fund	$ 56,119,075	$ 56,230,074	$ 53,830,802	$ (2,399,272)
Natural Disaster Operating Fund:				
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Louisa, Virginia	$ -	$ -	$ 344,054	$ 344,054
Revenue from the Commonwealth:				
Categorical aid:				
FEMA - earthquake funds	$ -	$ 475,374	$ 115,367	$ (360,007)
Revenue from the federal government:				
Categorical aid:				
FEMA - earthquake funds	$ -	$ 2,228,319	$ 565,724	$ (1,662,595)
Total Natural Disaster Operating Fund	$ -	$ 2,703,693	$ 1,025,145	$ (1,678,548)
Total Discretely Presented Component Unit - School Board	$ 56,119,075	$ 58,933,767	$ 54,855,947	$ (4,077,820)

This page intentionally left blank

Statistical Section

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)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	$ 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	$ 24,664,433
Restricted	-	-	-	-	-	-	-	-	1,571,038	1,527,892
Unrestricted	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	47,904,898
Total governmental activities net position	$ 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	$ 74,097,223
Primary government										
Net investment in capital assets	$ 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	$ 24,664,433
Restricted	-	-	-	-	-	-	-	-	1,571,038	1,527,892
Unrestricted	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	47,904,898
Total primary government net position	$ 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	$ 74,097,223

COUNTY OF LOUISA, VIRGINIA

Table 2

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government administration	$ 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	$ 3,435,934
Judicial administration	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	1,880,796
Public safety	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	12,293,528
Public works	3,708,322	3,181,936	3,436,269	3,563,987	3,991,484	3,785,930	3,618,145	4,396,747	5,705,451	4,910,275
Health and welfare	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	7,594,943
Education	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	55,404,276
Parks, recreation and cultural	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	1,480,517
Community development	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	3,194,504
Interest on long-term debt	614,494	548,648	612,869	663,163	979,923	971,342	876,571	1,089,251	1,198,401	1,168,271
Total governmental activities expenses	$ 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	$ 91,363,044
Total primary government expenses	$ 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	$ 91,363,044
Program Revenues										
Governmental activities:										
Charges for services:										
General government administration	$ 1,360	$ 3,609	$ 34,375	$ 54,675	$ 46,472	$ 77,620	$ 21,176	$ 7,197	$ 41,008	$ 7,797
Judicial administration	278,211	206,547	167,024	175,650	142,758	125,991	83,893	108,028	165,625	119,779
Public safety	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	1,354,341
Public works	491,862	495,604	485,627	332,146	649,390	390,488	173,593	144,159	211,043	230,633
Parks, recreation and cultural	379,622	375,683	398,664	436,224	417,848	474,411	446,390	380,593	405,649	399,985
Community development	-	2,312	4,061	-	-	-	-	92,000	24,000	27,250
Operating grants and contributions	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	7,282,136
Capital grants and contributions	537,636	633,676	1,210,700	1,521,611	37,708	312,468	1,678,212	4,061,482	13,772,275	25,227,045
Total governmental activities program revenues	$ 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	$ 34,648,966
Total primary government program revenues	$ 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	$ 34,648,966
Net (expense) / revenue										
Governmental activities	$ (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)	$ (56,714,078)
Total primary government net expense	$ (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)	$ (56,714,078)

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	$ 36,262,298	$ 43,652,658	$ 46,208,819	$ 47,820,043	$ 48,588,750	$ 46,946,443	$ 47,362,574	$ 48,819,978	$ 48,680,852	$ 52,232,855
Local sales and use taxes	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	2,879,726
Taxes on recordation and wills	1,002,853	874,653	739,593	571,874	495,804	410,873	427,573	512,023	444,333	476,414
Motor vehicle licenses taxes	612,145	604,244	587,777	21,927	395,196	556,974	597,817	616,661	647,134	674,854
Consumer utility taxes	533,015	553,813	568,674	579,350	583,834	591,476	590,706	598,718	604,328	613,142
E-911 / Communication taxes	358,845	350,769	398,901	362,437	363,946	362,146	-	-	-	-
Meals taxes	-	-	-	-	-	-	270,164	783,656	794,167	853,460
Other local taxes	188,250	289,646	285,074	226,923	216,787	246,305	228,194	227,083	333,699	259,704
Unrestricted grants and contributions	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	1,944,776
Unrestricted revenues from use of money and property	1,143,165	2,002,022	2,075,246	941,206	553,396	356,548	286,590	323,760	305,361	320,025
Miscellaneous	180,854	665,128	323,569	269,679	314,823	184,434	241,277	194,732	335,198	325,243
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	$ 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	$ 60,580,199
Total primary government	$ 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	$ 60,580,199
Change in Net Position										
Governmental activities	$ 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)	$ 3,866,121
Total primary government	$ 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)	$ 3,866,121

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
2015	$ 52,232,855	$ 2,879,726	$ 613,142	$ 674,854	$ 476,414	$ -	$ 853,460	$ 259,704	$ 57,990,155
2014	48,680,852	3,020,623	604,328	647,134	444,333	-	794,167	333,699	54,525,136
2013	48,819,978	2,743,049	598,718	616,661	512,023	-	783,656	227,083	54,301,168
2012	47,362,574	2,952,991	590,706	597,817	427,573	-	270,164	228,194	52,430,019
2011	46,946,443	2,604,059	591,476	556,974	410,873	362,146	-	246,305	51,718,276
2010	48,588,750	2,409,995	583,834	395,196	495,804	363,946	-	216,787	53,054,312
2009	47,820,043	2,062,118	579,350	21,927	571,874	362,437	-	226,923	51,644,672
2008	46,208,819	1,723,872	568,674	587,777	739,593	398,901	-	285,074	50,512,710
2007	43,652,658	1,443,201	553,813	604,244	874,653	350,769	-	289,646	47,768,984
2006	36,262,298	1,585,747	533,015	612,145	1,002,853	358,845	-	188,250	40,543,153

COUNTY OF LOUISA, VIRGINIA **Table 4**

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General fund										
Nonspendable	$ -	$ -	$ -	$ -	$ -	$ -	$ 13,729	$ 12,639	$ 13,173	$ 16,298
Restricted	-	-	-	-	-	-	-	-	1,571,038	1,527,892
Committed	-	-	-	-	15,800,000	15,800,000	15,800,000	15,800,000	16,127,572	16,043,455
Assigned	-	-	-	-	6,148,450	4,085,570	4,219,865	2,696,787	3,142,020	1,319,725
Unassigned	-	-	-	-	24,576,330	28,944,536	28,623,070	37,528,191	31,808,588	29,559,129
Unreserved	24,429,080	33,474,221	41,320,911	42,864,680	-	-	-	-	-	-
Total general fund	$ 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	$ 48,466,499
All other governmental funds										
Committed for capital projects funds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 15,269,509	$ 14,116,425	$ 7,922,833
Assigned for capital projects funds	-	-	-	-	20,146,488	7,890,912	9,731,381	3,324,472	99,583	-
Unreserved capital projects funds	7,901,923	7,499,078	11,694,539	28,034,638	-	-	-	-	-	-
Total all other governmental funds	$ 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	$ 7,922,833

(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)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
General property taxes	$ 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	$ 52,205,038
Other local taxes	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	5,757,300
Permits, privilege fees and regulatory licenses	1,430,597	1,443,061	1,431,386	1,117,012	830,171	590,423	435,796	401,691	428,901	444,544
Fines and forfeitures	73,664	66,784	87,869	132,814	196,601	239,817	169,536	136,111	85,254	48,357
Revenue from use of money and property	1,143,165	2,002,022	2,075,246	938,376	553,396	356,548	286,590	323,760	305,361	320,025
Charges for services	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	1,646,884
Miscellaneous	187,074	281,824	323,420	895,138	300,189	216,759	517,356	205,981	335,198	325,243
Recovered costs	62,621	230,214	277,414	134,990	150,493	163,522	99,459	71,213	93,425	181,956
Intergovernmental revenues:										
Contribution from School Board	-	-	-	-	-	-	-	-	-	1,167,485
Commonwealth	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	11,605,371
Federal	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	22,848,586
Total revenues	$ 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	$ 96,550,789
Expenditures										
General government administration	$ 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	$ 3,259,357
Judicial administration	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	1,886,765
Public safety	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	11,747,197
Public works	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	6,243,301
Health and welfare	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	7,629,321
Education	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	28,287,198
Parks, recreation and cultural	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	1,409,646
Community development	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	1,434,971
Capital projects	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	43,222,067
Debt service:										
Principal retirement	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	1,885,442
Interest and other fiscal charges	656,765	576,814	517,125	665,331	887,517	1,156,368	1,051,087	1,173,830	1,331,414	1,434,105
Total expenditures	$ 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	$ 108,439,370
Excess of revenues over (under) expenditures	$ 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)	$ (11,888,581)
Other financing sources (uses)										
Transfers in	$ 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	$ 8,892,894
Transfers out	(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)	(8,892,894)
Debt issued	-	-	4,004,390	16,004,474	-	-	-	15,024,716	-	500,000
Premium on bonds issued	-	-	-	-	-	-	-	1,379,051	-	-
Issuance of capital leases	-	-	-	-	-	-	-	-	-	899,514
Sale of capital assets	-	-	-	-	1,825	-	-	-	-	-
Total other financing sources (uses)	$ -	$ -	$ 4,004,390	$ 15,953,739	$ 1,825	$ -	$ -	$ 16,403,767	$ -	$ 1,399,514
Extraordinary items:										
Insurance proceeds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 7,408,956	$ 9,913,837	$ -
Net change in fund balances	$ 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)	$ (10,489,067)
Debt service as a percentage of noncapital expenditures	4.60%	3.76%	3.19%	3.48%	3.49%	4.35%	4.97%	4.14%	3.90%	3.63%

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
2015	$ 52,205,038	$ 2,879,726	$ 613,142	$ 674,854	$ 476,414	$ -	$ 853,460	$ 259,704	$ 57,962,338
2014	48,994,477	3,020,623	604,328	647,134	444,333	-	794,167	333,699	54,838,761
2013	48,787,578	2,743,049	598,718	616,661	512,023	-	783,656	227,083	54,268,768
2012	47,020,171	2,952,991	590,706	597,817	427,573	-	270,164	228,194	52,087,616
2011	46,990,688	2,604,059	591,476	556,974	410,873	362,146	-	246,305	51,762,521
2010	47,712,558	2,409,995	583,834	395,196	495,804	363,946	-	216,787	52,178,120
2009	47,544,306	2,062,118	579,350	21,927	571,874	362,437	-	226,923	51,368,935
2008	45,676,153	1,723,872	568,674	587,777	739,593	398,901	-	285,074	49,980,044
2007	43,098,133	1,443,201	553,813	604,244	874,653	350,769	-	289,646	47,214,459
2006	36,186,328	1,585,747	533,015	612,145	1,002,853	358,845	-	188,250	40,467,183

COUNTY OF LOUISA, VIRGINIA **Table 7**

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

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital	Public Service	Total Taxable Assessed Value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value	Total Direct Tax Rate
2015	$ 4,777,630,500	$ 341,372,490	$ 10,600,100	$ 19,422,485	$ 71,385,195	$ 2,617,150,420	$ 7,837,561,190	$ 7,837,561,190	$ 100.00%	0.76
2014	4,684,098,800	322,098,985	10,774,500	18,075,150	73,809,620	2,550,898,590	7,659,755,645	7,659,755,645	100.00%	0.73
2013	4,634,596,700	315,079,250	10,659,640	18,079,660	74,028,685	2,563,851,550	7,616,295,485	7,616,295,485	100.00%	0.73
2012	4,809,878,400	306,112,590	10,800,535	16,843,835	68,920,580	2,510,888,670	7,723,444,610	7,723,444,610	100.00%	0.70
2011	4,999,035,800	305,658,145	11,150,300	14,582,815	66,171,075	2,403,301,540	7,799,899,675	7,799,899,675	100.00%	0.70
2010	5,155,202,300	304,893,145	11,724,670	16,483,850	62,351,915	2,382,687,070	7,933,342,950	7,933,342,950	100.00%	0.69
2009	5,190,412,400	334,390,420	11,999,130	16,025,820	59,178,500	2,310,520,400	7,922,526,670	7,922,526,670	100.00%	0.70
2008	5,104,017,200	304,852,330	12,100,470	14,912,970	53,474,780	2,263,061,022	7,752,418,772	7,752,418,772	100.00%	0.69
2007	4,435,126,200	271,383,455	12,298,720	14,546,860	58,433,510	2,225,453,118	7,017,241,863	7,017,241,863	100.00%	0.72
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%	0.75

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

Source: Commissioner of Revenue

COUNTY OF LOUISA, VIRGINIA **Table 8**

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

	Direct Rates						Overlapping Rates Town of Louisa		Overlapping Rates Town of Mineral	
Fiscal Years	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital	Total Direct Tax Rate	Real Estate	Personal Property	Real Estate	Personal Property
2015	0.68	1.90	0.65	1.90	0.65	0.76	0.1635	0.71	0.24	0.48
2014	0.65	1.90	0.65	1.90	0.65	0.73	0.1635	0.71	0.24	0.48
2013	0.65	1.90	0.65	1.90	0.65	0.73	0.166	0.71	0.25	0.60
2012	0.62	1.90	0.62	1.90	0.65	0.70	0.166	0.71	0.25	0.60
2011	0.62	1.90	0.62	1.90	0.65	0.70	0.166	0.71	0.25	0.60
2010	0.62	1.90	0.62	1.90	0.65	0.69	0.166	0.71	0.25	0.60
2009	0.62	1.90	0.62	1.90	0.65	0.70	0.166	0.71	0.25	0.60
2008	0.62	1.90	0.62	1.90	0.65	0.69	0.166	0.71	0.25	0.60
2007	0.64	1.90	0.64	1.90	0.65	0.72	0.195	0.71	0.25	0.44
2006	0.66	1.90	0.64	1.90	0.65	0.75	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

		Fiscal Year 2015		Fiscal Year 2006	
Taxpayer	**Type Business**	**2014 Assessed Valuation**	**% of Total Assessed Valuation**	**2005 Assessed Valuation**	**% of Total Assessed Valuation**
Dominion Virgina Power	Electric	2,035,603,610	26.58%	1,656,934,261	38.86%
Old Dominion	Electric	451,182,360	5.89%	377,365,294	8.85%
Walmart	Retailer	111,180,000	1.45%	79,292,340	1.86%
Rappahannock Electric Co-op	Electric	48,106,910	0.63%	30,561,060	0.72%
Klockner Pentaplast	Manufacturing	29,785,240	0.39%	23,132,680	0.54%
Columbia Gas	Pipeline	23,048,830	0.30%	15,024,128	0.35%
Lowes	Retailer	17,646,225	0.23%	N/A	N/A
Verizon	Telecom	15,598,570	0.20%	24,800,142	0.58%
William A. Cooke Inc.	Land Developer/Realtor	14,005,400	0.18%	N/A	N/A
Snyder & Schneider	Real Estate Development	13,662,800	0.18%	N/A	N/A
Colonial Pipeline	Pipeline	N/A	N/A	10,532,711	0.25%
CSX	Railroad	N/A	N/A	9,866,059	0.23%
Central Virginia Electric	Electric	N/A	N/A	6,597,080	0.15%
		2,759,819,945	36.03%	2,234,105,755	52.39%

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
2015	$ 53,108,367	$ 51,638,365	97.23%	$ -	$ 51,638,365	97.23%
2014	49,622,067	48,270,091	97.28%	798,960	49,069,051	98.89%
2013	49,460,489	48,241,955	97.54%	1,128,971	49,370,926	99.82%
2012	47,825,382	46,403,601	97.03%	1,352,008	47,755,609	99.85%
2011	48,176,866	46,472,902	96.46%	1,399,024	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%

Source: Commissioner of Revenue, County Treasurer's office

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

COUNTY OF LOUISA, VIRGINIA **Table 11**

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities							
Fiscal Years	General Obligation Bonds	Bond Premium	Revenue Anticipation Notes	Capital Leases	Literary Fund Loans	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2015	$ 29,198,832	$ 1,932,473	$ 500,000	$ 899,514	$ -	$ 32,530,819	2092.07%	$ 948
2014	31,084,274	2,168,822	-	-	-	33,253,096	2138.52%	972
2013	33,304,716	2,372,944	-	-	-	35,677,660	2294.45%	1,055
2012	20,240,000	1,115,749	-	-	-	21,355,749	1454.74%	639
2011	22,195,000	1,243,824	-	-	-	23,438,824	1646.17%	702
2010	24,135,000	1,378,782	-	-	-	25,513,782	1942.69%	770
2009	25,325,000	1,480,493	-	-	-	26,805,493	2131.93%	816
2008	11,835,000	204,390	-	-	-	12,039,390	973.63%	371
2007	9,100,000	-	-	-	101,750	9,201,750	794.11%	290
2006	10,160,000	-	-	-	220,400	10,380,400	958.33%	335

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

COUNTY OF LOUISA, VIRGINIA **Table 12**

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

Fiscal Year	Gross Bonded Debt	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
2015	$ 31,131,305	$ 31,131,305	0.40%	$ 907
2014	33,253,096	33,253,096	0.43%	972
2013	35,677,660	35,677,660	0.47%	1,055
2012	21,355,749	21,355,749	0.28%	639
2011	23,438,824	23,438,824	0.30%	702
2010	25,513,782	25,513,782	0.32%	770
2009	26,805,493	26,805,493	0.34%	816
2008	12,039,390	12,039,390	0.16%	371
2007	9,201,750	9,201,750	0.13%	290
2006	10,380,400	10,380,400	0.18%	335

(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)	Unemploy-ment Rate (4)
2015	34,317	$ 1,554,956	$ 45,808		4,867	4.80%
2014	34,211	1,554,956	45,808	43.6	4,618	5.80%
2013	33,824	1,554,956	45,808		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	33,153	1,313,320	39,485	42.6	4,533	8.00%
2009	32,840	1,257,336	38,287		4,571	7.80%
2008	32,475	1,236,548	38,077		4,538	4.30%
2007	31,716	1,158,748	36,535		4,439	2.90%
2006	30,946	1,083,176	35,002	40.0	4,361	3.05%

Souce:
(1) Weldon Cooper Forecast released as of January 2015
(2) U.S. Bureau of Economic Analysis
(3) Meidan Age at the County level is not data that is updated annually, but only with decennial census
(4) Annual School Report ast prepared by the Louisa County Public Schools
(5) Viginia Employment Commission- Labor Market Information

Note: Personal Income and per capita personal income data is not available after 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

	Fiscal Year 2015			Fiscal Year 2006	
Employer	**Employees**	**Rank**	**% of Total County Employment**	**Employees**	**Rank**
Walmart, Inc.	1,205	1	15.56%	Dominon Virginia Power	1
Louisa County Public Schools	969	2	12.51%	Walmart, Inc.	2
Dominion Virginia Power	946	3	12.21%	Louisa County Public Schools	3
Klockner- Pentaplast of America	504	4	6.51%	Klockner - Pentaplast of America	4
County of Louisa	399	5	5.15%	County of Louisa	5
Tri-Dim Filter Corporation	200	6	2.58%	Tri-Dim Filter Corporation	6
Lowes	156	7	2.01%	Klearfold	7
Food Lion	150	8	1.94%	Shenandoah Crossings Resort	8
McDonald's	113	9	1.46%	Louisa Health Care Center	9
Shenandoah Crossings Resort*	120	10	1.46%	Advance Concrete Foundation	10
Louisa Health Care Center	102	11	1.55%	Virginia Community Bank	11
Chips	68	12	0.88%	Food Lion	12
Totals	4,932		63.81%		

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	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government	32	29	31	33	32	32	32	29	32	32
Judicial administration	15	15	17	18	18	16	16	16	15	15
Public safety										
Sheriffs department	52	55	55	57	59	63	59	59	62	60
Fire & rescue	11	14	13	19	31	33	32	34	35	41
Building inspections	6.5	6.5	6.5	6.5	5.5	5.5	6	6	6	6
Animal control	4	4	4	4	4	2	4	4	4	3
Public works										
General maintenance	3	11	10	13	11	11	11	11	11	11
Landfill	2	2	2	2	2	1	1	1	1	1
Engineering	1	1	1	0	0	0				
Health and welfare										
Department of social services	36	35	37	41	39	39	42	41	41	38
Culture and recreation										
Parks and recreation	6	5	7	5	5	5	5	5	5	5
Community development										
Planning	3.5	10.5	9.5	12.5	11.5	8.5	8	8	8	8
Totals	172	188	193	211	218	216	216	214	220	220

Source: Payroll Records

Operating Indicators by Function
Last Ten Fiscal Years

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public safety										
Sheriffs department:										
Physical arrests	1,978	1,857	1,885	2,068	2,078	2,227	2,155	1,974	1,751	1,850
Traffic violations	1,415	1,616	2,235	3,624	4,909	4,249	2,757	1,893	1,277	937
Civil papers	11,189	11,090	11,292	11,303	11,440	10,371	10,176	9,791	11,187	9,443
Fire and rescue:										
Fire		2,303	2,500	3,379	2,968	3,153	3,382	3,175	4,723	4,565
Rescue		5,501	5,231	4,910	5,258	5,220	5,234	5,491	5,553	5,133
Total Number of calls answered	7,125	7,804	7,731	8,289	8,226	8,373	8,616	8,666	10,276	9,698
Total Number of actual rescue transports				1,732	2,550	2,620	3,001	3,320	3,464	3,374
Building inspections:										
Permits issued	1,878	2,050	1,970	1,403	1,197	1,263	1,491	1,322	1,245	1,099
Public works										
General maintenance:										
Trucks/vehicles	8	9	9	10	12	13	10	11	12	10
Landfill:										
Refuse collected (tons/day)	75.6	82.1	87.9	67	64.91	59.04	63.02	82.40	109.43	55.11
Health and welfare										
Department of Social Services:										
Caseload:										
Food Stamps	916	909	962	1,130	1,544	1,977	2,107	2,201	2,269	1,992
Medicaid	2,508	2,423	2,475	2,339	2,223	2,454	2,556	2,737	2,845	3,018
Temporary Asst. Needy Families	119	105	103	109	128	127	113	123	118	100
Culture and recreation										
Parks and recreation:										
Recreation hall permits issued	97	44	48	66	140	210	193	159	167	206
After-school program participants	211	252	273	214	191	160	210	204	225	229
Aquatic Facility Participants			6,065	14,333	12,791	12,196	10,008	9,277	9,170	9,329
Youth sports participants	13,167	7,997	7,533	10,029	6,228	6,175	5,725	5,044	6,051	4,956
Community development										
Planning:										
Zoning permits issued	1,655	945	961	840	668	590	942	658	566	926
Component Unit - School Board										
Education:										
School age population			5,881			6,204			6,124	
Actual School Enrollment (March)	4,361	4,439	4,538	4,571	4,533	4,553	4,546	4,573	4,618	4,867
Number of teachers	358	370	378	361	355	375	391	375	374	393
Local expenditures per pupil	4,789	5,245	5,270	5,409	5,422	5,649	6,477	5,796	5,810	6,665
Total expenditures per pupil	8,721	9,800	9,725	10,432	10,162	10,108	11,646	11,410	11,628	11,491

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	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government administration										
Administration buildings	9	9	9	9	9	9	9	9	9	9
Vehicles	7	10	10	9	9	9	9	12	10	10
Public safety										
Sheriffs department:										
Patrol units	44	44	44	45	47	47	47	45	46	46
Other vehicles	7	13	14	24	23	26	32	31	31	31
Building inspections:										
Vehicles										
Animal control:										
Vehicles	3	3	4	4	4	4	5	5	5	5
Emergency Services:										
Vehicles	2	3	5	6	6	6	6	8	7	7
Ambulances		2	2	3	5	4	5	5	6	6
Public works										
General maintenance:										
Trucks/vehicles	8	9	10	10	12	13	13	12	12	11
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	11	10	11	11	8	7	7	8	8
Culture and recreation										
Parks and recreation:										
Community centers	2	2	2	2	2	2	2	2	2	2
Vehicles	5	5	5	5	4	6	6	8	8	9
Aquatic facilities				1	1	1	1	1	1	1
Parks acreage	24.22	24.22	35.22	35.22	35.22	35.22	35.22	104.62	104.62	104.62
Community development										
Planning:										
Vehicles	8	9	10	11	9	9	8	7	7	10
Component Unit - School Board										
Education:										
Schools	5	5	5	5	5	6	6	6	6	6
School buses	110	110	115	111	119	117	117	122	126	119

Source: Insurance Renewal Schedules

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns,* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Louisa, Virginia, as of and for the year ended June 30, 2015, 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 7, 2015.

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 7, 2015

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

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

Report on Compliance for Each Major Federal Program

We have audited the County of Louisa, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County of Louisa, Virginia's major federal programs for the year ended June 30, 2015. 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 the County of Louisa, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 the County of Louisa, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Basis for Qualified Opinion on Special Education Cluster

As described in the accompanying schedule of findings and questioned costs, the County of Louisa, Virginia did not comply with requirements regarding CFDA 84.027 Title VI-B Special Education as described in finding numbers 2015-001 for Allowable Costs. Compliance with such requirements is necessary, in our opinion, for the County of Louisa, Virginia to comply with the requirements applicable to that program.

Qualified Opinion on Special Education Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the County of Louisa, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Special Education Cluster for the year ended June 30, 2015.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the County of Louisa, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2015.

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

Report on Internal Control over Compliance

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

Report on Internal Control Over Compliance (continued)

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2015-001 to be a material weakness.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
December 7, 2015

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

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	0'950113/0950114	$	11,318
Temporary assistance for needy families	93.558	0400115/0400114		233,012
Refugee and entrant assistance - state administered programs	93.566	0500115/0500114		397
Low-income home energy assistance	93.568	0600415/0600414		23,490
Child care mandatory and matching funds of the child care and development fund	93.596	0760115/0760114		32,459
Chafee education and training vouchers program (ETV)	93.599	9160113/9160114		2,470
Stephanie Tubbs Jones child welfare services program	93.645	0900115/0900114		1,615
Foster care - Title IV-E	93.658	1100115/1100114		268,757
Adoption assistance	93.659	1120115/1120114		230,112
Social services block grant	93.667	1000115/1000114		206,106
Chafee foster care independence program	93.674	9150115/9150114		4,371
Children's health insurance program	93.767	0540115/0540114		11,155
Medical assistance program	93.778	1200115/1200114		375,500
Total Department of Health and Human Services			$	1,400,762
U.S. Election Assistance Commission:				
Pass Through Payments:				
Virginia Board of Elections:				
Help america vote act requirements payments	90.401	72302-40030	$	500
Department of Homeland Security:				
Direct Payments:				
Emergency management performance grants	97.042	N/A	$	17,607
Pass Through Payments:				
Department of Emergency Management:				
Disaster grants - public assistance (presidentially declared disasters)	97.036	77602-156		21,337,475
Total Department of Homeland Security			$	21,355,082
Department of the Treasury:				
Direct Payments:				
Asset forfeiture	21.000	N/A	$	93,234
Department of Agriculture:				
Child Nutrition Cluster:				
Pass Through Payments:				
Department of Agriculture:				
Food distribution	10.555	2015IN109941	$	132,036
Department of Education:				
National school lunch program	10.555	2015IN109941		909,781
Total 10.555			$	1,041,817
School breakfast program	10.553	2015IN109941		301,139
Summer food service	10.559	2015IN109941		5,210

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2015

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	0010114/0010115	$ 319,640
Total Department of Agriculture			$ 1,667,806
Department of Justice:			
Direct payments:			
Pass Through Payments:			
Department of Criminal Justice Service:			
Violence against women formula grants	16.588	39001-46500/66500	$ 27,350
Edward Byrne memorial justice assistance grant program	16.738	39001-81000/61100	7,875
Total Department of Justice			$ 35,225
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
Highway Safety Cluster:			
State and community highway safety	20.600	60507-54035	$ 5,534
Alcohol opeb container requirements	20.607	60507-55168	12,120
Total Department of Transportation			$ 17,654
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I grants to local educational agencies	84.010	S010A120046 S010A130046 S010A140046	$ 1,186,185
Special Education Cluster (IDEA):			
Special education - grants to states	84.027	H027A130107 H027A120107 H027A140107	787,617
Special education - preschool grants	84.173	H173A130112	12,360
Career and technical education - basic grants to states	84.048	V048A130046	80,309
Improving teacher quality state grants	84.367	S367A130044 S367A140044	226,138
Advanced placement program	84.330	S330B140008	1,036
Total Department of Education			$ 2,293,645
Total Expenditures of Federal Awards			$ 26,863,908

See accompanying notes to Schedule of Expenditures of Federal Awards.

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

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Louisa, Virginia under programs of the federal government for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of 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	$	2,093,284
Natural Disaster Capital Projects Fund		20,755,302
Total primary government	$	22,848,586
Component Unit School Board:		
School Operating Fund	$	3,657,283
Natural Disaster Operating Fund		565,724
Total component unit school board	$	4,223,007
Total federal expenditures per basic financial statements	$	27,071,593
Less federal revenue not subject to single audit	$	(15,472)
Less federal interest subsidy		(192,213)
Total federal expenditures per the Schedule of Expenditures of Federal Awards	$	26,863,908

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

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Modified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	Yes

Identification of major .510(a) programs:

CFDA #	Name of Federal Program or Cluster
84.027/84.173	Special Education Cluster
10.553/10.555/10.559	Child Nutrition Cluster
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to distinguish between Type A and Type B programs:	805,917
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

Finding 2015-001

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

Criteria:

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

Condition:

The award year 2013 reimbursement request for the period of November 1, 2014 to November 30, 2014 included $15,471.62 in salary that was also requested on the award year 2014 Reimbursement Request for the period of November 2, 2014 to November 30, 2014.

Questioned Costs:

$15,471.62

Context:

This appears to be an isolated incident related to a month split between two different grant award years.

Effect:

The School Board received reimbursement in the amount of $15,471.62 which was not attributable to program costs.

Cause:

Program salaries for the month of November 2014 totaled $49,024.58, which was requested in full from award year 2014. However, the final request for award year 2013 was also made for salary reimbursement of $15,471.62 for the same period to spend the remaining budget under object code 1000.

Recommendation:

Controls should be strengthened to ensure that the amounts requested on reimbursement requests are only for those amounts expended in a given period.

Views of responsible officials and planned corrective actions:

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

Section IV - Prior Year Audit Findings

None

This page intentionally left blank