County of Louisa, Virginia

Comprehensive Annual Financial Report

Year Ended June 30, 2018

County of Louisa, Virginia

Comprehensive Annual Financial Report

For the Year Ended June 30, 2018

Prepared By:

Wanda H. Colvin, Finance Director
Faye Stewart, Accountant

COUNTY OF LOUISA, VIRGINIA

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018

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November 30, 2018

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, 2018.

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 County's management 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 assurance regarding: 1) the safeguarding of assets against loss from unauthorized use or disposition; 2) the reliability of financial records for preparing financial statements; and 3) maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed likely benefits, 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, has issued an unqualified opinion on the County's financial statements for the year ended June 30, 2018. The independent auditor's report is located at the front of the financial section of this report.

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

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

Reporting standards require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A), which can be located immediately following the report of the independent auditors. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Profile of Louisa County

On June 9, 1740, an Act of the House of Burgesses separated Upper Hanover from the rest of Hanover County and in May 1742, Louisa County was named in honor of Princess Louisa, daughter of King George II and Queen Caroline of England. The Towns of Louisa and Mineral 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 and encompassing a land area of 514 square miles, is situated between Richmond, Charlottesville and Fredericksburg. The primary roads traversing the County are Interstate 64 and routes 15, 22, 33, 208 and 522. Louisa County is bordered by Hanover, Albemarle, Fluvanna, Spotsylvania and Orange Counties. Lake Anna, the third largest freshwater inland lake in Virginia, lies along the northeastern border of the County. With its 200 miles of shoreline and 13,000 surface acres of water, the lake has become a premier location in Central Virginia for water sports and fishing. The number of full time residents has grown steadily since the lake was built in 1972.

Louisa has a growing and diversified economy comprised of manufacturing, services, commercial and agricultural sectors. Agriculture remains an important factor in Louisa's economy, with beef cattle representing the principal livestock and a number of major cash crops including hay, corn and soybeans. Grape vineyards and wines are showing growth and giving rise to increased tourism. In 2017, Virginia ranked 8th in Domestic Traveler Spending among 50 states and Washington D.C. Louisa County saw the largest increase of 8.6% when compared to the previous year. Major regional commercial development continues in Zion Crossroads. The Ferncliff Business Park continues to grow with the development of new industrial and commercial space. The James River Water Project is still underway, and at full build out it will initially serve the Zion and Ferncliff Growth Areas. This corridor will continue to be the focus of responsible industrial and commercial development, with the James River Water Project serving as the catalyst for new development along this corridor.

Employment in Louisa continues to trend positively with local unemployment at 3.0% as of June 2018, down from 3.2% in the prior year[1]. Louisa County's population continues to increase. Since the 2010 census, Louisa County's population has increased by over 8%. The increase in population has brought additional demands for services such as 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.

[1] United States Department of Labor, Bureau of Labor Statistics: June 2018 data.

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.
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 of the Code of Virginia. Budgetary compliance is monitored and reported at the department level. The budget is implemented through appropriations made and supplemented as necessary by the Board of Supervisors. 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, 2018, has been completed. These requirements have been complied with and the auditor's opinion is included in the compliance section of this report.

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

Major Initiatives

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

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

- The James River Water Project is well under way. The total project is split between the James River Water Authority "JRWA" (a joint venture between Louisa and Fluvanna counties) and the James River Water Project "JRWP" (Louisa's portion). Final permitting on the JRWA portion from the U.S. Army Corps of Engineers is anticipated in the 1st quarter of 2019. Construction will commence soon thereafter. The JRWP portion of the project is approximately 85% complete in total, with several sections 100% complete. The new water treatment plant is approximately 90% complete. Weather delays have slightly delayed construction but the project is still on track for completion by the end of 2019. This project is intended to satisfy countywide water supply needs as set forth in the County's Long Range Water Supply Plan.

- Zion Crossroads continues to expand with new commercial and residential development. In 2018, several developers expressed interest in developing new mixed use (residential/commercial) developments at Zion Crossroads. Several new commercial businesses have announced plans to open build new space in the Zion Market; these include a hotel, restaurants, medical practices and retail. In order for commercial developers to focus more attention on the Zion market, the County may consider approval of residential development outside of already approved, planned communities.

- Spring Creek announced plans to expand their land holdings in order to build out the remainder of the planned residential units on larger lots. To facilitate this plan, they acquired an adjoining property.

- The Spring Creek Business Park continues to see growth in the medical service area. In 2018, Charlottesville Pediatrics opened a new office within the park, bringing the total number of medical service providers in the park to seven. Also in 2018, developers broke ground on a new 30,000 square foot office building that will include Class A office space, including a retail component with restaurants and shops.

- Several long standing, community based manufacturers and distribution companies made headlines in 2018. Tri-Dim Filter Corporation was bought by German Conglomerate MANN-HUMMEL. Tri-Dim also announced new capital investment for a new product line. Kingsley Bate expanded their warehouse/distribution foot print by purchasing an existing 100,000 square foot building in the Industrial Park.

- In 2018, the County led the effort to establish a Regional Business Park in the Shannon Hill area of the County. The property is predominantly within the Shannon Hill Growth Area. To date, the county has completed initial site due diligence and has applied for additional grant funding to complete further site due diligence. In total, the project encompasses 1435 acres and if approved will be rezoned to Industrial and marketed to established targets. The purpose of the project is to continue to diversify the County's tax base to offset service costs associated with projected population increases in the county. It is also to hedge against potential future loss of revenue from a major business in the County if they cease to exist. This project may involve multiple Counties as participants in the project and include a Regional Industrial Facilities Act Revenue Sharing Agreement among the participating Counties/Localities. After considering community input the Board elected not to move forward with the project, but the effort is indicative of the County's focus on economic growth and acknowledgement of its benefits.

- The current landfill (Cell #1) has been in operation for 5 years. It has approximately 1.5 years of usable space remaining. The two additional permitted cells are currently under construction and should be completed in early 2019. These new Cells (#2 & #3) will provide approximately 16 additional years of available space.

- Louisa County formed their Broadband Authority in 2014 to be responsible for planning, developing and promoting broadband service throughout Louisa County. The Authority brought a plan for County-Wide Wireless Broadband for much of the County to the Board of Supervisors in early 2017. The Supervisors approved a $1.09 million project encompassing 9-10 towers on which Wireless Internet Service Providers (WISPs) would locate their equipment on to serve as many Louisa citizens and businesses as possible. Three towers have been completed with another three in the Conditional Use Permit (CUP) process. A site-wide anchor tenant (WISP) has been secured who has agreed to locate their equipment on all of the towers that the Authority/County build or locate on. The first of these towers should be active in December of 2018.

- The Emergency Management Radio/Communications System Replacement project is in the construction phase. This project includes a regional partnership with Fluvanna County to share core infrastructure and associated costs. Permits have been issued for two tower sites, Portertown Road and Zion Crossroads, and construction should begin by the first of the year. Lease agreements and related documents are in process. Projected completion of the project is estimated to be March or April 2019.

Awards and Achievements

The County received its 16th consecutive Certificate of Achievement on its fiscal year 2017 Comprehensive Annual Financial Report that was submitted to the Government Finance Officers Association of the United States and Canada (GFOA), Certificate for Excellence in Financial Reporting Program. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

Louisa County also received the Distinguished Budget Presentation Award from the Government Financial Officers Association for the third year in a row for its FY2019 budget documents. To be eligible for this award, a government must prepare budget documents of the very highest quality that reflect both the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOAs best practices on budgeting.

The Virginia Association of Counties (VACo) presented the County the 2018 Go Green Award, a program designed to encourage implementation of specific environmental policies and practical actions that reduce emissions, and save local governments money. This was the fourth time the county has received this award.

Future Budget Considerations

For fiscal year 2019, the Board of Supervisors has approved a General Fund Operating Budget of $104,398,919. The approved CIP Budget is $4,152,233. The real estate tax rate was set at $0.72 per $100 of assessed value. The FY2019 Budget is a balanced budget with no reserves required to support operations or capital improvement projects. Fund balance reserves were anticipated to increase $584 due to a budgeted surplus.

The County faces continued financial pressures in FY2019 from increased federal and state mandates that are not always funded by federal or state revenues. With limited funding sources of revenue, these unfunded or partially funded mandates place the burden on local funding streams. Healthcare costs continue to rise, required services for public safety and human services continue to increase and the federal and state political landscapes are continually changing. Additional financial pressures can be expected in costs associated with the Children's Services Act, mental health care and incarceration.

The County is also challenged with providing competitive employee compensation packages that are consistent with the market. A continued focus on closing compensation gaps as resources become available is critical.

One of the priorities of the Board of Supervisors is to maintain low tax rates. Economic development within the County will generate additional tax revenues to offset expenditures stemming from growing service demands. This will assist in avoiding increases that would create additional tax burdens to our citizens.

Louisa County real estate values increased in FY2018. This increase will likely generate additional tax revenues in future years. Construction and home improvements have increased in the County and modest, steady growth over the next several years is anticipated.

The County is in the process of updating its Comprehensive Plan. As this plan is developed, the County will also develop a 20 year capital needs plan. Though the County currently maintains a five year capital plan, the 20 year plan will be a valuable asset in future planning and budgeting. In the FY19 Capital Plan, a Long Term Projects fund was established. This fund will be used to save for future year projects, and is intended to mitigate financing requirements and tax increases. In fiscal years' that the County is able to collect additional revenues and/or realizes budgeted savings, these additional funds can be placed in the future projects fund.

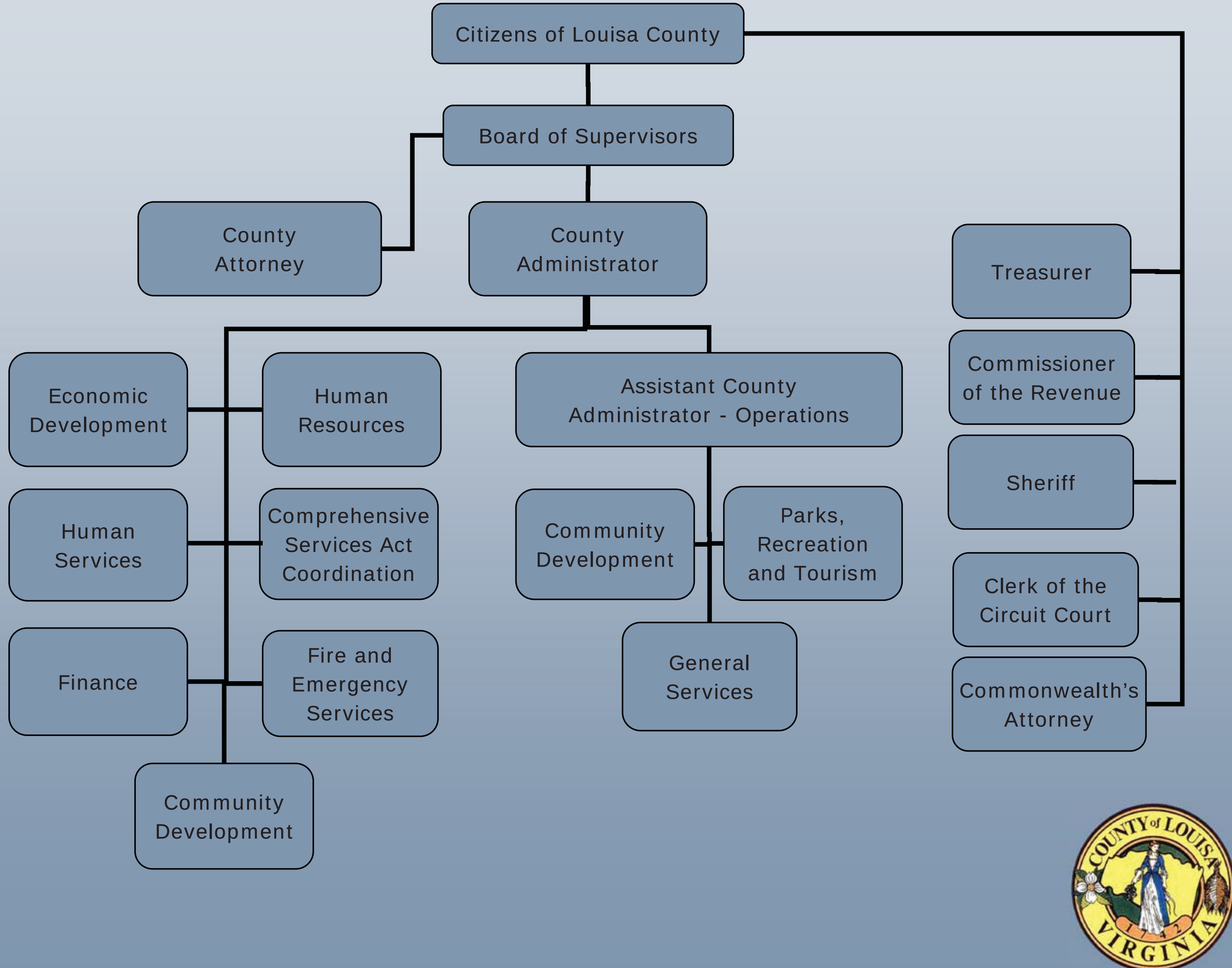
Acknowledgments

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

Respectfully submitted,

Christian R. Goodwin
County Administrator

County of Louisa
Organizational Structure



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R.T. Williams Jr., Vice-Chairman

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Tommy J. Barlow	Fitzgerald A. Barnes

Willie L. Gentry, Jr

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Deborah A. Hoffman	Sherman T. Shifflett

Frances B. Goodman

OTHER OFFICIALS

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

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, 2017

Christopher P. Morrill

Executive Director/CEO

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, 2018 and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Louisa, Virginia, as of June 30, 2018, 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 2018, the County adopted new accounting guidance, GASB Statement Nos. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions and* 85 *Omnibus 2017*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 1 to the financial statements, in 2018, the County restated beginning balances to reflect the requirements of GASB Statement No. 75. 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 5-14, 116-119, and 120-136 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.

Supplementary and Other Information

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

Other Matters

Supplementary and Other Information: (Continued)

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2018, 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 solely 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 the effectiveness of County of Louisa, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Louisa, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
November 29, 2018

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

The County of Louisa, Virginia's management offers 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, 2018. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the letter of transmittal, which can be found on pages i-vi of this report.

Financial Highlights FY 2018[1]

- The general fund balance increased $11,254,313.

- Revenues exceeded the original budget estimate by $5,843,110 and revenues exceeded the amended budget by $4,255,444.

- Expenditures were less than the original budget estimate by $954,236 and expenditures were less than the amended budget by $3,638,006.

- 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 $95,016,697, (net position). Of this amount, $63,190,810 (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 $82,235,876, a decrease of $15,917,811 in comparison with the prior year. Approximately 49% of this total amount, or $40,296,734, is available for spending at the County's discretion (unassigned fund balance), and 51%, or $41,939,142, is nonspendable, restricted, committed, or assigned for specific projects. The overall decrease in fund balance is largely attributable to the decrease in the capital projects fund and payment of expenses related to the James River Water project.

- Unassigned fund balance comprised 55.6% of total general fund expenditures.

- The County of Louisa, Virginia's total long-term obligations decreased by $4,317,578, mostly from payments made on general obligation and lease revenue bonds and the payoff of all capital leases.

Overview of the Financial Statements

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

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

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

[1] Fiscal Year ended June 30, 2018.

Overview of the Financial Statements: (Continued)

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

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

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

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

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

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

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

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

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

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

Overview of the Financial Statements: (Continued)

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $95,016,697 at the close of the most recent fiscal year.

A significant portion (32 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	
	2018	**2017**
Current and other assets	$ 151,967,464	$ 165,974,584
Capital assets	85,006,669	65,090,497
Total assets	$ 236,974,133	$ 231,065,081
Deferred outflows of resources	$ 884,596	$ 1,618,633
Long-term liabilities outstanding	$ 74,757,218	$ 79,074,796
Current liabilities	4,856,524	8,615,571
Total liabilities	$ 79,613,742	$ 87,690,367
Deferred inflows of resources	$ 63,228,290	$ 57,237,305
Net position:		
Net investment in capital assets	$ 30,809,285	$ 25,809,816
Restricted	1,016,602	-
Unrestricted	63,190,810	61,946,226
Total net position	$ 95,016,697	$ 87,756,042

Note: FY2018 was the first year of implementation of GASB Statement No. 75, and prior year comparative information was unavailable. As a consequence, the FY2017 information in the table above has not been restated to reflect the requirements of GASB Statement No. 75.

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 2018, the County's net position increased by $7,260,655. Key elements of this increase are as follows:

County of Louisa, Virginia's Changes in Net Position		
	Governmental Activities	
	2018	2017
Revenues:		
Program revenues:		
Charges for services	$ 2,724,834	$ 2,557,268
Operating grants and contributions	8,130,118	7,856,460
Capital grants and contributions	53,472	103,629
General revenues:		
Property taxes	60,114,485	58,183,294
Other local taxes	7,900,504	7,642,740
Other	3,401,599	3,184,773
Total revenues	$ 82,325,012	$ 79,528,164
Expenses:		
General government	$ 3,464,123	$ 3,542,581
Judicial administration	1,972,016	1,938,254
Public safety	14,740,930	14,179,090
Public works	4,361,917	3,754,577
Health and welfare	8,525,097	8,593,657
Education	36,222,607	32,406,304
Parks, recreation and culture	1,662,120	1,549,298
Community development	1,446,422	1,453,747
Interest	2,218,932	2,577,258
Total expenses	$ 74,614,164	$ 69,994,766
Increase (decrease) in net position	$ 7,710,848	$ 9,533,398
Net position – beginning, as restated	87,305,849	78,222,644
Net position - ending	$ 95,016,697	$ 87,756,042

Note: FY2018 was the first year of implementation of GASB Statement No. 75, and prior year comparative information was unavailable. As a consequence, the FY2017 information in the table above has not been restated to reflect the requirements of GASB Statement No. 75.

- Local revenues increased by $2,405,781 and were driven by a combination of increased real property tax collections, including increased collection of delinquent taxes, increased tax collections for recordation and wills, and an average property value increase of approximately 4%.

- Operating grants and contributions increased by $273,658 as a result of increased state and federal cost recoveries collected which were higher than projected due to increased expenditures in 2018 for health and human services, such as CSA and other public assistance programs.

Government-wide Financial Analysis: (Continued)

- Education related costs increased by $3,816,303, primarily as a result of an increase in personnel costs. These included costs associated with salary and step increases, adding additional teachers and instructional assistants as well as increased health insurance and other benefit costs. There were also increased costs for: fuel (fuel costs were prepaid in the previous year); supplies; and the addition of new programs, such as a Pilot Reading Academy, World Language Pilot program, and expanding the elementary Gifted & Talented and STEAM lab programs. There were also increases in school related capital projects and transportation and technology related operational costs.

- Public safety related costs increased $561,840. Increased payments for regional jail operations, equipment, equipment maintenance and additional costs for personnel compensation account for the rise in expenditures.

- Public Works related costs increased $607,340 as a result of costs associated with the County's portion of operational costs associated with the James River Water Authority and transitioning from contractual recycling services to in-house service provisioning.

- Interest expense decreased by $358,326 due to decreased principal balances outstanding on long-term obligations.

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 $82,235,876, which represents a decrease of $15,917,811 in comparison with the prior year. Approximately 49% of this total amount, ($40,296,734), constitutes unassigned general fund balance, which is available for spending at the County's discretion. $260,902 of fund balance is non-spendable (prepaid and JRWA receivables). The remainder of fund balance is restricted, committed, or assigned to indicate that it is not available for new spending without further Board of Supervisors' action. These funds are restricted, committed, or assigned for items including:

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

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 79.8% of the total general fund expenditures.

The general fund balance increased $11,254,313 during the current fiscal year. The change is linked to a combination of decreased operating costs, additional revenues collected, and the transfer of federal/state reimbursements (related to expenses incurred in the 2011 earthquake) into the general fund from the Natural Disaster Capital project fund.

Financial Analysis of the County's Funds (Continued)

The fund balance for the capital projects fund decreased by $20,024,843 due to the James River Water Project and the Emergency Management Radio Replacement Project progressing as planned and costs incurred were larger in 2018 than in the prior year.

The fund balance for the natural disaster capital projects fund was closed and transferred to the general fund during the fiscal year. All federal/state capital expenditure reimbursements have been received.

General Fund Budgetary Highlights

Differences between the original expenditure budget and the final amended budget totaled an increase of $2,683,770. The increase in appropriations can be briefly summarized as follows:

- $108,599 increase in judicial administration expenditures are the results expenses related to a new copier and funds received from the Victim Witness and the VSTOP Assistant Attorney grants.

- $909,567 increase in public safety expenditures results from insurance proceeds received for accident repairs, increased maintenance costs on fire & rescue response vehicles, several grants from Rescue Squad Assistance Funds, Internet Crimes Against Children, State Fire Programs, Four for Life, Homeland Security, workers compensation that is budgeted in the non-departmental budget, and re-appropriation of FY17 funding.

- $449,673 increase in public works expenditures is primarily the result of re-appropriation of FY2017 carryover for completion of the earthquake repairs on the Circuit Courthouse Dome and other facilities upgrades, increase in personnel costs, and repairs to Clarifier #3 at the Louisa Regional Wastewater Treatment Plant.

- $875,362 increase in Human Services expenditures was primarily due to cover expenses associated with funding received for Adoption and Foster Care programs and an increase in caseloads handled by CSA.

- $168,000 increase in education expenditures was primarily due to an increase in personnel costs for new teacher and instructional assistant positions at Moss-Nuckols Elementary School during the fiscal year.

- $614,482 decrease in miscellaneous expenditures due to the allocation of the non-departmental budget to actual functions that occurred during the year.

- $671,535 increase in debt service to cover expenses associated with the repayment of capital equipment leases.

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

During the year revenues exceeded the original budget estimate by $5,843,110 and actual revenues exceeded the amended budget by $4,255,444. Expenditures were less than the original budget estimate by $954,236 and less than the amended budget by $3,638,006. Savings in school operating expenditures accounted for 27%, savings in health and human services accounted for 26%, savings in public safety expenditures accounted for 20%, and savings in public works operating expenditures accounted for 10% of this positive variance. Much of the savings is attributed to in-process building enhancements and projects, approved commitments not completed by year-end, grant awards which were not expended during the fiscal year, personnel savings due to vacancies, and conservative projections and budget management contributed significantly to the budget surplus.

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

General Fund Budgetary Highlights: (Continued)

Revenue

- $2,666,197 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.
- $819,528 is associated with increased tax collection of sales and use tax, motor vehicle tax, recordation of wills, utility tax, business license tax, and other local taxes.
- $63,851 increase in permit, fees, and license revenue is primarily attributed in an increase in collection of building and zoning permits.
- $244,167 increase in interest on bank deposits and use of money is attributed to higher general fund cash balances. The majority of Earthquake expenses have been reimbursed, revenues were higher than expected, and expenditures were less than expected during FY 2018.
- $235,153 increase is attributed to an additional collection of ambulance fees, landfill collections, and other charges for services over the amended budget. The recovered ambulance fees help support the expenses of our fire and emergency management departments.

Expenditures:

- $273,954 under budget in General Government Administration is attributable to unfilled positions, savings associated with staff turnover, and reduced contractual expenses.
- $101,278 under budget in Judicial Administration is attributable to savings in unfilled positions for a portion of the year as a result of staff turnover and reduced supply and contractual expenses.
- $737,543 under budget in Public Safety is attributed to savings in fuel and contractual expenses within the Sheriff's Department, Department of Emergency Services, and Correction and Detention that were lower than budget expectations. Funding provided for fire programs and volunteer rescue from the Commonwealth has not been spent by the volunteers and is being carried over. Also, funding for the firing range project, radio equipment maintenance, and Rappahannock Juvenile Detention Center expenses are unspent and are being carried over into FY19.
- $375,082 under budget in General Services is largely attributable to landfill and other projects for which funding has been appropriated, but work has not yet been completed. There were also savings attributed to reduced personnel costs and savings in contractual service expenses.$970,238 under budget in Health and Human Services is attributed to savings associated with staff turnover, special needs adoptions program costs less than expected, and CSA program costs less than expected.
- $964,511 under budget in Education expenses. Over half of this savings is attributed to supplies and equipment ordered, but not received and contractual services not yet completed. Funds need to be carried over into FY2019. Conservative budgeting coupled with savings associated with staff turnover and vacancies produced this positive variance.
- $188,615 under budget in Community Development is attributed to savings in unfilled positions for a portion of the year as a result of staff turnover and savings in contractual services, marketing and advertising expenses.

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental funds as of June 30, 2018 amounts to $85,006,669 (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 $19,916,172 and is largely associated with the James River Water Project, Emergency Services Radio System replacement, hauling equipment purchases, new vehicles, and building renovations.

County of Louisa, Virginia's Capital Assets

	Governmental Activities	
	2018	**2017**
Land	$ 2,328,523	$ 2,328,523
Buildings and improvements	26,622,790	26,481,986
Equipment	11,911,428	11,619,985
Construction in progress	45,358,083	22,774,058
Tenancy in common	20,868,516	22,793,958
Total	$ 107,089,340	$ 85,998,510
Less: accumulated depreciation	(22,082,671)	(20,908,013)
Net capital assets	$ 85,006,669	$ 65,090,497

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

Capital Asset and Debt Administration: (Continued)

Long-term debt - At the end of the current fiscal year, General Obligation Bonds, Revenue Bonds and premium on bonds payable outstanding totaled $65,891,403. During the current fiscal year, the County's long-term obligations decreased by $3,047,453 due to the repayment of capital leases and payments on general obligation and lease revenue bonds.

During FY2018, the County of Louisa paid off all equipment leases in order to reduce future interest payment costs. The County did not acquire any new long-term debt during the year.

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

Economic Factors and Next Year's Budgets and Rates

- The local unemployment rate decreased to 3.0%[2] for June 2018.

- The James River Water Project is underway. The total project is split between the James River Water Authority "JRWA" (a joint venture between Louisa and Fluvanna counties) and the James River Water Project "JRWP" (Louisa's portion). The JRWP portion of the project is approximately 85% complete in total, with several sections 100% complete. The new water treatment plant is approximately 90% complete. Weather delays have slightly delayed construction but the project is still on track for completion by the end of 2019. This project is intended to satisfy countywide water supply needs as set forth in the County's Long Range Water Supply Plan.

[2] United States Department of Labor, Bureau of Labor Statistics: June 2018 data

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

- Zion Crossroads continues to expand with new commercial and residential development. In 2018, several developers expressed interest in developing new mixed use (residential/commercial) developments at Zion Crossroads. Several new commercial businesses have announced plans to open build new space in the Zion Market; these include a hotel, restaurants, medical practices and retail. In order for commercial developers to focus more attention on the Zion market, the County may consider approval of residential development outside of already approved, planned communities.

- Spring Creek announced plans to expand their land holdings in order to build out the remainder of the planned residential units on larger lots. To facilitate this plan, they acquired an adjoining property.

- The Spring Creek Business Park continues to see growth in the medical service area. In 2018, Charlottesville Pediatrics opened a new office within the park, bringing the total number of medical service providers in the park to seven. Also in 2018, developers broke ground on a new 30,000 square foot office building that will include Class A office space, including a retail component with restaurants and shops.

- The current landfill (Cell #1) has been in operation for 5 years. It has approximately 1.5 years of usable space remaining. The two additional permitted cells are currently under construction and should be completed in early 2019. These new Cells (#2 & #3) will provide approximately 16 additional years of available space.

- The Broadband Authority brought a plan for County-Wide Wireless Broadband for much of the County to the Board of Supervisors in early 2017. The Supervisors approved a $1.09 million project encompassing 9-10 towers on which Wireless Internet Service Providers (WISPs) would locate their equipment on to serve as many Louisa citizens and businesses as possible. Three towers have been completed with another three in the Conditional Use Permit (CUP) process. A site-wide anchor tenant (WISP) has been secured who has agreed to locate their equipment on all of the towers that the Authority/County build or locate on. The first of these towers should be active in December of 2018.

- The Emergency Management Radio/Communications System Replacement project is in the construction phase. This project includes a regional partnership with Fluvanna County to share core infrastructure and associated costs. Projected completion of the project is estimated to be March or April 2019.

- The County's population continues to increase. Since the 2010 census, the County's population has increased by over 8%. The increase in population has placed additional demands for services, such as 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.

- The County faces continued financial pressures in FY2019 from increased federal and state mandates that are not always funded by federal or state revenues. With limited funding sources of revenue, these unfunded or partially funded mandates place the burden on local funding streams. Healthcare costs continue to rise, required services for public safety and human services continue to increase and the federal and state political landscapes are continually changing. Additional financial pressures can be expected in costs associated with the Children's Services Act, mental health care and incarceration.

- The County is also challenged with providing competitive employee compensation packages that are consistent with the market. A continued focus on closing compensation gaps as resources become available is critical.

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

- One of the priorities of the Board of Supervisors is to maintain low tax rates. Economic development within the County will generate additional tax revenues to offset expenditures stemming from growing service demands. This will assist in avoiding increases that would create additional tax burdens to our citizens.

- Louisa County real estate values increased in FY2018. This increase will likely generate additional tax revenues in future years. Construction and home improvements have increased in the County and modest, steady growth over the next several years is anticipated.

All of these factors were considered in preparing the County's budget for the 2019 fiscal year.

For fiscal year 2019, the Board of Supervisors has approved a General Fund Operating Budget of $104,398,919. The approved CIP Budget is $4,152,233. The approved FY 2019 budget retained the prior year real estate tax rate at $0.72 per $100 of assessed value, and the budget included a surplus of $584.

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

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Government-wide Financial Statements

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Statement of Net Position
June 30, 2018

	Primary Government	Component Units	
	Governmental Activities	School Board	Louisa County Water Authority
ASSETS			
Cash and cash equivalents	$ 82,083,809	$ 7,323,753	$ 1,136,750
Receivables (net of allowance for uncollectibles):			
Taxes receivable	65,046,240	-	-
Accounts receivable	671,147	9,281	168,849
Landfill accounts	36,819	-	-
Due from other governmental units	1,929,060	1,428,685	-
Prepaid items	25,758	-	288
Net pension asset	1,158,029	589,578	95,249
Restricted assets:			
Cash and cash equivalents	1,016,602	-	286,014
Capital assets (net of accumulated depreciation):			
Land	2,328,523	866,127	913,325
Buildings and system	34,258,662	74,145,342	244,200
Machinery and equipment	3,061,401	4,116,527	144,093
Intangible assets	-	-	23,032,630
Infrastructure	-	-	327,590
Construction in progress	45,358,083	-	48,039
Total assets	$ 236,974,133	$ 88,479,293	$ 26,397,027
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	$ 810,007	$ 5,887,473	$ 68,745
OPEB related items	74,589	537,613	6,117
Total deferred outflows of resources	$ 884,596	$ 6,425,086	$ 74,862
LIABILITIES			
Accounts payable	$ 2,204,502	$ 1,133,625	$ 41,409
Retainage payable	1,413,471	-	-
Accrued liabilities	315,281	6,376,678	2,500
Amounts held for future projects	-	-	10,000
Customers' deposits	-	-	65,246
Accrued interest payable	821,128	-	-
Unearned revenue	102,142	-	90,906
Long-term liabilities:			
Due within one year	3,345,889	63,920	78,974
Due in more than one year	71,411,329	53,277,779	117,671
Total liabilities	$ 79,613,742	$ 60,852,002	$ 406,706
DEFERRED INFLOWS OF RESOURCES			
Pension related items	$ 1,290,312	$ 5,358,720	$ 105,654
OPEB related items	105,365	385,821	8,407
Deferred revenue - property taxes	61,832,613	-	-
Total deferred inflows of resources	$ 63,228,290	$ 5,744,541	$ 114,061
NET POSITION			
Net investment in capital assets	$ 30,809,285	$ 79,127,996	$ 24,709,877
Restricted:			
Future capital expenses	-	-	195,101
Industrial development collateral	1,016,602	-	-
Unrestricted (deficit)	63,190,810	(50,820,160)	1,046,144
Total net position	$ 95,016,697	$ 28,307,836	$ 25,951,122

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, 2018

			Program Revenues	
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	$ 3,464,123	$ 5,418	$ 461,355	$ -
Judicial administration	1,972,016	134,358	663,497	-
Public safety	14,740,930	1,729,000	1,603,209	-
Public works	4,361,917	347,972	62,495	53,472
Health and welfare	8,525,097	-	5,108,154	-
Education	36,222,607	-	-	
Parks, recreation, and cultural	1,662,120	472,316	4,500	-
Community development	1,446,422	35,770	-	-
Interest on long-term debt	2,218,932	-	226,908	-
Total governmental activities	$ 74,614,164	$ 2,724,834	$ 8,130,118	$ 53,472
COMPONENT UNITS:				
School Board	$ 60,832,054	$ 964,004	$ 25,523,382	$ 246,321
Louisa County Water Authority	3,066,609	2,200,822	-	525,957
Total component units	$ 63,898,663	$ 3,164,826	$ 25,523,382	$ 772,278

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

Total general revenues
Change in net position
Net position - beginning, as restated
Net position - ending

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Position		
Primary Government	Component Units	
Governmental Activities	School Board	Louisa County Water Authority
$ (2,997,350)		
(1,174,161)		
(11,408,721)		
(3,897,978)		
(3,416,943)		
(36,222,607)		
(1,185,304)		
(1,410,652)		
(1,992,024)		
$ (63,705,740)		
	$ (34,098,347)	$ -
	-	(339,830)
	$ (34,098,347)	$ (339,830)
$ 60,114,485	$ -	$ -
3,622,340	-	-
644,987	-	-
1,376,881	-	-
679,384	-	-
1,159,976	-	-
416,936	-	-
938,195	32,320	12,610
448,079	354,894	-
-	34,983,259	-
2,015,325	-	-
$ 71,416,588	$ 35,370,473	$ 12,610
$ 7,710,848	$ 1,272,126	$ (327,220)
87,305,849	27,035,710	26,278,342
$ 95,016,697	$ 28,307,836	$ 25,951,122

Fund Financial Statements

Balance Sheet
Governmental Funds
June 30, 2018

		General		Capital Projects		Total
ASSETS						
Cash and cash equivalents	$	55,199,122	$	26,884,687	$	82,083,809
Receivables (net of allowance for uncollectible):						
Taxes receivable		65,046,240		-		65,046,240
Accounts receivable		535,955		135,192		671,147
Landfill accounts		36,819		-		36,819
Due from other governmental units		1,889,105		39,955		1,929,060
Prepaid items		25,758		-		25,758
Restricted assets:						
Temporarily restricted:						
Cash and cash equivalents		1,016,602		-		1,016,602
Total assets	$	123,749,601	$	27,059,834	$	150,809,435
LIABILITIES						
Accounts payable	$	947,289	$	1,257,213	$	2,204,502
Accrued liabilities		315,281		-		315,281
Retainage payable		-		1,413,471		1,413,471
Unearned revenue		97,142		5,000		102,142
Total liabilities	$	1,359,712	$	2,675,684	$	4,035,396
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	$	64,538,163	$	-	$	64,538,163
Fund balances:						
Nonspendable:						
Prepaids	$	25,758	$	-	$	25,758
JRWA receivable		235,144		-		235,144
Restricted:						
Industrial development collateral		1,016,602		-		1,016,602
Committed:						
NAPS stabilization		15,800,000		-		15,800,000
Capital projects		-		7,893,548		7,893,548
Assigned:						
Earthquake repairs		120,358		-		120,358
Zion Crossroads development debt		357,130		-		357,130
Capital projects		-		16,490,602		16,490,602
Unassigned		40,296,734		-		40,296,734
Total fund balances	$	57,851,726	$	24,384,150	$	82,235,876
Total liabilities, deferred inflows of resources, and fund balances	$	123,749,601	$	27,059,834	$	150,809,435

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, 2018

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		$ 82,235,876
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.		85,006,669
The net pension asset is not an available resource and, thereforem is not reported in the funds.		1,158,029
Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the governmental funds		
Pension related items	$ 810,007	
OPEB related items	74,589	884,596
Interest on long-term debt is not accrued in governmental funds, but rather is recognized when paid.		(821,128)
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.		2,705,550
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.		(74,757,218)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Pension related items	$ (1,290,312)	
OPEB related items	(105,365)	(1,395,677)
Net position of governmental activities		$ 95,016,697

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, 2018

	General	Capital Projects	Nonmajor Fund: Natural Disaster Capital Projects	Total
REVENUES				
General property taxes	$ 60,518,750	$ -	$ -	$ 60,518,750
Other local taxes	6,740,528	1,159,976	-	7,900,504
Permits, privilege fees, and regulatory licenses	523,651	-	-	523,651
Fines and forfeitures	59,530	-	-	59,530
Revenue from the use of money and property	518,667	419,528	-	938,195
Charges for services	2,141,653	-	-	2,141,653
Miscellaneous	329,110	168,550	-	497,660
Recovered costs	190,225	-	-	190,225
Intergovernmental:				
Commonwealth	7,668,223	209,689	-	7,877,912
Federal	2,321,003	-	-	2,321,003
Total revenues	$ 81,011,340	$ 1,957,743	$ -	$ 82,969,083
EXPENDITURES				
Current:				
General government administration	$ 3,346,110	$ -	$ -	$ 3,346,110
Judicial administration	2,022,300	-	-	2,022,300
Public safety	13,784,687	-	-	13,784,687
Public works	3,247,038	-	-	3,247,038
Health and welfare	8,641,127	-	-	8,641,127
Education	32,174,796	-	-	32,174,796
Parks, recreation, and cultural	1,530,342	-	-	1,530,342
Community development	1,391,126	-	-	1,391,126
Capital projects	-	26,391,734	-	26,391,734
Debt service:				
Principal retirement	3,594,820	-	-	3,594,820
Interest and other fiscal charges	2,762,814	-	-	2,762,814
Total expenditures	$ 72,495,160	$ 26,391,734	$ -	$ 98,886,894
Excess (deficiency) of revenues over (under) expenditures	$ 8,516,180	$ (24,433,991)	$ -	$ (15,917,811)
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 7,175,799	$ 4,437,666	$ -	$ 11,613,465
Transfers out	(4,437,666)	(28,518)	(7,147,281)	(11,613,465)
Total other financing sources (uses)	$ 2,738,133	$ 4,409,148	$ (7,147,281)	$ -
Net change in fund balances	$ 11,254,313	$ (20,024,843)	$ (7,147,281)	$ (15,917,811)
Fund balances - beginning	46,597,413	44,408,993	7,147,281	98,153,687
Fund balances - ending	$ 57,851,726	$ 24,384,150	$ -	$ 82,235,876

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

Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2018

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

Net change in fund balances - total governmental funds		$ (15,917,811)
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	$ 23,815,780	
Depreciation expense	(2,153,960)	
Transfer of joint tenancy assets from Primary Government to the Component Unit	(1,696,067)	19,965,753
The net effect of various miscellaneous transactions involving capital assets (I.e., sales, trade-ins, and donations) is to decrease net position.		(49,581)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes		(404,265)
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	$ 1,925,442	
Principal retired on lease revenue bonds	635,000	
Principal retired on capital leases	1,034,378	
Amortization of premiums on bonds payable	487,011	4,081,831
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. Details supporting this adjustment are as follows:		
Change in landfill closure and postclosure liability	$ (667,190)	
OPEB expense	(31,307)	
Change in accrued interest payable	56,871	
Pension expense	634,496	
Change in compensated absences	42,051	34,921
Change in net position of governmental activities		$ 7,710,848

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

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

		Agency Funds
ASSETS		
Cash and cash equivalents	$	1,741,462
LIABILITIES		
Amounts held for social services clients	$	10,070
Amounts held for projects		1,678,053
Amounts held for others		53,339
Total liabilities	$	1,741,462

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

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Note 1−Summary of Significant Accounting Policies:

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

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

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

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

Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

A. Financial Reporting Entity

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

B. Individual Component Unit Disclosures

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

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

B. Individual Component Unit Disclosures: (Continued)

Discretely Presented Component Units

Component Unit School Board

The School Board members are elected by the voters and are responsible for the operations of the County's School System. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2018.

Component Unit Louisa County Water Authority

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

Other Related Organizations

James River Water Authority

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

Included in the County's Comprehensive Annual Financial Report

None

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

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

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

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

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

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

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

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

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

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

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

The government reports the following governmental funds:

a. General Fund

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

b. Capital Projects Fund

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

c. Natural Disaster Capital Projects Fund

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

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

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

D. Budgets and Budgetary Accounting

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

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

2. Public hearings are conducted to obtain citizen comments.

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

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

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

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

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

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

E. Cash and Cash Equivalents

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

F. Investments

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

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

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

G. Receivables and payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately $302,543 at June 30, 2018 and is comprised of the following:

Property taxes	$ 295,450
Landfill billings	7,093
Total	$ 302,543

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

H. Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The County reported no capitalized interest as of June 30, 2018.

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

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

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

I. Deferred Outflows/Inflows of Resources

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

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 and OPEB assets or 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 and OPEB plan investments. For more detailed information on these items, reference the pension and OPEB notes.

J. Compensated Absences

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

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

K. Pensions

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

L. Long-term Obligations

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

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

M. Fund Balances

Financial Policies

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

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

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

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

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

M. Fund Balances: (Continued)

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

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

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

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

The Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. Based on County policy the Board of Supervisors is authorized to assign amounts for specific purposes. Exhibit 3 and 29 provide details of the amounts that have been assigned for specific purposes. The Board of Supervisors is also authorized to commit amounts for purposes. The Board has committed $15,800,000 for the North Anna Power Station stabilization fund via a resolution. Funds can be used, at Board discretion, to stabilize the local economy, or to budget and replace, supplant, or otherwise account for losses to County revenue in the event of specific and nonroutine revenue losses from the North Anna Power Station.

N. Use of Estimates

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

O. Net Position

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

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

P. Net Position Flow Assumption

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

Q. Prepaid Items

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

R. Adoption of Accounting Principles

Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*

The County implemented the provisions of the above Statement during the fiscal year ended June 30, 2018. 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. The implementation of this Statement resulted in the following restatements of net position:

	Governmental Activities	Component Units	
		School Board	Louisa County Water Authority
Net Position as reported June 30, 2017	$ 87,756,042	$ 33,344,653	$ 26,308,444
Implementation of GASB 75	(450,193)	(6,308,943)	(30,102)
Net Position as restated June 30, 2017	$ 87,305,849	$ 27,035,710	$ 26,278,342

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

R. Adoption of Accounting Principles: (Continued)

Governmental Accounting Standards Board Statement No. 85, *Omnibus*

The County implemented the provisions of the above Statement during the fiscal year ended June 30, 2018. This Statement addresses practice issues identified during implementation and application of certain GASB statements for a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)).

S. Other Postemployment Benefits (OPEB)

Group Life Insurance

The Virginia Retirement System (VRS) Group Life Insurance (GLI) Program provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net GLI Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI OPEB, and GLI OPEB expense, information about the fiduciary net position of the VRS GLI Program OPEB and the additions to/deductions from the VRS GLI OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Political Subdivision and Teacher Employee Health Insurance Credit Program

The County and Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Programs were established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The Teacher Employee HIC Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For purposes of measuring the net OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the Programs' OPEB, and the related OPEB expenses, information about the fiduciary net position of the County and VRS Teacher Employee HIC Programs; and the additions to/deductions from the County and VRS Teacher Employee HIC Programs' net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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, 2018 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	$ 17,767,987
State Non-Arbitrage Pool (SNAP)	12,227,493
Total	$ 29,995,480

External Investment Pools

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

Note 2−Deposits and Investments: (Continued)

External Investment Pools: (Continued)

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

Interest Rate Risk

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

Note 3−Due From Other Governmental Units:

At June 30, 2018 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	$ -	$ 653,152
Local Sales Taxes	685,384	-
Communication Tax	51,039	-
Recordation Tax	39,955	-
VPA Funds	143,829	-
Shared Expenses	227,496	-
FEMA Funds	-	507,758
Children's Services Act Reimbursement	387,994	-
Other State Aid	118,237	-
Federal Government:		
School Funds	-	267,775
Public Safety Grants	17,795	-
VPA Funds	156,097	-
Other Federal Aid	101,234	-
Total	$ 1,929,060	$ 1,428,685

Note 4−Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2018:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Government Activities:				
Capital assets, not being depreciated:				
Land	$ 2,328,523	$ -	$ -	$ 2,328,523
Construction in Progress	22,774,058	22,610,005	25,980	45,358,083
Total capital assets not being depreciated	$ 25,102,581	$ 22,610,005	$ 25,980	$ 47,686,606
Capital assets being depreciated:				
Buildings and improvements	$ 49,275,944	$ 223,093	$ 2,007,731	$ 47,491,306
Machinery and equipment	11,619,985	1,008,662	717,219	11,911,428
Total capital assets being depreciated	$ 60,895,929	$ 1,231,755	$ 2,724,950	$ 59,402,734
Accumulated depreciation:				
Buildings and improvements	$ 12,413,749	$ 1,089,415	$ 270,520	$ 13,232,644
Machinery and equipment	8,494,264	1,064,545	708,782	8,850,027
Total accumulated depreciation	$ 20,908,013	$ 2,153,960	$ 979,302	$ 22,082,671
Total capital assets being depreciated, net	$ 39,987,916	$ (922,205)	$ 1,745,648	$ 37,320,063
Governmental activities capital assets, net	$ 65,090,497	$ 21,687,800	$ 1,771,628	$ 85,006,669

The following is a summary of changes in School Board capital assets for the fiscal year ended June 30, 2018:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Capital assets, not being depreciated:				
Land	$ 866,127	$ -	$ -	$ 866,127
Capital assets being depreciated:				
Buildings and improvements	$ 101,548,508	$ 2,016,741	$ -	$ 103,565,249
Machinery and equipment	14,331,885	1,621,612	-	15,953,497
Total capital assets being depreciated	$ 115,880,393	$ 3,638,353	$ -	$ 119,518,746
Accumulated depreciation:				
Buildings and improvements	$ 26,244,445	$ 3,175,462	$ -	$ 29,419,907
Machinery and equipment	11,082,425	754,545	-	11,836,970
Total accumulated depreciation	$ 37,326,870	$ 3,930,007	$ -	$ 41,256,877
Total capital assets being depreciated, net	$ 78,553,523	$ (291,654)	$ -	$ 78,261,869
School Board capital assets, net	$ 79,419,650	$ (291,654)	$ -	$ 79,127,996

Note 5−Capital Assets: (Continued)

Assets acquired under capital leases:

		Cost		Depreciation Expense		Accumulated Drepreciation
Equipment:						
Governmental activities	$	1,820,255	$	257,709	$	998,057

Capital asset activity for the School Board for the year ended June 30, 2018 was as follows:

Depreciation expense	$	3,700,632
Depreciation on joint tenancy assets- transferred to School Board		229,375
Net increases in accumulated depreciation	$	3,930,007

(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, 2018, is that school financed assets in the amount of $20,868,516 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	$	270,047
Judicial Administration		152,585
Public Safety		737,944
Public Works		419,221
Health and Welfare		36,900
Education		290,250
Parks, Recreation and Cultural		136,060
Community Development		110,953
Total	$	2,153,960
Component Unit School Board	$	3,700,632

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, 2018:

	Balance July 1, 2017 As Restated	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2018	Amounts Due Within One Year
Compensated absences	$ 693,586	$ 27,308	$ 69,359	$ 651,535	$ 65,154
General obligation bonds	25,392,948	-	1,925,442	23,467,506	1,935,442
Lease revenue bonds	37,115,000	-	635,000	36,480,000	665,000
Capital leases	1,034,378	-	1,034,378	-	-
Premium on bonds payable	6,430,908	-	487,011	5,943,897	467,893
Net OPEB liability	1,972,589	135,328	199,189	1,908,728	-
Net pension liability	1,311,610	3,440,141	4,751,751	-	-
Landfill closure and postclosure care	5,638,362	667,190	-	6,305,552	212,400
Total	$ 79,589,381	$ 4,269,967	$ 9,102,130	$ 74,757,218	$ 3,345,889

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	
June 30,	Principal	Interest	Principal	Interest
2019	$ 1,935,442	$ 1,068,495	$ 467,893	$ -
2020	1,945,442	988,760	448,238	-
2021	1,965,442	905,832	427,161	-
2022	1,650,442	826,752	404,888	-
2023	1,650,442	756,417	382,314	-
2024	1,650,442	686,081	359,341	-
2025	1,650,442	615,034	335,872	-
2026	1,650,442	547,661	312,897	-
2027	1,650,442	480,288	289,789	-
2028	1,650,441	411,997	266,413	-
2029	1,460,441	350,951	244,523	-
2030	1,460,441	299,091	224,544	-
2031	725,441	266,989	207,486	-
2032	725,441	249,949	192,122	-
2033	725,441	232,909	177,129	-
2034	725,441	215,870	162,565	-
2035	245,441	103,675	150,354	-
2036	-	-	140,482	-
2037	-	-	130,227	-
2038	-	-	119,584	-
2039	-	-	108,538	-
2040	-	-	97,062	-
2041	-	-	85,136	-
2042	-	-	72,751	-
2043	-	-	58,683	-
2044	-	-	42,812	-
2045	-	-	26,220	-
2046	-	-	8,873	-
Total	$ 23,467,506	$ 9,006,751	$ 5,943,897	$ -

Note 6−Long-Term Obligations: (Continued)

Primary Government: (Continued)

Year Ending June 30,	Lease Revenue Bonds Principal	Lease Revenue Bonds Interest
2019	$ 665,000	$ 1,544,559
2020	695,000	1,512,909
2021	730,000	1,477,494
2022	770,000	1,439,056
2023	810,000	1,398,569
2024	855,000	1,355,903
2025	900,000	1,310,931
2026	945,000	1,265,153
2027	990,000	1,218,644
2028	1,040,000	1,171,550
2029	1,085,000	1,125,622
2030	1,130,000	1,079,438
2031	1,180,000	1,029,394
2032	1,235,000	975,159
2033	1,285,000	922,959
2034	1,335,000	873,097
2035	1,390,000	821,244
2036	1,445,000	767,322
2037	1,500,000	711,306
2038	1,555,000	653,172
2039	1,615,000	592,841
2040	1,680,000	530,156
2041	1,745,000	465,016
2042	1,810,000	397,369
2043	1,890,000	320,531
2044	1,975,000	233,841
2045	2,065,000	143,216
2046	2,160,000	48,449
Total	$ 36,480,000	$ 25,384,900

Note 6−Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of Long-Term Obligations

	Amount Outstanding	Due Within One Year
General Obligation Bonds:		
$3,800,000 Series 2007A issued November 8, 2007 in annual installments ranging from $194,845 to $413,333 beginning July 15, 2008 through July 15, 2028, interest ranging from 4.35% to 5.10%	$ 1,900,000	$ 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%	8,820,000	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%	890,000	280,000
$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%	4,172,506	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%	7,685,000	485,000
Total General Obligation Bonds	$ 23,467,506	$ 1,935,442
Lease Revenue Bonds:		
$37,830,000 Series 2016A issued May 25, 2016, due in annual installments ranging from $635,000 to $2,160,000 beginning October 1, 2016 through October 1, 2045, interest ranging from 3.804% to 5.125%.	$ 36,480,000	$ 665,000
Premium on Bonds Payable	$ 5,943,897	$ 467,893
Compensated absences	651,535	65,154
Net OPEB liability	1,908,728	-
Landfill closure and postclosure care	6,305,552	212,400
Total Long-Term Obligations	$ 74,757,218	$ 3,345,889

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, 2018:

	Balance July 1, 2017 As Restated	Increases	Decreases	Balance June 30, 2018	Amounts Due Within One Year
Compensated absences	$ 857,061	$ 85,706	$ 303,566	$ 639,201	$ 63,920
Net pension liability	48,910,618	7,304,598	14,031,216	42,184,000	-
Net OPEB obligation	10,792,468	699,307	973,277	10,518,498	-
Total	$ 60,560,147	$ 8,089,611	$ 15,308,059	$ 53,341,699	$ 63,920

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 $64,538,163 is comprised of the following:

A. Primary Government–Unearned Revenue: Unavailable revenue representing amounts collected prior to June 30 not available for funding of current expenditures totaled $102,142 at June 30, 2018.

B. Primary Government– Unavailable Property Taxes – revenue representing deferred/unavailable property tax revenues totaled $61,832,613 June 30, 2018.

Note 8−Pension Plan:

Plan Description

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

Note 8−Pension Plan: (Continued)

Plan Description: (Continued)

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

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

Note 8−Pension Plan: (Continued)

Plan Description: (Continued)

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

Note 8−Pension Plan: (Continued)

Plan Description: (Continued)

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

Note 8−Pension Plan: (Continued)

Plan Description: (Continued)

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

Note 8−Pension Plan: (Continued)

Plan Description: (Continued)

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

Note 8−Pension Plan: (Continued)

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Vesting (Cont.)	**Vesting (Cont.)**	**Vesting (Cont.)** **<u>Defined Contributions Component:</u> (Cont.)** • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70½.
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** **<u>Defined Benefit Component:</u>** See definition under Plan 1 **<u>Defined Contribution Component:</u>** The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
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** **<u>Defined Benefit Component:</u>** **VRS:** The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. **Sheriffs and regional jail superintendents:** Not applicable. **Political subdivision hazardous duty employees:** Not applicable. **Defined Contribution Component:** Not applicable.
Normal Retirement Age **VRS:** Age 65. **Political subdivisions hazardous duty employees:** Age 60.	**Normal Retirement Age** **VRS:** Normal Social Security retirement age. **Political subdivisions hazardous duty employees:** Same as Plan 1.	**Normal Retirement Age** **<u>Defined Benefit Component:</u>** **VRS:** Same as Plan 2. **Political subdivisions hazardous duty employees:** Not applicable. **<u>Defined Contribution Component:</u>** Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Note 8−Pension Plan: (Continued)

Plan Description: (Continued)

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

Note 8−Pension Plan: (Continued)

Plan Description: (Continued)

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

Note 8−Pension Plan: (Continued)

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Cost-of-Living Adjustment (COLA) in Retirement (Cont.) **<u>Exceptions to COLA Effective Dates: (Cont.)</u>** • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.	**Cost-of-Living Adjustment (COLA) in Retirement (Cont.)** **<u>Exceptions to COLA Effective Dates: (Cont.)</u>**	**Cost-of-Living Adjustment (COLA) in Retirement (Cont.)** **<u>Exceptions to COLA Effective Dates: (Cont.)</u>** Same as Plan 1 and Plan 2.
Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.	**Disability Coverage** Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.	**Disability Coverage** Employees of political subdivisions and School divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.

Note 8−Pension Plan: (Continued)

Plan Description: (Continued)

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

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2017-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, 2016 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	121	95
Inactive members:		
Vested inactive members	49	15
Non-vested inactive members	74	39
Inactive members active elsewhere in VRS	129	21
Total inactive members	252	75
Active members	246	188
Total covered employees	619	358

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, 2018 was 7.04% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were $764,920 and $982,983 for the years ended June 30, 2018 and June 30, 2017, respectively. Contributions to the pension plan from the Component Unit Louisa County Water Authority were $62,916 and $60,617 for the years ended June 30, 2018 and June 30, 2017, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2018 was 5.11% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

Note 8−Pension Plan: (Continued)

Contributions: (Continued)

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were $179,470 and $194,075 for the years ended June 30, 2018 and June 30, 2017, 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, 2017. The total pension liabilities used to calculate the net pension liabilities (assets) were determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Actuarial Assumptions – General Employees

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

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

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

Mortality rates:

Largest 10 – Non-Hazardous Duty: 20% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Note 8−Pension Plan: (Continued)

Mortality rates: (Continued)

Post-Disablement:
RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

All Others (Non 10 Largest) – Non-Hazardous Duty: 15% of deaths are assumed to be service related
Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:
RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

All Others (Non 10 Largest) – Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Note 8−Pension Plan: (Continued)

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

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

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

Mortality rates:

Largest 10 – Hazardous Duty: 70% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

All Others (Non 10 Largest) – Hazardous Duty: 45% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Note 8–Pension Plan: (Continued)

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

Mortality rates: (Continued)

Post-Disablement:
RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

All Others (Non 10 Largest) – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

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
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

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, 2019, 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, 2019 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.

Note 8−Pension Plan: (Continued)

Changes in Net Pension Liability (Asset)

	Primary Government Increase (Decrease)			Component Unit Louisa County Water Authority Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2016	$ 31,435,848	$ 30,124,238	$ 1,311,610	$ 2,508,486	$ 2,403,824	$ 104,662
Changes for the year:						
Service cost	$ 1,264,184	$ -	$ 1,264,184	$ 103,980	$ -	$ 103,980
Interest	2,151,814	-	2,151,814	176,989	-	176,989
Change in assumptions	(253,486)	-	(253,486)	(20,850)	-	(20,850)
Differences between expected and actual experience	(698,869)	-	(698,869)	(57,483)	-	(57,483)
Impact of change in proportion	(71,283)	(68,309)	(2,974)	71,283	68,309	2,974
Contributions - employer	-	740,275	(740,275)	-	60,888	(60,888)
Contributions - employee	-	528,473	(528,473)	-	43,468	(43,468)
Net investment income	-	3,685,703	(3,685,703)	-	303,151	(303,151)
Benefit payments, including refunds of employee contributions	(1,248,719)	(1,248,719)	-	(102,709)	(102,709)	-
Administrative expenses	-	(20,846)	20,846	-	(1,715)	1,715
Other changes	-	(3,297)	3,297	-	(271)	271
Net changes	$ 1,143,641	$ 3,613,280	$ (2,469,639)	$ 171,210	$ 371,121	$ (199,911)
Balances at June 30, 2017	$ 32,579,489	$ 33,737,518	$ (1,158,029)	$ 2,679,696	$ 2,774,945	$ (95,249)

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, 2016	$ 13,309,910	$ 12,931,292	$ 378,618
Changes for the year:			
Service cost	$ 359,891	$ -	$ 359,891
Interest	912,259	-	912,259
Change of assumptions	(191,733)	-	(191,733)
Differences between expected and actual experience	(122,684)	-	(122,684)
Contributions - employer	-	185,122	(185,122)
Contributions - employee	-	182,471	(182,471)
Net investment income	-	1,568,784	(1,568,784)
Benefit payments, including refunds of employee contributions	(555,289)	(555,289)	-
Administrative expenses	-	(9,049)	9,049
Other changes	-	(1,399)	1,399
Net changes	$ 402,444	$ 1,370,640	$ (968,196)
Balances at June 30, 2017	$ 13,712,354	$ 14,301,932	$ (589,578)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
County Net Pension Liability (Asset)	$ 3,326,231	$ (1,158,029)	$ (4,846,021)
Component Unit Louisa County Water Authority Net Pension Liability (Asset)	273,586	(95,249)	(398,591)
Component Unit School Board (nonprofessional) Net Pension Liability (Asset)	$ 1,073,231	$ (589,578)	$ (1,990,427)

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, 2018 the County, Component Unit Louisa County Water Authority and Component Unit School Board (nonprofessional) recognized pension expense of $114,249, $9,397 and ($35,805), respectively. At June 30, 2018, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (Nonprofessional)		Component Unit Louisa County Water Authority	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 45,087	$ 610,713	$ 7,280	$ 133,331	$ 3,598	$ 49,599
Change in assumptions	-	179,584	-	133,808	-	14,771
Changes in proportion and differences between employer contribuions and proprotionate share of contributions	-	2,231	-	-	2,231	-
Net difference between projected and actual earnings on pension plan investments	-	497,784	-	201,581	-	41,284
Employer contributions subsequent to the measurement date	764,920	-	179,470	-	62,916	-
Total	$ 810,007	$ 1,290,312	$ 186,750	$ 468,720	$ 68,745	$ 105,654

$764,920, $62,916, and $179,470 reported as deferred outflows of resources related to pensions resulting from the County's, Component Unit Louisa County Water Authority and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction or Component of the Net Pension Liability (Asset) in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board (Nonprofessional)	Component Unit Louisa County Water Authority
2019	$ (661,210)	$ (241,954)	$ (54,385)
2020	(135,836)	(55,715)	(11,173)
2021	(129,393)	(29,666)	(10,643)
2022	(316,555)	(134,105)	(25,855)
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 provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2018 was 16.32% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015 and reflects the transfer in June 2015 of $192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were $4,536,723 and $3,965,868 for the years ended June 30, 2018 and June 30, 2017, respectively.

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

At June 30, 2018, the school division reported a liability of $42,184,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2017 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, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the school division's proportion was .34301% as compared to .34631% at June 30, 2016.

For the year ended June 30, 2018, the school division recognized pension expense of $3,286,000. Since there was a change in proportionate share between June 30, 2016 and June 30, 2017, 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.

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)

At June 30, 2018, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 2,987,000
Change in assumptions	616,000	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	548,000	370,000
Net difference between projected and actual earnings on pension plan investments	-	1,533,000
Employer contributions subsequent to the measurement date	4,536,723	-
Total	$ 5,700,723	$ 4,890,000

$4,536,723 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	
2019	$ (1,483,000)
2020	(1,000)
2021	(547,000)
2022	(1,495,000)
Thereafter	(200,000)

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, 2016, 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, 2017.

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-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:
RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:
RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

Note 8−Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions: (Continued)

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

Net Pension Liability

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

		Teacher Employee Retirement Plan
Total Pension Liability	$	45,417,520
Plan Fiduciary Net Position		33,119,545
Employers' Net Pension Liability (Asset)	$	12,297,975
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		72.92%

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

Note 8−Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Asests	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each one of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

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, 2019, 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, 2019 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.

Note 8–Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

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)	$ 62,994,000	$ 42,184,000	$ 24,969,000

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2016 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 9–Contingent Liabilities:

Federal programs in which the County and its component units participate were audited in accordance with the provisions of Title 2 *U.S. Code of Federal Regulations* (CFR) part 200, U*niform Administrative Requirements Cost Principles, and Audit Requirements for Federal Awards*. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by the audit, Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

Note 10–Landfill Closure and Postclosure Care Cost:

The County of Louisa, Virginia owns and operates a landfill site which includes two permitted cells. The original cell (#194) accepts no further solid waste after December, 2013, while the newer cell (#567) came online in early 2013. At current fill rates, cell # 1 at cell 567 has a life expectancy of approximately 1.64 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 $6,305,552 reported as landfill closure, postclosure and corrective action liability on the June 30, 2018 Statement of Net Position is equal to the expected closure and postclosure costs. The landfill is closed as of June 30, 2018. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County has demonstrated financial assurance requirements for closure, postclosure care and corrective action costs through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC20-70 of the Virginia Administrative Code. Also, the County intends to fund these costs from funds accumulated for this purpose in the General Fund.

Note 11–Risk Management:

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

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

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

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

Note 12–Litigation:

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

Note 13−Interfund Transfers:

Interfund transfers for the year ended June 30, 2018, consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	$ 7,175,799	$ 4,437,666
Natural Disaster Capital Projects Fund	-	7,147,281
Capital Projects Fund	4,437,666	28,518
Total	$ 11,613,465	$ 11,613,465

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

Note 14−Surety Bonds:

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

Note 15−Group Life Insurance (GLI) Program (OPEB Plan):

Plan Description

All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance Program upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members’ paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the Group Life Insurance Program OPEB.

Note 15−Group Life Insurance (GLI) Program (OPEB Plan):

Plan Description: (Continued)

The specific information for Group Life Insurance Program OPEB, including eligibility, coverage and benefits is set out in the table below:

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS

Eligible Employees

The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:

- City of Richmond
- City of Portsmouth
- City of Roanoke
- City of Norfolk
- Roanoke City School Board

Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.

Benefit Amounts

The benefits payable under the Group Life Insurance Program have several components.

- **Natural Death Benefit** - The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.
- **Accidental Death Benefit** – The accidental death benefit is double the natural death benefit.
- **Other Benefit Provisions** – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:
  - Accidental dismemberment benefit
  - Safety belt benefit
  - Repatriation benefit
  - Felonious assault benefit
  - Accelerated death benefit option

Reduction in Benefit Amounts

The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.

Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)

For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at $8,000 by statute. The amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently $8,111.

Note 15−Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Contributions

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2018 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the County were $63,000 (made up of $58,212 and $4,788 for the County and LCWA respectively) and $60,000 (made up of $55,722 and $4,278 for the County and LCWA respectively) for the years ended June 30, 2018 and June 30, 2017, respectively. Contributions to School Professional Plan were $149,000 and $138,000 for the years ended June 30, 2018 and June 30, 2017, respectively. Contributions to the School Nonprofessional Plan were $20,000 and $19,000 for the years ended June 30, 2018 and June 30, 2017, respectively.

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB

At June 30, 2018, the County, School Board (Professional) and School Board (Nonprofessional) reported a liabilities of $951,000 (made up of $880,721 and $70,279 for the County and LCWA respectively), $2,209,000, and $310,000, for their proportionate share of the Net GLI OPEB Liability, respectively. The Net GLI OPEB Liability was measured as of June 30, 2017 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, County, School Board (Professional) and School Board (Nonprofessional)'s proportion were .06320%, .14677% and .02060% respectively, as compared to .06262% .14694% and .02044% at June 30, 2016.

For the year ended June 30, 2018, the County, School Board (Professional) and School Board (Nonprofessional) recognized GLI OPEB expense of $13,000 (made up of $7,409 and $591 for the County and LCWA respectively), $22,000, and $6,000 respectively. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

Note 15−Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB: (Continued)

At June 30, 2018, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	County Plan					
	County		LCWA		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 19,448	$ -	$ 1,552	$ -	$ 21,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	33,340	-	2,660	-	36,000
Change in assumptions	-	45,379	-	3,621	-	49,000
Changes in proportion	7,409	-	591	-	8,000	-
Employer contributions subsequent to the measurement date	58,212	-	4,788	-	63,000	-
Total	$ 65,621	$ 98,167	$ 5,379	$ 7,833	$ 71,000	$ 106,000

	School Professional		School Nonprofessional	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 49,000	$ -	$ 7,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	83,000	-	12,000
Change in assumptions	-	114,000	-	16,000
Employer contributions subsequent to the measurement date	149,000	-	20,000	-
Total	$ 149,000	$ 246,000	$ 20,000	$ 35,000

Note 15−Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB (Continued)

$63,000, $149,000, and $20,000 reported as deferred outflows of resources related to the GLI OPEB resulting from the respective County, School Board (Professional) and School Board (Nonprofessional)'s contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	County Plan	School Professional	School Nonprofessional
2019	$ (20,000)	$ (51,000)	$ (7,000)
2020	(20,000)	(51,000)	(7,000)
2021	(20,000)	(51,000)	(7,000)
2022	(20,000)	(51,000)	(7,000)
2023	(13,000)	(30,000)	(4,000)
Thereafter	(5,000)	(12,000)	(3,000)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2016, 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, 2017.

Inflation	2.5%
Salary increases, including inflation:	
General state employees	3.5% – 5.35%
Teachers	3.5%-5.95%
SPORS employees	3.5%-4.75%
VaLORS employees	3.5%-4.75%
JRS employees	4.5%
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-4.75%
Investment rate of return	7.0%, net of investment expenses, 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 OPEB liabilities.

Note 15–Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Mortality Rates – General State Employees

Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.

Post-Disablement:
RP-2014 Disability Mortality Rates projected with scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

Note 15−Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – Teachers

Pre-Retirement:
RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:
RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:
RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

Note 15−Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – SPORS Employees

Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:
RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

Note 15−Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – VaLORS Employees

Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:
RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

Note 15−Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – JRS Employees

Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% compounding increase from ages 70 to 85.

Post-Disablement:
RP-2014 Disability Mortality Rates projected with scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change

Note 15−Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – Largest Ten Locality Employers – General Employees

Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:
RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

Note 15−Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – Non-Largest Ten Locality Employers – General Employees

Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:
RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Mortality Rates – Largest Ten Locality Employers – Hazardous Duty Employees

Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:
RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

Note 15−Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – Largest Ten Locality Employers – Hazardous Duty Employees: (Continued)

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

Mortality Rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees

Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:
RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

Note 15−Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees: (Continued)

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

NET GLI OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2017, NOL amounts for the Group Life Insurance Program is as follows (amounts expressed in thousands):

		Group Life Insurance OPEB Program
Total GLI OPEB Liability	$	2,942,426
Plan Fiduciary Net Position		1,437,586
Employers' Net GLI OPEB Liability (Asset)	$	1,504,840
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		48.86%

The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

Note 15−Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on the System's 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 System's 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
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

*The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total GLI OPEB 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 guidance 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, 2019, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Note 15–Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

The follow presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 7.00%, as well as what the employer's proportionate share of the net GLI OPEB 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	
	1% Decrease (6.00%)	**Current Discount (7.00%)**	**1% Increase (8.00%)**
Proportionate share of the Group Life Insurance Program Net OPEB Liability:			
County Plan	$ 1,230,000	$ 951,000	$ 724,000
School Professional	2,857,000	2,209,000	1,683,000
School Nonprofessional	401,000	310,000	236,000

Group Life Insurance Program Fiduciary Net Position

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 16–Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan):

Plan Description

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee Health Insurance Credit Program. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

Note 16−Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Plan Description: (Continued)

The specific information for the Teacher Health Insurance Credit Program OPEB, including eligibility, coverage, and benefits is set out in the table below:

TEACHER EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM PLAN PROVISIONS
Eligible Employees The Teacher Employee Retiree Health Insurance Credit Program was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Eligible employees are enrolled automatically upon employment. They include: • Full-time permanent (professional) salaried employees of public school divisions covered under VRS.
Benefit Amounts The Teacher Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees: • **<u>At Retirement</u>** – For Teacher and other professional school employees who retire, the monthly benefit is $4.00 per year of service per month with no cap on the benefit amount. • **<u>Disability Retirement</u>** – For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: o $4.00 per month, multiplied by twice the amount of service credit, or o $4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.
Health Insurance Credit Program Notes: • The monthly Health Insurance Credit benefit cannot exceed the individual premium amount. • Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the health insurance credit as a retiree.

Note 16−Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2018 was 1.23% of covered employee compensation for employees in the VRS Teacher Employee Health Insurance Credit Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate 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 from the school division to the VRS Teacher Employee Health Insurance Credit Program were $352,000 and $299,000 for the years ended June 30, 2018 and June 30, 2017, respectively.

Teacher Employee Health Insurance Credit Program OPEB Liabilities, Teacher Employee Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee Health Insurance Credit Program OPEB

At June 30, 2018, the school division reported a liability of $4,351,000 for its proportionate share of the VRS Teacher Employee Health Insurance Credit Program Net OPEB Liability. The Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was measured as of June 30, 2017 and the total VRS Teacher Employee Health Insurance Credit Program OPEB liability used to calculate the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee Health Insurance Credit Program OPEB plan for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the school division's proportion of the VRS Teacher Employee Health Insurance Credit Program was .34290% as compared to .34629% at June 30, 2016.

For the year ended June 30, 2018, the school division recognized VRS Teacher Employee Health Insurance Credit Program OPEB expense of $348,000. Since there was a change in proportionate share between June 30, 2016 and June 30, 2017, a portion of the VRS Teacher Employee Health Insurance Credit Program Net OPEB expense was related to deferred amounts from changes in proportion.

Note 16−Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Teacher Employee Health Insurance Credit Program OPEB Liabilities, Teacher Employee Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee Health Insurance Credit Program OPEB: (Continued)

At June 30, 2018, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee Health Insurance Credit Program OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	$ -	$ 8,000
Change in assumptions	-	45,000
Change in proportion	-	37,000
Employer contributions subsequent to the measurement date	352,000	-
Total	$ 352,000	$ 90,000

$352,000 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ended June 30	
2019	$ (15,000)
2020	(15,000)
2021	(15,000)
2022	(15,000)
2023	(13,000)
Thereafter	(17,000)

Note 16−Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee Health Insurance Credit Program was based on an actuarial valuation as of June 30, 2016, 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, 2017.

Inflation	2.5%
Salary increases, including inflation:	
Teacher employees	3.5%-5.95%
Investment rate of return	7.0%, net of investment expenses, 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 OPEB liabilities.

Mortality Rates – Teachers

Pre-Retirement:
RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:
RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:
RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

Note 16–Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – Teachers: (Continued)

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee Health Insurance Credit Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2017, NOL amounts for the VRS Teacher Employee Health Insurance Credit Program is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	$	1,364,702
Plan Fiduciary Net Position		96,091
Teacher Employee net HIC OPEB Liability (Asset)	$	1,268,611
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		7.04%

The total Teacher Employee HIC OPEB liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net Teacher Employee HIC OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

Note 16–Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on the VRS 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 VRS 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
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

*The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2019, the rate contributed by each school division for the VRS Teacher Employee Health Insurance Credit Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB 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 Teacher Employee HIC OPEB liability.

Note 16–Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Sensitivity of the School Division's Proportionate Share of the Teacher Employee HIC Net OPEB Liability to Changes in the Discount Rate

The follow presents the school division's proportionate share of the VRS Teacher Employee Health Insurance Credit Program net HIC OPEB liability using the discount rate of 7.00%, as well as what the school division's proportionate share of the net HIC OPEB 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		
	1% Decrease (6.00%)	**Current Discount (7.00%)**	**1% Increase (8.00%)**
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	$ 4,856,000	$ 4,351,000	$ 3,921,000

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee Health Insurance Credit Program's Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 17–Health Insurance Credit (HIC) Program:

Plan Description

All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision Health Insurance Credit Program upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

Note 17−Health Insurance Credit (HIC) Program: (Continued)

Plan Description: (Continued)

The specific information about the Political Subdivision Health Insurance Credit Program OPEB, including eligibility, coverage and benefits is set out in the table below:

POLITICAL SUBDIVISION HEALTH INSURANCE CREDIT PROGRAM PLAN PROVISIONS
Eligible Employees The Political Subdivision Retiree Health Insurance Credit Program was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and who retire with at least 15 years of service credit. Eligible employees of participating employers are enrolled automatically upon employment. They include: • Full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan.
Benefit Amounts The political subdivision's Retiree Health Insurance Credit Program provides the following benefits for eligible employees: • **At Retirement** – For employees who retire, the monthly benefit is $1.50 per year of service per month with a maximum benefit of $45.00 per month. • **Disability Retirement**- For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is $45.00 per month.
Health Insurance Credit Program Notes: • The monthly Health Insurance Credit benefit cannot exceed the individual premium amount. • No health insurance credit for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans. • Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the health insurance credit as a retiree.

Note 17–Health Insurance Credit (HIC) Program: (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2016 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	County Plan	School Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	12	40
Inactive members:		
Vested inactive members	6	-
Non-vested inactive members	-	-
Inactive members active elsewhere in VRS	-	-
Total inactive members	6	-
Active members	120	188
Total covered employees	138	228

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) 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. The County and School Nonprofessional contractually required employer contribution rates for the year ended June 30, 2018 were .17% and .44% of covered employee compensation respectively. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate 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 from the County to the Health Insurance Credit Program were $9,706 (comprised of $8,968 and $738 for the County and LCWA respectively) and $9,335 (comprised of $8.669 and $666 for the County and LCWA respectively) for the years ended June 30, 2018 and June 30, 2017, respectively. Contributions from the School Board for the Nonprofessional plan were $16,613 and $16,711 for the years ended June 30, 2018 and June 30, 2017, respectively.

Net HIC OPEB Liability

The County Plan and School Nonprofessional Plan net Health Insurance Credit OPEB liabilities were measured as of June 30, 2017. The total Health Insurance Credit OPEB liability was determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Note 17−Health Insurance Credit (HIC) Program: (Continued)

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2016, 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, 2017.

Inflation	2.5%
Salary increases, including inflation:	
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-4.75%
Investment rate of return	7.0%, net of investment expenses, 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 the OPEB liabilities.

Mortality Rates – Largest Ten Locality Employers – General Employees

Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:
RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

Note 17−Health Insurance Credit (HIC) Program: (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – Largest Ten Locality Employers – General Employees: (Continued)

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

Mortality Rates – Non-Largest Ten Locality Employers – General Employees

Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:
RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

Note 17−Health Insurance Credit (HIC) Program: (Continued)

Actuarial Assumptions: (Continued

Mortality Rates – Non-Largest Ten Locality Employers – General Employees: (Continued)

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Mortality Rates – Largest Ten Locality Employers – Hazardous Duty Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

Note 17–Health Insurance Credit (HIC) Program: (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – Largest Ten Locality Employers – Hazardous Duty Employees: (Continued)

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

Mortality Rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees

Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:
RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

Note 17−Health Insurance Credit (HIC) Program: (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on the System's 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 System's 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
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

*The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that 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, 2019, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Note 17−Health Insurance Credit (HIC) Program: (Continued)

Changes in Net HIC OPEB Liability

	County Plan		
	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2016	$ 118,354	$ 77,594	$ 40,760
Changes for the year:			
Service cost	$ 6,452	$ -	$ 6,452
Interest	8,200	-	8,200
Benefit changes	-	-	-
Differences between expected and actual experience	-	-	-
Assumption changes	(5,502)	-	(5,502)
Contributions - employer	-	9,335	(9,335)
Net investment income	-	9,433	(9,433)
Benefit payments	(2,428)	(2,428)	-
Administrative expenses	-	(164)	164
Other changes	-	452	(452)
Net changes	$ 6,722	$ 16,628	$ (9,906)
Balances at June 30, 2017	$ 125,076	$ 94,222	$ 30,854

	School Plan		
	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2016	$ 354,215	$ 202,829	$ 151,386
Changes for the year:			
Service cost	$ 7,405	$ -	$ 7,405
Interest	24,414	-	24,414
Benefit changes	-	-	-
Differences between expected and actual experience	-	-	-
Assumption changes	(9,218)	-	(9,218)
Contributions - employer	-	16,711	(16,711)
Net investment income	-	23,683	(23,683)
Benefit payments	(10,895)	(10,895)	-
Administrative expenses	-	(389)	389
Other changes	-	1,178	(1,178)
Net changes	$ 11,706	$ 30,288	$ (18,582)
Balances at June 30, 2017	$ 365,921	$ 233,117	$ 132,804

The total net HIC OPEB Liability for the County Plan is allocated between the County ($28,574) and LCWA ($2,280).

Note 17−Health Insurance Credit (HIC) Program: (Continued)

Sensitivity of the Health Insurance Credit Net OPEB Liability to Changes in the Discount Rate

The follow presents the County and School Nonprofessional Health Insurance Credit Program net HIC OPEB liability using the discount rate of 7.00%, as well as what the net HIC OPEB 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		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
County's Net HIC OPEB Liability	$ 43,957	$ 30,854	$ 19,789
School Nonprofessional's Net HIC OPEB Liability	168,662	132,804	101,936

Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Health Insurance Credit Program OPEB

For the year ended June 30, 2018, the County recognized Health Insurance Credit Program OPEB expense of $7,201 (comprised of $6,588 and $613 for the County and LCWA respectively). The School Nonprofessional plan recognized Health Insurance Credit Program OPEB expense of $12,950. At June 30, 2018, the County and School Nonprofessional plans reported deferred outflows of resources and deferred inflows of resources related to their Health Insurance Credit Program from the following sources:

	County		LCWA		Total	
	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 HIC OPEB plan investments	$ -	$ 2,778	$ -	$ 221	$ -	$ 2,999
Change in assumptions	-	4,420	-	353	-	4,773
Employer contributions subsequent to the measurement date	8,968	-	738	-	9,706	-
Total	$ 8,968	$ 7,198	$ 738	$ 574	$ 9,706	$ 7,772

	School Nonprofessional	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Net difference between projected and actual earnings on HIC OPEB plan investments	-	7,418
Change in assumptions	-	7,403
Employer contributions subsequent to the measurement date	16,613	-
Total	$ 16,613	$ 14,821

Note 17−Health Insurance Credit (HIC) Program: (Continued)

Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Health Insurance Credit Program OPEB: (Continued)

$8,968, $738, and $9,706 reported by the County, LCWA, and School Nonprofessional plan as deferred outflows of resources related to the HIC OPEB resulting from the contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30	County Plan	School Nonprofessional
2019	$ (1,479)	$ (3,651)
2020	(1,479)	(3,651)
2021	(1,479)	(3,651)
2022	(1,478)	(3,650)
2023	(729)	(218)
Thereafter	(1,128)	-

Health Insurance Credit Program Plan Data

Information about the VRS Political Subdivision Health Insurance Credit Program is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 18−Medical, Dental, and Life Insurance – Pay-as-you-Go (OPEB Plan):

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.

Note 18–Medical, Dental, and Life Insurance – Pay-as-you-Go (OPEB Plan): (Continued)

Benefits Provided

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

Plan Membership

At July 1, 2017 (valuation date), the following employees were covered by the benefit terms:

	County	School Board	LCWA
Retirees & spouses	$ 4	$ 22	$ -
Active employees	236	763	18
Total	$ 240	$ 785	$ 18

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Plan Board. The amount paid by the County, School Board, and LCWA for OPEB as the benefits came due during the year ended June 30, 2018 were $19,606, $195,612 and $10, respectively.

Total OPEB Liability

The total OPEB liability was measured as of June 30, 2018.

Actuarial Assumptions

The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	3.00%
Discount Rate	3.55%
Investment Rate of Return	N/A

Note 18–Medical, Dental, and Life Insurance – Pay-as-you-Go (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality rates for Active employees and healthy retirees were based on a RP-2000 Mortality Tables Projected with Scale AA to 2020 while mortality rates for disabled retirees were based on a RP-2000 Disabled Life Mortality Table and no provision for mortality improvement. Mortality rates for retirees were based on a The RP-2000 Mortality Tables Projected with Scale AA to 2020.

The date of the most recent actuarial experience study for which significant assumptions were based is not available.

Discount Rate

As the Plan is not pre-funded and no OPEB Plan Fiduciary Net Position exists, GASB 75 requires that the discount rate reflect the yield for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The 3.55% rate used in the valuation is based on indices published by Bond Buyer and Fidelity for 20-year general obligation bonds as of June 30, 2017. The final equivalent single discount rate used for this year's valuation is 3.55% as of the end of the fiscal year with the expectation that the entity will continue contributing the Actuarially Determined Contribution and paying the pay-go cost from the OPEB Trust.

Changes in Total OPEB Liability

Changes in Total OPEB Liability

	Primary Government Total OPEB Liability	School Board Total OPEB Liability	LCWA Total OPEB Liability
Balances at June 30, 2017	$ 916,880	$ 3,320,082	$ 40,534
Changes for the year:			
Service cost	69,958	174,931	3,149
Interest	32,201	116,168	1,439
Benefit payments	(19,606)	(95,487)	(10)
Net changes	82,553	195,612	4,578
Balances at June 30, 2018	$ 999,433	$ 3,515,694	$ 45,112

Note 18–Medical, Dental, and Life Insurance – Pay-as-you-Go (OPEB Plan): (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following amounts present the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.55%) or one percentage point higher (4.55%) than the current discount rate:

	Rate		
	1% Decrease (2.55%)	**Current Discount Rate (3.55%)**	**1% Increase (4.55%)**
County	$ 1,110,725	$ 999,433	$ 901,641
School Board	3,888,435	3,515,694	3,182,047
LCWA	49,457	45,112	41,170

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (4.8% decreasing to an ultimate rate of 3.1%) or one percentage point higher (6.8% decreasing to an ultimate rate of 5.1%) than the current healthcare cost trend rates:

	Rates		
	1% Decrease (4.8% decreasing to 3.1%)	**Healthcare Cost Trend (5.8% decreasing to 4.1%)**	**1% Increase (6.8% decreasing to 5.1%)**
County	$ 869,063	$ 999,433	$ 1,158,415
School Board	3,057,069	3,515,694	4,072,660
LCWA	39,599	45,112	51,655

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2018, the County, School Board, and LCWA recognized OPEB expense in the amount of $102,159, $291,099, and $4,588, respectively. At June 30, 2018, there were no deferred outflows of resources and deferred inflows of resources related to OPEB for the pay-as-you-go plan.

Additional disclosures on changes in net OPEB liability, related ratios, and employer contributions can be found in the required supplementary information following the notes to the financial statements.

Note 18–Medical, Dental, and Life Insurance – Pay-as-you-Go (OPEB Plan): (Continued)

Summary of OPEB Liability, Deferred Outflows of Resources and Deferred Inflows of Resources:

	Primary Government			Component Unit School Board		
	Net OPEB Liability	Deferred Outflows of Resouces	Deferred Inflows of Resouces	Net OPEB Liability	Deferred Outflows of Resouces	Deferred Inflows of Resouces
Pay-as-you-go (Note 18)	$ 999,433	$ -	$ -	$ 3,515,694	$ -	$ -
Group Life:						
- County (Note 15)	880,721	65,621	98,167	-	-	-
- School Professional (Note 15)	-	-	-	2,209,000	149,000	246,000
- School Nonprofessional (Note 15)	-	-	-	310,000	20,000	35,000
Teacher HIC Program (Note 16)	-	-	-	4,351,000	352,000	90,000
HIC Prorgam (Note 17)	28,574	8,968	7,198	132,804	16,613	14,821
Total	$ 1,908,728	$ 74,589	$ 105,365	$ 10,518,498	$ 537,613	$ 385,821

	Component Unit LCWA		
	Net OPEB Liability	Deferred Outflows of Resouces	Deferred Inflows of Resouces
Pay-as-you-go (Note 18)	$ 45,112	$ -	$ -
HIC Prorgam (Note 17)	2,280	738	574
Group Life - City (Note 15)	70,279	5,379	7,833
Total	$ 117,671	$ 6,117	$ 8,407

Note 19–Construction Commitments:

As of June 30, 2018 the County has the following construction commitments:

Project	Contract Amounts	Expenditures as of June 30, 2018	Contract Balance
James River Water Project	$ 41,191,042	$ 33,297,494	$ 7,893,548

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.

General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
General property taxes	$ 57,181,018	$ 57,852,553	$ 60,518,750	$ 2,666,197
Other local taxes	5,921,000	5,921,000	6,740,528	819,528
Permits, privilege fees, and regulatory licenses	459,800	459,800	523,651	63,851
Fines and forfeitures	60,000	60,000	59,530	(470)
Revenue from the use of money and property	274,500	274,500	518,667	244,167
Charges for services	1,906,500	1,906,500	2,141,653	235,153
Miscellaneous	100,000	302,957	329,110	26,153
Recovered costs	54,800	58,975	190,225	131,250
Intergovernmental:				
Commonwealth	7,197,756	7,748,580	7,668,223	(80,357)
Federal	2,012,856	2,171,031	2,321,003	149,972
Total revenues	$ 75,168,230	$ 76,755,896	$ 81,011,340	$ 4,255,444
EXPENDITURES				
General government administration:				
Legislative:				
Board of supervisors	$ 172,883	$ 172,883	$ 161,888	$ 10,995
General and financial administration:				
County administrator	$ 385,793	$ 436,234	$ 391,049	$ 45,185
County attorney	385,829	408,969	371,189	37,780
Administrative and human resources	210,482	212,413	160,190	52,223
Commissioner of revenue	423,440	423,641	411,243	12,398
Reassessment	463,271	469,160	434,533	34,627
Treasurer	414,515	419,179	413,069	6,110
Finance	392,510	401,881	385,784	16,097
Network administration	415,687	455,579	415,390	40,189
Total general and financial administration	$ 3,091,527	$ 3,227,056	$ 2,982,447	$ 244,609
Board of elections:				
Electoral board and officials	$ 186,873	$ 220,125	$ 201,775	$ 18,350
Total general government administration	$ 3,451,283	$ 3,620,064	$ 3,346,110	$ 273,954
Judicial administration:				
Courts:				
Circuit court	$ 96,610	$ 96,643	$ 75,057	$ 21,586
General district court	8,075	8,167	4,890	3,277
Juvenile domestic court	10,310	12,710	4,042	8,668
Clerk of the circuit court	486,780	496,796	446,888	49,908
Sheriff - courts	768,722	740,249	739,131	1,118
Total courts	$ 1,370,497	$ 1,354,565	$ 1,270,008	$ 84,557

General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2018 (Continued)

	Budgeted Amounts			Variance with Final Budget -
	Original	**Final**	**Actual Amounts**	**Positive (Negative)**
EXPENDITURES: (Continued)				
Judicial administration: (Continued)				
Commonwealth's attorney:				
Commonwealth's attorney	$ 644,482	$ 769,013	$ 752,292	$ 16,721
Total judicial administration	$ 2,014,979	$ 2,123,578	$ 2,022,300	$ 101,278
Public safety:				
Law enforcement and traffic control:				
Sheriff - law enforcement	$ 3,808,159	$ 3,973,191	$ 3,899,016	$ 74,175
Communications center	890,482	922,829	917,085	5,744
Emergency 911 system	194,150	197,050	122,844	74,206
Total law enforcement and traffic control	$ 4,892,791	$ 5,093,070	$ 4,938,945	$ 154,125
Fire and rescue services:				
Office of emergency services	$ 367,574	$ 461,901	$ 402,690	$ 59,211
Fire & rescue assistance	1,376,400	1,929,204	1,622,513	306,691
Revenue recovery	184,886	184,896	165,796	19,100
Emergency services	2,690,489	2,651,049	2,649,274	1,775
Total fire and rescue services	$ 4,619,349	$ 5,227,050	$ 4,840,273	$ 386,777
Correction and detention:				
Sheriff - correction and detention	$ 3,289,137	$ 3,299,041	$ 3,192,102	$ 106,939
Other protection:				
Animal control	$ 238,573	$ 239,994	$ 218,258	$ 21,736
Animal shelter	257,488	316,319	253,469	62,850
Forest fire prevention and extinction	28,660	28,660	26,230	2,430
Emergency services (civil defense)	17,965	17,965	17,965	-
Transportation safety commission	1,200	1,073	1,071	2
Transportation department	267,500	299,058	296,374	2,684
Total other protection	$ 811,386	$ 903,069	$ 813,367	$ 89,702
Total public safety	$ 13,612,663	$ 14,522,230	$ 13,784,687	$ 737,543

General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2018 (Continued)

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
EXPENDITURES: (Continued)				
Public works:				
Sanitation and waste removal:				
Refuse collection-solid waste control	$ 1,173,543	$ 1,249,302	$ 1,165,997	$ 83,305
Litter control	-	9,424	9,424	-
Total sanitation and waste removal	$ 1,173,543	$ 1,258,726	$ 1,175,421	$ 83,305
Maintenance of general buildings and grounds:				
General properties	$ 1,520,179	$ 1,774,979	$ 1,546,640	$ 228,339
Water and wastewater	478,725	588,415	524,977	63,438
Total maintenance of general buildings and grounds	$ 1,998,904	$ 2,363,394	$ 2,071,617	$ 291,777
Total public works	$ 3,172,447	$ 3,622,120	$ 3,247,038	$ 375,082
Health and human services:				
Health:				
Supplement of local health department	$ 657,943	$ 657,943	$ 632,169	$ 25,774
Total health	$ 657,943	$ 657,943	$ 632,169	$ 25,774
Mental health and mental retardation:				
Region 10	$ 135,000	$ 135,000	$ 135,000	$ -
Human services:				
Administration and public assistance	$ 4,586,891	$ 4,762,052	$ 4,252,142	$ 509,910
At risk youth	2,672,399	3,372,600	2,938,046	434,554
Monticello Area Community Action Agency	35,424	35,424	35,424	-
Jefferson Area Board for Aging	269,110	269,110	269,110	-
Housing assistance	31,650	31,650	31,650	-
Human service agency donations	347,586	347,586	347,586	-
Total human services	$ 7,943,060	$ 8,818,422	$ 7,873,958	$ 944,464
Total health and human services	$ 8,736,003	$ 9,611,365	$ 8,641,127	$ 970,238
Education:				
Other instructional costs:				
Contribution to Louisa County school board	$ 32,906,539	$ 33,074,539	$ 32,110,028	$ 964,511
Contributions to local community college	64,768	64,768	64,768	-
Total education	$ 32,971,307	$ 33,139,307	$ 32,174,796	$ 964,511
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation	$ 623,005	$ 621,399	$ 607,191	$ 14,208
Parks and recreation - self supporting	362,105	368,345	368,345	-
Swimming pools	115,115	126,235	126,235	-
Total parks and recreation	$ 1,100,225	$ 1,115,979	$ 1,101,771	$ 14,208

General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2018 (Continued)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
EXPENDITURES: (Continued)				
Parks, recreation, and cultural: (Continued)				
Cultural enrichment:				
Agriculture fair	$ 2,000	$ 2,000	$ 2,000	$ -
Community organizations	67,500	72,000	72,000	-
Total cultural enrichment	$ 69,500	$ 74,000	$ 74,000	$ -
Library:				
Contribution to regional library	$ 354,721	$ 354,721	$ 354,571	$ 150
Total parks, recreation, and cultural	$ 1,524,446	$ 1,544,700	$ 1,530,342	$ 14,358
Community development:				
Planning and community development:				
Planning	$ 1,089,874	$ 1,022,693	$ 900,215	$ 122,478
Planning District Commission	57,294	57,294	57,294	-
Industrial Development Authority	95,089	97,001	97,001	-
Economic development	150,467	152,242	124,741	27,501
Tourism	68,641	43,141	19,686	23,455
Other community development	1,750	1,750	1,750	-
Total planning and community development	$ 1,463,115	$ 1,374,121	$ 1,200,687	$ 173,434
Environmental management:				
Soil and water conservation	$ 53,938	$ 53,938	$ 53,938	$ -
Cooperative extension program:				
VPI extension	$ 136,277	$ 151,682	$ 136,501	$ 15,181
Total community development	$ 1,653,330	$ 1,579,741	$ 1,391,126	$ 188,615
Nondepartmental:				
Miscellaneous	$ 615,000	$ 588	$ -	$ 588
Debt service:				
Principal retirement	$ 2,935,422	$ 3,599,372	$ 3,594,820	$ 4,552
Interest and other fiscal charges	2,762,516	2,770,101	2,762,814	7,287
Total debt service	$ 5,697,938	$ 6,369,473	$ 6,357,634	$ 11,839
Total Expenditures	$ 73,449,396	$ 76,133,166	$ 72,495,160	$ 3,638,006
Excess (deficiency) of revenues over (under) expenditures	$ 1,718,834	$ 622,730	$ 8,516,180	$ 7,893,450
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ 7,175,799	$ 7,175,799	$ -
Transfers out	(915,114)	(4,506,088)	(4,437,666)	68,422
Total other financing sources (uses)	$ (915,114)	$ 2,669,711	$ 2,738,133	$ 68,422
Net change in fund balances	$ 803,720	$ 3,292,441	$ 11,254,313	$ 7,961,872
Fund balances - beginning	(803,720)	(3,292,441)	46,597,413	49,889,854
Fund balances - ending	$ -	$ -	$ 57,851,726	$ 57,851,726

Schedule of Components of and Changes in Net Pension Liability and Related Ratios
Primary Government
For the Years Ended June 30, 2015 through June 30, 2018

	2017	2016	2015	2014
Total pension liability				
Service cost	$ 1,264,184	$ 1,188,987	$ 1,199,717	$ 1,192,189
Interest	2,151,814	2,013,571	1,926,333	1,807,709
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(698,869)	99,738	(560,194)	-
Impact of change in proportion	(71,283)	(82,531)	(66,793)	-
Changes in assumptions	(253,486)	-	-	-
Benefit payments, including refunds of employee contributions	(1,248,719)	(1,263,487)	(1,210,657)	(1,266,461)
Net change in total pension liability	$ 1,143,641	$ 1,956,278	$ 1,288,406	$ 1,733,437
Total pension liability - beginning	31,435,848	29,479,570	28,191,164	26,457,727
Total pension liability - ending (a)	$ 32,579,489	$ 31,435,848	$ 29,479,570	$ 28,191,164
Plan fiduciary net position				
Contributions - employer	$ 740,275	$ 969,141	$ 931,445	$ 1,273,042
Contributions - employee	528,473	512,607	505,307	490,304
Impact of change in proportion	(68,309)	(82,526)	(66,443)	
Net investment income	3,685,703	529,237	1,291,796	3,795,835
Benefit payments, including refunds of employee contributions	(1,248,719)	(1,263,487)	(1,210,657)	(1,266,461)
Administrative expense	(20,846)	(17,993)	(17,180)	(19,837)
Other	(3,297)	(222)	(274)	199
Net change in plan fiduciary net position	$ 3,613,280	$ 646,757	$ 1,433,994	$ 4,273,082
Plan fiduciary net position - beginning	30,124,238	29,477,481	28,043,487	23,770,405
Plan fiduciary net position - ending (b)	$ 33,737,518	$ 30,124,238	$ 29,477,481	$ 28,043,487
County's net pension liability - ending (a) - (b)	$ (1,158,029)	$ 1,311,610	$ 2,089	$ 147,677
Plan fiduciary net position as a percentage of the total pension liability	103.55%	95.83%	99.99%	99.48%
Covered payroll	$ 10,790,355	$ 10,446,153	$ 9,848,937	$ 10,447,235
County's net pension liability as a percentage of covered payroll	-10.73%	12.56%	0.02%	1.41%

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

Schedule of Components of and Changes in Net Pension Liability (Asset) and Related Ratios
Component Unit School Board (nonprofessional)
For the Years Ended June 30, 2015 through June 30, 2018

	2017	2016	2015	2014
Total pension liability				
Service cost	$ 359,891	$ 374,789	$ 385,090	$ 389,308
Interest	912,259	869,625	815,270	764,024
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(122,684)	(104,174)	41,954	-
Changes in assumptions	(191,733)	-	-	-
Benefit payments, including refunds of employee contributions	(555,289)	(507,083)	(424,544)	(417,952)
Net change in total pension liability	$ 402,444	$ 633,157	$ 817,770	$ 735,380
Total pension liability - beginning	13,309,910	12,676,753	11,858,983	11,123,603
Total pension liability - ending (a)	$ 13,712,354	$ 13,309,910	$ 12,676,753	$ 11,858,983
Plan fiduciary net position				
Contributions - employer	$ 185,122	$ 259,053	$ 258,841	$ 323,654
Contributions - employee	182,471	178,558	179,082	180,165
Net investment income	1,568,784	222,861	560,686	1,660,301
Benefit payments, including refunds of employee contributions	(555,289)	(507,083)	(424,544)	(417,952)
Administrative expense	(9,049)	(7,878)	(7,549)	(8,790)
Other	(1,399)	(95)	(119)	87
Net change in plan fiduciary net position	$ 1,370,640	$ 145,416	$ 566,397	$ 1,737,465
Plan fiduciary net position - beginning	12,931,292	12,785,876	12,219,479	10,482,014
Plan fiduciary net position - ending (b)	$ 14,301,932	$ 12,931,292	$ 12,785,876	$ 12,219,479
School Division's net pension liability/(asset) - ending (a) - (b)	$ (589,578)	$ 378,618	$ (109,123)	$ (360,496)
Plan fiduciary net position as a percentage of the total pension liability	104.30%	97.16%	100.86%	103.04%
Covered payroll	$ 3,797,949	$ 3,662,431	$ 3,625,558	$ 3,601,258
School Division's net pension liability as a percentage of covered payroll	-15.52%	10.34%	(9.94%)	(10.01%)

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

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
For the Years Ended June 30, 2015 through June 30, 2018*

	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	0.34301%	0.34631%	0.34524%	0.34084%
Employer's Proportionate Share of the Net Pension Liability (Asset)	$ 42,184,000	$ 48,532,000	$ 43,453,000	$ 41,190,000
Employer's Covered Payroll	27,076,954	26,396,654	27,016,456	27,382,926
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	155.79%	183.86%	160.84%	150.42%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.92%	68.28%	70.86%	70.88%

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

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

Schedule of Employer Contributions
For the Years Ended June 30, 2009 through June 30, 2018

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2018	$ 764,920	$ 764,920	$ -	$ 11,180,438	6.84%
2017	759,641	759,641	-	10,790,355	7.04%
2016	982,983	982,983	-	10,446,153	9.41%
2015	926,785	926,785	-	9,848,937	9.41%
2014	1,348,738	1,348,738	-	10,447,235	12.91%
2013	1,312,986	1,312,986	-	10,170,304	12.91%
2012	1,833,951	1,833,951	-	10,076,081	18.20%
2011	856,878	856,878	-	10,021,970	8.55%
2010	777,547	777,547	-	10,007,034	7.77%
2009	722,428	722,428	-	9,297,663	7.77%
Component Unit School Board (nonprofessional)					
2018	$ 179,470	$ 179,470	$ -	$ 3,775,794	4.75%
2017	194,075	194,075	-	3,797,949	5.11%
2016	263,695	263,695	-	3,662,431	7.20%
2015	261,040	261,040	-	3,625,558	7.20%
2014	323,393	323,393	-	3,601,258	8.98%
2013	316,299	316,299	-	3,522,265	8.98%
2012	212,384	212,384	-	3,487,418	6.09%
2011	209,427	209,427	-	3,438,859	6.09%
2010	202,579	202,579	-	3,277,971	6.18%
2009	204,431	204,431	-	3,307,941	6.18%
Component Unit School Board (professional) (1)					
2018	$ 4,536,723	$ 4,536,723	$ -	$ 28,641,191	15.84%
2017	3,965,868	3,965,868	-	27,076,954	14.65%
2016	3,669,249	3,669,249	-	26,396,654	13.90%
2015	3,917,386	3,917,386	-	27,016,456	14.50%

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

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this is a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2017 are not material.

Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Largest 10 – Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

Largest 10 – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

All Others (Non 10 Largest) – Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

All Others (Non 10 Largest) – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

Component Unit School Board - Professional Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

Schedule of County of Louisa, Virginia's Share of Net OPEB Liability
Group Life Insurance Program
For the Year Ended June 30, 2018

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government					
2017	0.05853%	$ 962,133	$ 10,790,355	8.92%	48.86%
Component Unit School Board (nonprofessional)					
2017	0.02060%	$ 310,000	$ 3,800,074	8.16%	48.86%
Component Unit School Board (professional)					
2017	0.14677%	$ 2,209,000	$ 27,071,164	8.16%	48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions
Group Life Insurance Program
For the Years Ended June 30, 2009 through June 30, 2018

Date		Contractually Required Contribution (1)		Contributions in Relation to Contractually Required Contribution (2)		Contribution Deficiency (Excess) (3)		Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government									
2018	$	58,212	$	58,212	$	-	$	11,180,438	0.52%
2017		55,722		55,722		-		10,790,355	0.52%
2016		54,017		54,017		-		10,446,153	0.52%
2015		51,444		51,444		-		9,848,937	0.52%
2014		50,260		50,260		-		10,447,235	0.48%
2013		48,865		48,865		-		10,170,304	0.48%
2012		28,336		28,336		-		10,076,081	0.28%
2011		28,123		28,123		-		10,021,970	0.28%
2010		20,384		20,384		-		10,007,034	0.20%
2009		25,141		25,141		-		9,297,663	0.27%
Component Unit School Board (nonprofessional)									
2018	$	19,634	$	19,634	$	-	$	3,775,794	0.52%
2017		19,760		19,760		-		3,800,074	0.52%
2016		17,631		17,631		-		3,673,054	0.48%
2015		17,449		17,449		-		3,635,118	0.48%
2014		17,286		17,286		-		3,601,258	0.48%
2013		16,925		16,925		-		3,525,972	0.48%
2012		9,765		9,765		-		3,487,418	0.28%
2011		9,629		9,629		-		3,438,859	0.28%
2010		6,402		6,402		-		3,277,971	0.20%
2009		8,931		8,931		-		3,307,941	0.27%
Component Unit School Board (professional)									
2018	$	148,934	$	148,934	$	-	$	28,641,191	0.52%
2017		140,770		140,770		-		27,071,164	0.52%
2016		126,744		126,744		-		26,404,973	0.48%
2015		123,264		123,264		-		25,679,905	0.48%
2014		119,990		119,990		-		24,997,865	0.48%
2013		115,953		115,953		-		24,156,868	0.48%
2012		67,192		67,192		-		23,997,030	0.28%
2011		67,042		67,042		-		23,943,724	0.28%
2010		45,845		45,845		-		23,972,568	0.19%
2009		66,344		66,344		-		24,571,956	0.27%

Notes to Required Supplementary Information
Group Life Insurance Program
For the Year Ended June 30, 2018

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions

Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

General State Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

Teachers

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

SPORS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

VaLORS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

Notes to Required Supplementary Information
Group Life Insurance Program
For the Year Ended June 30, 2018 (Continued)

JRS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change

Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

Schedule of Louisa School Board's Share of Net OPEB Liability
Teacher Health Insurance Credit Program (HIC)
For the Year Ended June 30, 2018

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2017	0.34290%	$ 4,351,000	$ 27,061,875	16.08%	7.04%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions
Teacher Health Insurance Credit Program (HIC)
For the Years Ended June 30, 2009 through June 30, 2018

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2018	$ 351,964	$ 351,964	$ -	$ 28,614,923	1.23%
2017	300,387	300,387	-	27,061,875	1.11%
2016	279,893	279,893	-	26,404,973	1.06%
2015	272,083	272,083	-	25,668,214	1.06%
2014	276,675	276,675	-	24,925,690	1.11%
2013	267,658	267,658	-	24,113,350	1.11%
2012	143,959	143,959	-	23,994,868	0.60%
2011	143,662	143,662	-	23,943,724	0.60%
2010	176,590	176,590	-	23,972,568	0.74%
2009	265,377	265,377	-	24,571,956	1.08%

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

Schedule of Changes in the Net OPEB Liability and Related Ratios
Health Insurance Credit Program (HIC)
For the Year Ended June 30, 2018

	Primary Government 2017	School Nonprofessional 2017
Total HIC OPEB Liability		
Service cost	$ 5,975	$ 7,405
Interest	7,594	24,414
Impact of change in proportion	(106)	-
Changes in assumptions	(5,095)	(9,218)
Benefit payments	(2,249)	(10,895)
Net change in total HIC OPEB liability	$ 6,119	$ 11,706
Total HIC OPEB Liability - beginning	109,915	354,215
Total HIC OPEB Liability - ending (a)	$ 116,034	$ 365,921
Plan fiduciary net position		
Contributions - employer	$ 8,645	$ 16,711
Net investment income	8,736	23,683
Benefit payments	(2,249)	(10,895)
Administrative expense	(152)	(389)
Other	419	1,178
Net change in plan fiduciary net position	$ 15,399	$ 30,288
Plan fiduciary net position - beginning	72,061	202,829
Plan fiduciary net position - ending (b)	$ 87,460	$ 233,117
Net HIC OPEB liability - ending (a) - (b)	$ 28,574	$ 132,804
Plan fiduciary net position as a percentage of the total HIC OPEB liability	75.37%	63.71%
Covered payroll	$ 5,099,411	$ 3,797,949
Net HIC OPEB liability as a percentage of covered payroll	0.56%	3.50%

Schedule is intended to show information for 10 years. Information prior to the 2018 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions
Health Insurance Credit Program (HIC)
For the Years Ended June 30, 2009 through June 30, 2018

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2018	$ 8,989	$ 8,989	$ -	$ 5,287,237	0.17%
2017	8,669	8,669	-	5,099,411	0.17%
2016	8,829	8,829	-	5,193,409	0.17%
2015	8,069	8,069	-	4,746,288	0.17%
2014	3,715	3,715	-	4,643,962	0.08%
2013	8,133	8,133	-	10,165,938	0.08%
2012	7,083	7,083	-	10,119,019	0.07%
2011	7,031	7,031	-	10,043,875	0.07%
2010	14,058	14,058	-	10,041,647	0.14%
2009	13,032	13,032	-	9,308,237	0.14%
Component Unit School Board (nonprofessional)					
2018	$ 16,613	$ 16,613	$ -	$ 3,775,794	0.44%
2017	16,711	16,711	-	3,797,949	0.44%
2016	16,481	16,481	-	3,662,431	0.45%
2015	16,315	16,315	-	3,625,558	0.45%
2014	19,807	19,807	-	3,601,258	0.55%
2013	19,359	19,359	-	3,519,873	0.55%
2012	20,227	20,227	-	3,487,418	0.58%
2011	19,945	19,945	-	3,438,859	0.58%
2010	32,452	32,452	-	3,277,971	0.99%
2009	32,749	32,749	-	3,307,941	0.99%

Notes to Required Supplementary Information
Health Insurance Credit Program (HIC)
For the Year Ended June 30, 2018

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
Pay-As-You-Go Plan
For the Year Ended June 30, 2018

	Primary Government 2018	School Nonprofessional 2018
Total OPEB liability		
Service cost	$ 69,958	$ 174,931
Interest	32,201	116,168
Changes in assumptions	-	-
Benefit payments	(19,606)	(95,487)
Net change in total OPEB liability	$ 82,553	$ 195,612
Total OPEB liability - beginning	916,880	3,320,082
Total OPEB liability - ending	$ 999,433	$ 3,515,694
Covered payroll	$ 12,109,574	$ 33,572,727
School Board's total OPEB liability (asset) as a percentage of covered payroll	8.25%	10.47%

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

Notes to Required Supplementary Information - Pay-As-You Go OPEB Plan
For the Year Ended June 30, 2018

Valuation Date: 7/1/2017
Measurement Date: 6/30/2018

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.55%
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 5.8% in 2018 and gradually decreases to 4.1% by 2075
Salary Increase Rates	3.00%
Retirement Age	15 years of service and VRS eligibility
Mortality Rates	The mortality rates are based on the RP-2000 Employee Mortality Tables.

OTHER SUPPLEMENTARY INFORMATION

Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Other local taxes	$ 925,000	$ 925,000	$ 1,159,976	$ 234,976
Revenue from the use of money and property	85,000	85,000	419,528	334,528
Miscellaneous	79,000	227,101	168,550	(58,551)
Intergovernmental:				
Commonwealth	165,000	218,472	209,689	(8,783)
Total revenues	$ 1,254,000	$ 1,455,573	$ 1,957,743	$ 502,170
EXPENDITURES				
Current:				
Economic development projects	$ 100,000	$ 29,909,988	$ 18,972,670	$ 10,937,318
Emergency services projects	649,000	7,533,304	4,360,272	3,173,032
Judicial administration	-	127,400	-	127,400
County administration	16,000	1,247,815	79,833	1,167,982
Parks and recreation	26,000	323,666	123,066	200,600
Sheriff's department	515,000	540,425	414,371	126,054
School capital projects	2,098,500	2,343,267	2,061,494	281,773
Public works	899,400	4,764,980	380,028	4,384,952
Miscellaneous capital projects	-	-	-	-
Total expenditures	$ 4,303,900	$ 46,790,845	$ 26,391,734	$ 20,399,111
Excess (deficiency) of revenues over (under) expenditures	$ (3,049,900)	$ (45,335,272)	$ (24,433,991)	$ 20,901,281
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 528,000	$ 4,437,666	$ 4,437,666	$ -
Transfers out	-	(28,518)	(28,518)	-
Total other financing sources (uses)	$ 528,000	$ 4,409,148	$ 4,409,148	$ -
Net change in fund balances	$ (2,521,900)	$ (40,926,124)	$ (20,024,843)	$ 20,901,281
Fund balances - beginning	2,521,900	40,926,124	44,408,993	3,482,869
Fund balances - ending	$ -	$ -	$ 24,384,150	$ 24,384,150

Natural Disaster Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
OTHER FINANCING SOURCES (USES)				
Transfers out	$ -	$ (7,147,281)	$ (7,147,281)	$ -
Net change in fund balances	$ -	$ (7,147,281)	$ (7,147,281)	$ -
Fund balances - beginning	-	7,147,281	7,147,281	-
Fund balances - ending	$ -	$ -	$ -	$ -

Combining Statement of Fiduciary Net Position
Agency Funds
June 30, 2018

	Agency Funds			
	Special Welfare Fund	Bond Escrow Fund	Spencer Scholarship Fund	Total
ASSETS				
Cash and cash equivalents	$ 10,070	$ 1,678,053	$ 53,339	$ 1,741,462
LIABILITIES				
Amounts held for social services clients	$ 10,070	$ -	$ -	$ 10,070
Amounts held for projects	-	1,678,053	-	1,678,053
Amounts held for others	-	-	53,339	53,339
Total liabilities	$ 10,070	$ 1,678,053	$ 53,339	$ 1,741,462

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2018

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Special Welfare Fund:				
ASSETS				
Cash and cash equivalents	$ 7,159	$ 42,295	$ 39,384	$ 10,070
Total assets	$ 7,159	$ 42,295	$ 39,384	$ 10,070
LIABILITIES				
Amounts held for social services clients	$ 7,159	$ 42,295	$ 39,384	$ 10,070
Total liabilities	$ 7,159	$ 42,295	$ 39,384	$ 10,070
Bond Escrow Fund:				
ASSETS				
Cash and cash equivalents	$ 1,950,624	$ -	$ 272,571	$ 1,678,053
Total assets	$ 1,950,624	$ -	$ 272,571	$ 1,678,053
LIABILITIES				
Amounts held for projects	$ 1,950,624	$ -	$ 272,571	$ 1,678,053
Total liabilities	$ 1,950,624	$ -	$ 272,571	$ 1,678,053
Spencer Scholarship Fund:				
ASSETS				
Cash and cash equivalents	$ 55,203	$ -	$ 1,864	$ 53,339
Total assets	$ 55,203	$ -	$ 1,864	$ 53,339
LIABILITIES				
Amounts held for others	$ 55,203	$ -	$ 1,864	$ 53,339
Total liabilities	$ 55,203	$ -	$ 1,864	$ 53,339
Totals - All Agency Funds:				
ASSETS				
Cash and cash equivalents	$ 2,012,986	$ 42,295	$ 313,819	$ 1,741,462
Total assets	$ 2,012,986	$ 42,295	$ 313,819	$ 1,741,462
LIABILITIES				
Amounts held for social services clients	$ 7,159	$ 42,295	$ 39,384	$ 10,070
Amounts held for projects	1,950,624	-	272,571	1,678,053
Amounts held for others	55,203	-	1,864	53,339
Total liabilities	$ 2,012,986	$ 42,295	$ 313,819	$ 1,741,462

Combining Balance Sheet
Governmental Funds - Discretely Presented Component Unit - School Board
June 30, 2018

	School Operating Fund	Natural Disaster Operating Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 6,580,095	$ 743,658	$ 7,323,753
Receivables (net of allowance for uncollectibles):			
Accounts receivable	9,281	-	9,281
Due from other governmental units	920,927	507,758	1,428,685
Total assets	$ 7,510,303	$ 1,251,416	$ 8,761,719
LIABILITIES			
Liabilities:			
Accounts payable	$ 1,133,625	$ -	$ 1,133,625
Accrued liabilities	6,376,678	-	6,376,678
Total liabilities	$ 7,510,303	$ -	$ 7,510,303
FUND BALANCE:			
Committed:			
Earthquake related expenditures	$ -	$ 1,251,416	$ 1,251,416
Total fund balances	$ -	$ 1,251,416	$ 1,251,416
Total liabilities and fund balances	$ 7,510,303	$ 1,251,416	$ 8,761,719

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

Total fund balances per above	$ 1,251,416
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	79,127,996
The net pension asset is not an available resource and, thereforem is not reported in the funds.	589,578
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	6,425,086
Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the funds.	(53,341,699)
Deferred inflows of resources are not due and payable inthe current-period and, therefore, are not reported in the funds.	(5,744,541)
Net position of governmental activities	$ 28,307,836

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2018

	School Operating Fund	Natural Disaster Operating Fund	Total Governmental Funds
REVENUES			
Revenue from the use of money and property	$ 32,320	$ -	$ 32,320
Charges for services	964,004	-	964,004
Miscellaneous	354,894	-	354,894
Recovered costs	109,003	-	109,003
Intergovernmental:			
Local government	32,110,028	-	32,110,028
Commonwealth	22,293,182	-	22,293,182
Federal	3,476,521	-	3,476,521
Total revenues	$ 59,339,952	$ -	$ 59,339,952
EXPENDITURES			
Current:			
Education	$ 59,340,260	$ -	$ 59,340,260
Excess (deficiency) of revenues over (under) expenditures	$ (308)	$ -	$ (308)
Net change in fund balances	$ (308)	$ -	$ (308)
Fund balances - beginning	308	1,251,416	1,251,724
Fund balances - ending	$ -	$ 1,251,416	$ 1,251,416

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		$ (308)
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	$ 535,747	
Depreciation expense	(3,700,632)	
Assets contributed by Primary Government	1,177,164	
Transfer of joint tenancy assets from Primary Government to the Component Unit	1,696,067	$ (291,654)
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	$ 217,860	
Pension expense	1,393,177	
OPEB expense	(46,949)	$ 1,564,088
Change in net position of governmental activities		$ 1,272,126

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, 2018

	School Operating Fund			
	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Revenue from the use of money and property	$ 3,000	$ 3,000	$ 32,320	$ 29,320
Charges for services	1,280,300	1,280,300	964,004	(316,296)
Miscellaneous	204,050	204,050	354,894	150,844
Recovered costs	200,000	200,000	109,003	(90,997)
Intergovernmental:				
Local government	32,906,539	33,074,539	32,110,028	(964,511)
Commonwealth	22,331,672	22,331,672	22,293,182	(38,490)
Federal	4,256,619	4,256,619	3,476,521	(780,098)
Total revenues	$ 61,182,180	$ 61,350,180	$ 59,339,952	$ (2,010,228)
EXPENDITURES				
Current:				
Education:				
Instruction	$ 42,707,991	$ 43,787,254	$ 40,697,929	$ 3,089,325
Administration, attendance and health	2,926,004	2,531,305	2,804,267	(272,962)
Pupil transportation	5,383,173	5,153,093	5,395,406	(242,313)
Operation and maintenance services	5,087,290	4,932,042	4,941,786	(9,744)
Technology	2,615,401	2,484,165	3,125,021	(640,856)
School food services	2,462,321	2,462,321	2,375,851	86,470
Total expenditures	$ 61,182,180	$ 61,350,180	$ 59,340,260	$ 2,009,920
Excess (deficiency) of revenues over (under) expenditures	$ -	$ -	$ (308)	$ (308)
Net change in fund balances	$ -	$ -	$ (308)	$ (308)
Fund balances - beginning	-	-	308	308
Fund balances - ending	$ -	$ -	$ -	$ -

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

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Supporting Schedules

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	$ 31,649,245	$ 31,649,245	$ 32,992,007	$ 1,342,762
Real and personal public service corporation taxes	17,650,000	17,650,000	17,651,531	1,531
Personal property taxes	6,379,773	7,051,308	8,045,826	994,518
Mobile home taxes	64,000	64,000	67,890	3,890
Machinery and tools taxes	308,000	308,000	316,545	8,545
Other taxes	500,000	500,000	525,056	25,056
Penalties	310,000	310,000	424,027	114,027
Interest	320,000	320,000	495,868	175,868
Total general property taxes	$ 57,181,018	$ 57,852,553	$ 60,518,750	$ 2,666,197
Other local taxes:				
Local sales and use taxes	$ 3,400,000	$ 3,400,000	$ 3,622,340	$ 222,340
Consumers' utility taxes	600,000	600,000	679,384	79,384
Business license taxes	150,000	150,000	215,870	65,870
Utility license taxes	9,000	9,000	18,988	9,988
Motor vehicle licenses	1,187,000	1,187,000	1,376,881	189,881
Taxes on recordation and wills	475,000	475,000	644,987	169,987
Hotel and motel room taxes	100,000	100,000	182,078	82,078
Total other local taxes	$ 5,921,000	$ 5,921,000	$ 6,740,528	$ 819,528
Permits, privilege fees, and regulatory licenses:				
Animal licenses	$ 14,300	$ 14,300	$ 13,615	$ (685)
Land use application fees	1,000	1,000	3,020	2,020
Transfer fees	1,500	1,500	1,833	333
Building and other related permits	300,000	300,000	360,166	60,166
Zoning and use permits	100,000	100,000	113,661	13,661
Erosion and sediment control	40,000	40,000	27,975	(12,025)
Permits and other licenses	3,000	3,000	3,381	381
Total permits, privilege fees, and regulatory licenses	$ 459,800	$ 459,800	$ 523,651	$ 63,851
Fines and forfeitures:				
Court fines and forfeitures	$ 60,000	$ 60,000	$ 59,530	$ (470)
Revenue from use of money and property:				
Revenue from use of money	$ 240,000	$ 240,000	$ 470,659	$ 230,659
Revenue from use of property	34,500	34,500	48,008	13,508
Total revenue from use of money and property	$ 274,500	$ 274,500	$ 518,667	$ 244,167
Charges for services:				
Excess fees of clerk	$ 10,000	$ 10,000	$ 18,521	$ 8,521
Charges for law enforcement and traffic control	5,000	5,000	5,034	34
Charges for courthouse maintenance	14,000	14,000	9,934	(4,066)
Charges for Commonwealth's Attorney	2,500	2,500	2,787	287
Ambulance services	1,100,000	1,100,000	1,223,657	123,657
Charges for sanitation and waste removal	250,000	250,000	314,986	64,986
Charges for parks and recreation	437,000	437,000	472,316	35,316
Charges for telecommunication review	25,000	25,000	35,770	10,770

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018 (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	$ 59,000	$ 59,000	$ 40,532	$ (18,468)
Other charges for services	4,000	4,000	15,062	11,062
Court fees law library	-	-	3,054	3,054
Total charges for services	$ 1,906,500	$ 1,906,500	$ 2,141,653	$ 235,153
Miscellaneous:				
Miscellaneous	$ 100,000	$ 302,957	$ 329,110	$ 26,153
Recovered costs:				
Juvenile and domestic relations court costs	$ 23,800	$ 23,800	$ 24,945	$ 1,145
Expenditure refunds	-	-	28,638	28,638
Other recovered costs	31,000	35,175	136,642	101,467
Total recovered costs	$ 54,800	$ 58,975	$ 190,225	$ 131,250
Total revenue from local sources	$ 65,957,618	$ 66,836,285	$ 71,022,114	$ 4,185,829
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	$ -	$ -	$ 23,838	$ 23,838
Mobile home titling tax	15,000	15,000	36,525	21,525
Motor vehicle rental tax	3,000	3,000	16,901	13,901
Communication sales tax	330,000	330,000	317,834	(12,166)
Personal property tax relief funds	1,620,227	1,620,227	1,620,227	-
Total noncategorical aid	$ 1,968,227	$ 1,968,227	$ 2,015,325	$ 47,098
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	$ 350,000	$ 350,000	$ 357,412	$ 7,412
Sheriff	1,297,530	1,297,530	1,288,496	(9,034)
Commissioner of revenue	130,000	130,000	133,185	3,185
Treasurer	125,000	125,000	126,456	1,456
Registrar/electoral board	40,000	40,000	42,321	2,321
Clerk of the Circuit Court	275,000	275,000	306,085	31,085
Total shared expenses	$ 2,217,530	$ 2,217,530	$ 2,253,955	$ 36,425
Other categorical aid:				
Welfare administration and assistance	$ 1,928,999	$ 2,019,745	$ 1,632,496	$ (387,249)
Wireless E-911 grant	-	1,980	61,617	59,637
Juvenile justice - crime control	-	9,904	9,905	1
At risk youth - children's services act	1,083,000	1,363,000	1,472,768	109,768
Four 4 life grant	-	-	39,780	39,780
Litter control grant	-	9,424	9,424	-
Radiological preparedness grant	-	36,000	36,000	-
Records preservation	-	-	3,176	3,176
Fire programs fund	-	104,075	104,075	-
Victim-witness grant	-	13,103	13,103	-

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Other categorical aid: (Continued)				
Other categorical aid	$ -	$ 5,592	$ 16,599	$ 11,007
Total other categorical aid	$ 3,011,999	$ 3,562,823	$ 3,398,943	$ (163,880)
Total categorical aid	$ 5,229,529	$ 5,780,353	$ 5,652,898	$ (127,455)
Total revenue from the Commonwealth	$ 7,197,756	$ 7,748,580	$ 7,668,223	$ (80,357)
Revenue from the federal government:				
Categorical aid:				
Welfare public assistance	$ 1,753,328	$ 1,837,743	$ 2,002,890	$ 165,147
Victim witness	-	39,310	39,310	-
Federal DMV grants	-	7,100	2,428	(4,672)
Bulletproof vest partnership program	-	-	4,510	4,510
Violence against women	-	27,350	27,350	-
Federal interest subsidy	259,528	259,528	226,908	(32,620)
Emergency management preparedness	-	-	17,607	17,607
Total categorical aid	$ 2,012,856	$ 2,171,031	$ 2,321,003	$ 149,972
Total revenue from the federal government	$ 2,012,856	$ 2,171,031	$ 2,321,003	$ 149,972
Total General Fund	$ 75,168,230	$ 76,755,896	$ 81,011,340	$ 4,255,444
Capital Projects Fund:				
County Capital Improvements Fund:				
Revenue from local sources:				
Other local taxes:				
Meals tax	$ 925,000	$ 925,000	$ 1,159,976	$ 234,976
Revenue from use of money and property:				
Revenue from the use of money	$ 85,000	$ 85,000	$ 419,528	$ 334,528
Miscellaneous revenue:				
Other miscellaneous	$ 79,000	$ 227,101	$ 168,550	$ (58,551)
Total revenue from local sources	$ 1,089,000	$ 1,237,101	$ 1,748,054	$ 510,953
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Recordation taxes	$ 135,000	$ 135,000	$ 156,217	$ 21,217
Other categorical aid	30,000	83,472	53,472	(30,000)
Total categorical aid	$ 165,000	$ 218,472	$ 209,689	$ (8,783)
Total revenue from the Commonwealth	$ 165,000	$ 218,472	$ 209,689	$ (8,783)
Total County Capital Improvements Fund	$ 1,254,000	$ 1,455,573	$ 1,957,743	$ 502,170
Total Primary Government	$ 76,422,230	$ 78,211,469	$ 82,969,083	$ 4,757,614

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
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	$ 978	$ (1,522)
Revenue from the use of property	500	500	31,342	30,842
Total revenue from use of money and property	$ 3,000	$ 3,000	$ 32,320	$ 29,320
Charges for services:				
Tuition	$ 469,300	$ 469,300	$ 229,739	$ (239,561)
Cafeteria sales	811,000	811,000	734,265	(76,735)
Total charges for services	$ 1,280,300	$ 1,280,300	$ 964,004	$ (316,296)
Miscellaneous revenue:				
Other miscellaneous	$ 204,050	$ 204,050	$ 354,894	$ 150,844
Recovered costs:				
Other recovered costs	$ 200,000	$ 200,000	$ 109,003	$ (90,997)
Total revenue from local sources	$ 1,687,350	$ 1,687,350	$ 1,460,221	$ (227,129)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Louisa, Virginia	$ 32,906,539	$ 33,074,539	$ 32,110,028	$ (964,511)

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	$ 5,309,598	$ 5,309,598	$ 5,033,844	$ (275,754)
Basic school aid	9,904,807	9,904,807	10,004,211	99,404
Remedial education	331,927	331,927	334,932	3,005
Special education	1,436,222	1,436,222	1,449,223	13,001
Textbook payment	233,583	233,583	235,697	2,114
Vocational SOQ payments	172,347	172,347	173,907	1,560
Social security fringe benefits	602,150	602,150	607,600	5,450
Retirement fringe benefits	1,380,901	1,380,901	1,393,401	12,500
At risk payments	291,617	291,617	295,526	3,909
Special education - regional tuition	554,171	554,171	522,674	(31,497)
Primary class size	430,734	430,734	428,838	(1,896)
Technology	206,000	206,000	246,321	40,321
At risk four-year olds	263,375	263,375	275,625	12,250
Other state funds	1,214,240	1,214,240	1,291,383	77,143
Total categorical aid	$ 22,331,672	$ 22,331,672	$ 22,293,182	$ (38,490)
Total revenue from the Commonwealth	$ 22,331,672	$ 22,331,672	$ 22,293,182	$ (38,490)
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	903,000	903,000	764,910	(138,090)
Title VI-B: Special education grants	1,675,355	1,675,355	1,014,689	(660,666)
Title VI-B: Special education preschool grants	17,540	17,540	12,857	(4,683)
Vocational education	75,000	75,000	96,646	21,646
Safe and drug free schools and communities	2,500	2,500	-	(2,500)
Title II, part A: Improving teacher quality	155,000	155,000	130,787	(24,213)
School lunch and breakfast program	1,402,000	1,402,000	1,441,615	39,615
Title IV Part A	-	-	14,100	14,100
Language acquisition grant - refugee children	11,224	11,224	917	(10,307)
Total categorical aid	$ 4,256,619	$ 4,256,619	$ 3,476,521	$ (780,098)
Total revenue from the federal government	$ 4,256,619	$ 4,256,619	$ 3,476,521	$ (780,098)
Total School Operating Fund	$ 61,182,180	$ 61,350,180	$ 59,339,952	$ (2,010,228)
Total Discretely Presented Component Unit - School Board	$ 61,182,180	$ 61,350,180	$ 59,339,952	$ (2,010,228)

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Statistical Section

Contents	Tables
Financial Trends These tables contain trend information to help the reader understand how the the County's financial performance and well-being have changed over time.	1 - 6
Revenue Capacity These tables contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.	7 - 10
Debt Capacity These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue debt in the future.	11-12
Demographic and Economic Information These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.	13-14
Operating Information These tables contain information about the County's operations and resources to help the reader understand how the County's financial information relate to the services the County provides and the activities it performs.	15-17

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

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COUNTY OF LOUISA, VIRGINIA **Table 1**

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	$ 17,461,096	$ 17,504,861	$ 18,143,105	$ 17,833,603	$ 16,354,996	$ 18,464,264	$ 24,664,433	$ 23,278,507	$ 25,809,816	$ 30,809,285
Restricted	-	-	-	-	-	1,571,038	1,527,892	1,483,266	-	1,016,602
Unrestricted	59,940,996	64,218,511	56,273,869	58,590,814	59,139,278	51,610,080	47,904,898	53,460,871	61,946,226	63,190,810
Total governmental activities net position	$ 77,402,092	$ 81,723,372	$ 74,416,974	$ 76,424,417	$ 75,494,274	$ 71,645,382	$ 74,097,223	$ 78,222,644	$ 87,756,042	$ 95,016,697
Primary government										
Net investment in capital assets	$ 17,461,096	$ 17,504,861	$ 18,143,105	$ 17,833,603	$ 16,354,996	$ 18,464,264	$ 24,664,433	$ 23,278,507	$ 25,809,816	$ 30,809,285
Restricted	-	-	-	-	-	1,571,038	1,527,892	1,483,266	-	1,016,602
Unrestricted	59,940,996	64,218,511	56,273,869	58,590,814	59,139,278	51,610,080	47,904,898	53,460,871	61,946,226	63,190,810
Total primary government net position	$ 77,402,092	$ 81,723,372	$ 74,416,974	$ 76,424,417	$ 75,494,274	$ 71,645,382	$ 74,097,223	$ 78,222,644	$ 87,756,042	$ 95,016,697

COUNTY OF LOUISA, VIRGINIA

Table 2
Page 1 of 2

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government administration	$ 3,350,010	$ 3,558,411	$ 3,677,873	$ 3,315,349	$ 3,397,777	$ 3,506,219	$ 3,435,934	$ 3,478,169	$ 3,542,581	$ 3,464,123
Judicial administration	2,171,890	2,159,585	2,102,860	2,009,183	2,058,528	2,064,058	1,880,796	1,979,935	1,938,254	1,972,016
Public safety	9,134,214	10,517,891	11,613,566	12,377,094	12,406,368	13,522,591	12,293,528	12,929,011	14,179,090	14,740,930
Public works	3,563,987	3,991,484	3,785,930	3,618,145	4,396,747	5,705,451	4,910,275	4,764,676	3,754,577	4,361,917
Health and welfare	7,118,397	7,303,205	7,190,521	7,556,166	7,728,749	7,310,884	7,594,943	7,838,939	8,593,657	8,525,097
Education	24,954,712	26,044,246	27,275,972	30,226,555	35,300,357	48,664,735	55,404,276	35,829,452	32,406,304	36,222,607
Parks, recreation and cultural	1,730,650	1,736,229	1,496,928	1,495,615	1,488,418	1,551,528	1,480,517	1,090,803	1,549,298	1,662,120
Community development	2,100,642	4,119,397	12,482,752	2,487,347	3,573,642	2,616,432	3,194,504	3,897,447	1,453,747	1,446,422
Interest on long-term debt	663,163	979,923	971,342	876,571	1,089,251	1,198,401	1,168,271	1,848,496	2,577,258	2,218,932
Total governmental activities expenses	$ 54,787,665	$ 60,410,371	$ 70,597,744	$ 63,962,025	$ 71,439,837	$ 86,140,299	$ 91,363,044	$ 73,656,928	$ 69,994,766	$ 74,614,164
Total primary government expenses	$ 54,787,665	$ 60,410,371	$ 70,597,744	$ 63,962,025	$ 71,439,837	$ 86,140,299	$ 91,363,044	$ 73,656,928	$ 69,994,766	$ 74,614,164
Program Revenues										
Governmental activities:										
Charges for services:										
General government administration	$ 54,675	$ 46,472	$ 77,620	$ 21,176	$ 7,197	$ 41,008	$ 7,797	$ 15,870	$ 7,134	$ 5,418
Judicial administration	175,650	142,758	125,991	83,893	108,028	165,625	119,779	97,417	108,997	134,358
Public safety	1,001,743	1,473,731	1,458,471	1,472,152	1,509,182	1,389,958	1,354,341	1,792,809	1,607,597	1,729,000
Public works	332,146	649,390	390,488	173,593	144,159	211,043	230,633	338,143	323,192	347,972
Parks, recreation and cultural	436,224	417,848	474,411	446,390	380,593	405,649	399,985	405,900	497,948	472,316
Community development	-	-	-	-	92,000	24,000	27,250	20,270	12,400	35,770
Operating grants and contributions	6,293,647	6,166,247	6,661,424	7,304,734	6,398,089	7,020,212	7,282,136	7,291,389	7,856,460	8,130,118
Capital grants and contributions	1,521,611	37,708	312,468	1,678,212	4,061,482	13,772,275	25,227,045	2,795,787	103,629	53,472
Total governmental activities program revenues	$ 9,815,696	$ 8,934,154	$ 9,500,873	$ 11,180,150	$ 12,700,730	$ 23,029,770	$ 34,648,966	$ 12,757,585	$ 10,517,357	$ 10,908,424
Total primary government program revenues	$ 9,815,696	$ 8,934,154	$ 9,500,873	$ 11,180,150	$ 12,700,730	$ 23,029,770	$ 34,648,966	$ 12,757,585	$ 10,517,357	$ 10,908,424
Net (expense) / revenue										
Governmental activities	$ (44,971,969)	$ (51,476,217)	$ (61,096,871)	$ (52,781,875)	$ (58,739,107)	$ (63,110,529)	$ (56,714,078)	$ (60,899,343)	$ (59,477,409)	$ (63,705,740)
Total primary government net expense	$ (44,971,969)	$ (51,476,217)	$ (61,096,871)	$ (52,781,875)	$ (58,739,107)	$ (63,110,529)	$ (56,714,078)	$ (60,899,343)	$ (59,477,409)	$ (63,705,740)

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	$ 47,820,043	$ 48,588,750	$ 46,946,443	$ 47,362,574	$ 48,819,978	$ 48,680,852	$ 52,232,855	$ 55,134,815	$ 58,183,294	$ 60,114,485
Local sales and use taxes	2,062,118	2,409,995	2,604,059	2,952,991	2,743,049	3,020,623	2,879,726	3,309,977	3,673,209	3,622,340
Taxes on recordation and wills	571,874	495,804	410,873	427,573	512,023	444,333	476,414	559,854	579,547	644,987
Motor vehicle licenses taxes	21,927	395,196	556,974	597,817	616,661	647,134	674,854	1,193,414	1,329,437	1,376,881
Consumer utility taxes	579,350	583,834	591,476	590,706	598,718	604,328	613,142	609,137	610,599	679,384
E-911 / Communication taxes	362,437	363,946	362,146	-	-	-	-	-	-	-
Meals taxes	-	-	-	270,164	783,656	794,167	853,460	971,798	1,094,835	1,159,976
Other local taxes	226,923	216,787	246,305	228,194	227,083	333,699	259,704	329,019	355,113	416,936
Unrestricted grants and contributions	1,990,902	1,873,141	1,529,514	1,831,432	1,892,641	2,021,312	1,944,776	1,995,279	2,000,254	2,015,325
Unrestricted revenues from use of money and property	941,206	553,396	356,548	286,590	323,760	305,361	320,025	399,957	741,813	938,195
Miscellaneous	269,679	314,823	184,434	241,277	194,732	335,198	325,243	510,160	442,706	448,079
Transfers	(50,735)	-	-	-	-					
Insurance proceeds	-	-	-	-	1,096,663	2,074,630	-	-	-	-
Gain/Loss Sale of Assets	-	1,825	1,701	-	-	-	-	-	-	-
Total governmental activities	$ 54,795,724	$ 55,797,497	$ 53,790,473	$ 54,789,318	$ 57,808,964	$ 59,261,637	$ 60,580,199	$ 65,013,410	$ 69,010,807	$ 71,416,588
Total primary government	$ 54,795,724	$ 55,797,497	$ 53,790,473	$ 54,789,318	$ 57,808,964	$ 59,261,637	$ 60,580,199	$ 65,013,410	$ 69,010,807	$ 71,416,588
Change in Net Position										
Governmental activities	$ 9,823,755	$ 4,321,280	$ (7,306,398)	$ 2,007,443	$ (930,143)	$ (3,848,892)	$ 3,866,121	$ 4,114,067	$ 9,533,398	$ 7,710,848
Total primary government	$ 9,823,755	$ 4,321,280	$ (7,306,398)	$ 2,007,443	$ (930,143)	$ (3,848,892)	$ 3,866,121	$ 4,114,067	$ 9,533,398	$ 7,710,848

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
2018	$ 60,114,485	$ 3,622,340	$ 644,987	$ 1,376,881	$ 679,384	$ -	$ 1,159,976	$ 416,936	$ 68,014,989
2017	58,183,294	3,673,209	610,599	1,329,437	579,547	-	1,094,835	355,113	65,826,034
2016	55,134,815	3,309,977	609,137	1,193,414	559,854	-	971,798	329,019	62,108,014
2015	52,232,855	2,879,726	613,142	674,854	476,414	-	853,460	259,704	57,990,155
2014	48,680,852	3,020,623	604,328	647,134	444,333	-	794,167	333,699	54,525,136
2013	48,819,978	2,743,049	598,718	616,661	512,023	-	783,656	227,083	54,301,168
2012	47,362,574	2,952,991	590,706	597,817	427,573	-	270,164	228,194	52,430,019
2011	46,946,443	2,604,059	591,476	556,974	410,873	362,146	-	246,305	51,718,276
2010	48,588,750	2,409,995	583,834	395,196	495,804	363,946	-	216,787	53,054,312
2009	47,820,043	2,062,118	579,350	21,927	571,874	362,437	-	226,923	51,644,672

COUNTY OF LOUISA, VIRGINIA **Table 4**

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General fund										
Nonspendable	$ -	$ -	$ -	$ 13,729	$ 12,639	$ 13,173	$ 16,298	$ 47,160	$ 255,671	$ 260,902
Restricted	-	-	-	-	-	1,571,038	1,527,892	1,483,266	-	1,016,602
Committed	-	15,800,000	15,800,000	15,800,000	15,800,000	16,127,572	16,043,455	16,065,184	15,800,000	15,800,000
Assigned	-	6,148,450	4,085,570	4,219,865	2,696,787	3,142,020	1,319,725	1,368,802	1,653,829	477,488
Unassigned	-	24,576,330	28,944,536	28,623,070	37,528,191	31,808,588	29,559,129	26,063,587	28,887,913	40,296,734
Unreserved	42,864,680	-	-	-	-	-	-	-	-	-
Total general fund	$ 42,864,680	$ 46,524,780	$ 48,830,106	$ 48,656,664	$ 56,037,617	$ 52,662,391	$ 48,466,499	$ 45,027,999	$ 46,597,413	$ 57,851,726
All other governmental funds										
Committed for capital projects funds	$ -	$ -	$ -	$ -	$ 15,269,509	$ 14,116,425	$ 7,922,833	$ 49,899,791	$ 33,238,865	$ 7,893,548
Assigned for capital projects funds	-	20,146,488	7,890,912	9,731,381	3,324,472	99,583	-	11,264,363	18,317,409	16,490,602
Unreserved capital projects funds	28,034,638	-	-	-	-	-	-	-	-	-
Total all other governmental funds	$ 28,034,638	$ 20,146,488	$ 7,890,912	$ 9,731,381	$ 18,593,981	$ 14,216,008	$ 7,922,833	$ 61,164,154	$ 51,556,274	$ 24,384,150

(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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
General property taxes	$ 47,544,306	$ 47,712,558	$ 46,990,688	$ 47,020,171	$ 48,787,578	$ 48,994,477	$ 52,205,038	$ 55,027,281	$ 58,357,514	$ 60,518,750
Other local taxes	3,824,629	4,465,562	4,771,833	5,067,445	5,481,190	5,844,284	5,757,300	6,973,199	7,642,740	7,900,504
Permits, privilege fees and regulatory licenses	1,117,012	830,171	590,423	435,796	401,691	428,901	444,544	645,658	506,821	523,651
Fines and forfeitures	132,814	196,601	239,817	169,536	136,111	85,254	48,357	37,974	29,299	59,530
Revenue from use of money and property	938,376	553,396	356,548	286,590	323,760	305,361	320,025	399,957	741,813	938,195
Charges for services	1,375,191	1,718,061	1,696,861	1,591,872	1,703,357	1,723,128	1,646,884	1,986,777	2,021,148	2,141,653
Miscellaneous	895,138	300,189	216,759	517,356	205,981	335,198	325,243	510,160	442,706	497,660
Recovered costs	134,990	150,493	163,522	99,459	71,213	93,425	181,956	231,852	578,182	190,225
Intergovernmental revenues:										
Contribution from School Board	-	-	-	-	-	-	1,167,485	-	-	-
Commonwealth	6,669,228	6,226,703	6,372,522	7,419,266	7,142,426	9,745,431	11,605,371	7,779,886	7,585,218	7,877,912
Federal	1,869,565	1,850,393	2,130,884	3,395,112	5,209,786	13,068,368	22,848,586	4,302,569	2,375,125	2,321,003
Total revenues	$ 64,501,249	$ 64,004,127	$ 63,529,857	$ 66,002,603	$ 69,463,093	$ 80,623,827	$ 96,550,789	$ 77,895,313	$ 80,280,566	$ 82,969,083
Expenditures										
General government administration	$ 2,992,833	$ 3,248,317	$ 3,201,991	$ 3,153,551	$ 3,214,437	$ 3,295,339	$ 3,259,357	$ 3,318,595	$ 3,272,417	$ 3,346,110
Judicial administration	2,036,725	2,000,848	1,891,250	1,882,501	1,902,864	1,926,261	1,886,765	1,971,782	1,952,842	2,022,300
Public safety	8,573,223	10,029,853	10,495,034	11,535,345	10,846,906	11,797,370	11,747,197	12,274,568	13,054,257	13,784,687
Public works	3,393,254	3,752,836	4,703,428	3,479,533	3,658,635	3,789,408	6,243,301	3,028,924	3,089,009	3,247,038
Health and welfare	7,130,528	7,433,326	7,298,075	7,555,697	7,732,699	7,298,502	7,629,321	8,025,122	8,678,611	8,641,127
Education	22,874,993	23,299,928	25,047,755	24,803,778	26,721,637	29,382,401	28,287,198	30,915,671	29,057,136	32,174,796
Parks, recreation and cultural	1,564,058	1,607,570	1,393,472	1,385,529	1,380,311	1,432,249	1,409,646	1,467,662	1,471,176	1,530,342
Community development	1,673,821	1,591,805	1,525,489	1,449,634	1,469,817	1,384,468	1,434,971	1,361,644	1,305,182	1,391,126
Capital projects	10,451,354	13,192,002	14,827,245	6,083,921	16,971,127	34,433,009	43,222,067	11,612,022	13,319,089	26,391,734
Debt service:										
Principal retirement	1,215,000	1,190,000	1,940,000	1,955,000	1,960,000	2,220,442	1,885,442	2,204,441	10,490,358	3,594,820
Interest and other fiscal charges	665,331	887,517	1,156,368	1,051,087	1,173,830	1,331,414	1,434,105	1,951,423	2,843,615	2,762,814
Total expenditures	$ 62,571,120	$ 68,234,002	$ 73,480,107	$ 64,335,576	$ 77,032,263	$ 98,290,863	$ 108,439,370	$ 78,131,854	$ 88,533,692	$ 98,886,894
Excess of revenues over (under) expenditures	$ 1,930,129	$ (4,229,875)	$ (9,950,250)	$ 1,667,027	$ (7,569,170)	$ (17,667,036)	$ (11,888,581)	$ (236,541)	$ (8,253,126)	$ (15,917,811)
Other financing sources (uses)										
Transfers in	$ 9,460,313	$ 4,854,860	$ 3,092,633	$ 5,557,683	$ 5,646,828	$ 5,445,273	$ 8,892,894	$ 15,083,118	$ 17,465,439	$ 11,613,465
Transfers out	(9,511,048)	(4,854,860)	(3,092,633)	(5,557,683)	(5,646,828)	(5,445,273)	(8,892,894)	(15,083,118)	(17,465,439)	(11,613,465)
Debt issued	16,004,474	-	-	-	15,024,716	-	500,000	44,830,000	-	-
Premium on bonds issued	-	-	-	-	1,379,051	-	-	5,209,362	-	-
Issuance of capital leases	-	-	-	-	-	-	899,514	-	214,660	
Sale of capital assets	-	1,825	-	-	-	-	-	-	-	-
Total other financing sources (uses)	$ 15,953,739	$ 1,825	$ -	$ -	$ 16,403,767	$ -	$ 1,399,514	$ 50,039,362	$ 214,660	$ -
Extraordinary items:										
Insurance proceeds	$ -	$ -	$ -	$ -	$ 7,408,956	$ 9,913,837	$ -	$ -	$ -	$ -
Net change in fund balances	$ 17,883,868	$ (4,228,050)	$ (9,950,250)	$ 1,667,027	$ 16,243,553	$ (7,753,199)	$ (10,489,067)	$ 49,802,821	$ (8,038,466)	$ (15,917,811)
Debt service as a percentage of noncapital expenditures	3.48%	3.49%	4.35%	4.97%	4.14%	3.90%	3.63%	5.11%	16.74%	8.47%

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
2018	$ 60,518,750	$ 3,622,340	$ 679,384	$ 1,376,881	$ 644,987	$ -	$ 1,159,976	$ 416,936	$ 68,419,254
2017	58,357,514	3,673,209	610,599	1,329,437	579,547	-	1,094,835	355,113	$ 66,000,254
2016	55,027,281	3,309,977	609,137	1,193,414	559,854	-	971,798	329,019	62,000,480
2015	52,205,038	2,879,726	613,142	674,854	476,414	-	853,460	259,704	57,962,338
2014	48,994,477	3,020,623	604,328	647,134	444,333	-	794,167	333,699	54,838,761
2013	48,787,578	2,743,049	598,718	616,661	512,023	-	783,656	227,083	54,268,768
2012	47,020,171	2,952,991	590,706	597,817	427,573	-	270,164	228,194	52,087,616
2011	46,990,688	2,604,059	591,476	556,974	410,873	362,146	-	246,305	51,762,521
2010	47,712,558	2,409,995	583,834	395,196	495,804	363,946	-	216,787	52,178,120
2009	47,544,306	2,062,118	579,350	21,927	571,874	362,437	-	226,923	51,368,935

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
2018	$ 5,089,628,000	$ 399,966,165	$ 10,552,700	$ 16,563,700	$ 80,726,020	$ 2,450,619,920	$ 8,048,056,505	$ 8,048,056,505	$ 100.00%	0.81
2017	4,941,166,100	382,171,780	10,733,900	17,240,925	78,425,865	2,449,442,640	7,879,181,210	7,879,181,210	100.00%	0.78
2016	4,837,891,500	357,158,820	10,267,300	16,405,760	80,784,420	2,511,655,800	7,814,163,600	7,814,163,600	100.00%	0.78
2015	4,777,630,500	341,372,490	10,600,100	19,422,485	71,385,195	2,617,150,420	7,837,561,190	7,837,561,190	100.00%	0.76
2014	4,684,098,800	322,098,985	10,774,500	18,075,150	73,809,620	2,550,898,590	7,659,755,645	7,659,755,645	100.00%	0.73
2013	4,634,596,700	315,079,250	10,659,640	18,079,660	74,028,685	2,563,851,550	7,616,295,485	7,616,295,485	100.00%	0.73
2012	4,809,878,400	306,112,590	10,800,535	16,843,835	68,920,580	2,510,888,670	7,723,444,610	7,723,444,610	100.00%	0.70
2011	4,999,035,800	305,658,145	11,150,300	14,582,815	66,171,075	2,403,301,540	7,799,899,675	7,799,899,675	100.00%	0.70
2010	5,155,202,300	304,893,145	11,724,670	16,483,850	62,351,915	2,382,687,070	7,933,342,950	7,933,342,950	100.00%	0.69
2009	5,190,412,400	334,390,420	11,999,130	16,025,820	59,178,500	2,310,520,400	7,922,526,670	7,922,526,670	100.00%	0.70

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
2018	0.72	2.43	0.72	1.90	0.65	0.81	0.1635	0.71	0.24	0.48
2017	0.72	2.43 (2)	0.72	1.90	0.65	0.78	0.1635	0.71	0.24	0.48
2016	0.72	1.90	0.72	1.90	0.65	0.78	0.1635	0.71	0.24	0.48
2015	0.68	1.90	0.65	1.90	0.65	0.76	0.1635	0.71	0.24	0.48
2014	0.65	1.90	0.65	1.90	0.65	0.73	0.1635	0.71	0.24	0.48
2013	0.65	1.90	0.65	1.90	0.65	0.73	0.166	0.71	0.25	0.60
2012	0.62	1.90	0.62	1.90	0.65	0.70	0.166	0.71	0.25	0.60
2011	0.62	1.90	0.62	1.90	0.65	0.70	0.166	0.71	0.25	0.60
2010	0.62	1.90	0.62	1.90	0.65	0.69	0.166	0.71	0.25	0.60
2009	0.62	1.90	0.62	1.90	0.65	0.70	0.166	0.71	0.25	0.60

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

COUNTY OF LOUISA, VIRGINIA **Table 9**

Principal Property Taxpayers
Current Year and the Period Nine Years Prior

Taxpayer	Type Business	Fiscal Year 2018 2016 Assessed Valuation	Fiscal Year 2018 % of Total Assessed Valuation	Fiscal Year 2009 2007 Assessed Valuation	Fiscal Year 2009 % of Total Assessed Valuation
Dominion Virgina Power	Electric	1,895,307,980	24.05%	1,759,225,640	22.21%
Old Dominion	Electric	416,463,720	5.29%	431,123,660	5.44%
Walmart	Retailer	111,642,865	1.42%	90,743,440	1.15%
Rappahannock Electric Co-op	Electric	48,442,640	0.61%	40,301,990	0.51%
Spring Creek Land	Land Developer	24,416,975	0.31%	13,984,400	0.18%
Klockner Pentaplast	Manufacturing	27,331,625	0.35%	28,943,200	0.37%
Columbia Gas	Pipeline	24,841,120	0.32%	21,912,490	0.28%
Colonial Pipeline	Pipeline	17,112,690	0.22%	11,324,390	0.14%
Lowes	Retailer	17,369,595	0.22%	N/A	N/A
Central Virginia Electric	Electric	16,894,550	0.21%	9,990,260	0.13%
William A. Cooke Inc.	Land Developer/Realtor	12,126,610	0.15%	N/A	N/A
Verizon	Telecom	-	N/A	25,515,210	0.32%
		2,611,950,370	33.15%	2,433,064,680	30.71%

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
2018	$ 61,369,990	$ 57,203,734	93.21%	$ -	$ 57,203,734	93.21%
2017	60,264,469	55,623,701	92.30%	1,252,846	56,876,547	94.38%
2016	55,928,868	52,909,359	94.60%	1,334,011	54,243,369	96.99%
2015	53,108,367	51,638,365	97.23%	1,412,454	53,050,818	99.89%
2014	50,373,700	48,270,091	95.82%	1,287,184	49,557,274	98.38%
2013	50,042,782	48,241,955	96.40%	1,269,208	49,511,163	98.94%
2012	47,825,382	46,403,601	97.03%	1,352,008	47,755,609	99.85%
2011	48,176,866	46,472,902	96.46%	1,578,224	48,051,126	99.74%
2010	48,916,345	47,557,751	97.22%	1,072,003	48,629,755	99.41%
2009	49,245,771	47,419,591	96.29%	1,164,715	48,584,306	98.66%

Source: Commissioner of Revenue, County Treasurer's office

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

COUNTY OF LOUISA, VIRGINIA **Table 11**

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities							
Fiscal Years	General Obligation Bonds	Lease Revenue Bonds	Bond Premium	Revenue Anticipation Notes	Capital Leases	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2018	$ 23,467,506	$ 36,480,000	$ 5,943,897	$ -	$ -	$ 65,891,403	4527.84%	$ 1,837
2017	25,392,948	37,115,000	6,430,908	-	1,034,378	69,973,234	5076.28%	1,986
2016	27,303,390	37,830,000	6,916,922	7,500,000	1,184,634	80,734,946	5996.37%	2,333
2015	29,198,832	-	1,932,473	500,000	899,514	32,530,819	2580.24%	948
2014	31,084,274	-	2,168,822	-	-	33,253,096	2769.98%	978
2013	33,304,716	-	2,372,944	-	-	35,677,660	2977.46%	1,064
2012	20,240,000	-	1,115,749	-	-	21,355,749	1817.87%	637
2011	22,195,000	-	1,243,824	-	-	23,438,824	2025.44%	702
2010	24,135,000	-	1,378,782	-	-	25,513,782	2270.86%	770
2009	25,325,000	-	1,480,493	-	-	26,805,493	2336.32%	816

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)
2018	$ 24,763,900	$ 24,763,900	0.31%	$ 691
2017	26,888,225	26,888,225	0.34%	763
2016	29,010,950	29,010,950	0.37%	838
2015	31,131,305	31,131,305	0.40%	907
2014	33,253,096	33,253,096	0.43%	978
2013	35,677,660	35,677,660	0.47%	1,064
2012	21,355,749	21,355,749	0.28%	637
2011	23,438,824	23,438,824	0.30%	702
2010	25,513,782	25,513,782	0.32%	770
2009	26,805,493	26,805,493	0.34%	816

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

COUNTY OF LOUISA, VIRGINIA **Table 13**

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Personal Income (2)	Median Age (3)	School Enrollment (4)	Unemploy-ment Rate (5)
2018	35,860	$ 1,455,249	$ 40,581	44	4,704	3.00%
2017	35,236	1,378,434	39,076		4,684	3.50%
2016	34,602	1,346,397	38,893		4,688	3.60%
2015	34,312	1,260,768	36,737		4,652	4.80%
2014	33,984	1,200,483	35,316	43.6	4,618	5.80%
2013	33,517	1,198,259	35,770		4,573	6.30%
2012	33,514	1,174,767	35,109		4,546	6.80%
2011	33,410	1,157,219	34,741		4,553	6.90%
2010	33,153	1,123,528	34,212	42.6	4,533	8.00%
2009	32,840	1,147,340	35,330		4,571	7.80%

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

Note: Personal Income and per capita personal income data is not available after 2016. The 2016 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 2018			Fiscal Year 2009	
Employer	**Employees**	**Rank**	**% of Total County Employment**	**Employees**	**Rank**
Walmart, Inc.	1,220	1	12.19%	Dominon Virginia Power	1
Louisa County Public Schools	920	2	9.19%	Louisa County Public Schools	2
Dominion Virginia Power	910	3	9.09%	Walmart, Inc.	3
Klockner- Pentaplast of America	532	4	5.31%	Klockner - Pentaplast of America	4
County of Louisa	407	5	4.07%	County of Louisa	5
Tri-Dim Filter Corporation	250	6	2.50%	Tri-Dim Filter Corporation	6
Lowes	182	7	1.82%	Shenandoah Crossing Resort	7
Food Lion	168	8	1.68%	Lowes	8
Shenandoah Crossings Resort*	116	9	1.16%	Louisa Health Care Center	9
Louisa Health Care Center	112	10	1.16%	Piedmont Metals	10
McDonalds	94	11	1.12%	Food Lion	11
Cavalier Produce	81	12	0.81%	Chips	12
Totals	10,012		50.08%		

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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government	33	32	32	32	29	32	32	32	34	34
Judicial administration	18	18	16	16	16	15	15	15	15	16
Public safety										
Sheriffs department	57	59	63	59	59	62	60	57	62	62
Fire & rescue	19	31	33	32	34	35	41	43	46	46
Building inspections	6.5	5.5	5.5	6	6	6	6	6	5	5
Animal control	4	4	2	4	4	4	3	3	3	6
Public works										
General maintenance	13	11	11	11	11	11	11	12	12	12
Landfill	2	2	1	1	1	1	1	5	5	6
Engineering	-	-	-	-	-	-	-	-	-	-
Health and welfare										
Department of social services	41	39	39	42	41	41	38	42	41	43
Culture and recreation										
Parks and recreation	5	5	5	5	5	5	5	5	5	5
Community development										
Planning	12.5	11.5	8.5	8	8	8	8	9	10	9
Totals	211	218	216	216	214	220	220	229	238	244

Source: Payroll Records

Operating Indicators by Function
Last Ten Fiscal Years

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public safety										
Sheriffs department:										
Physical arrests	2,068	2,078	2,227	2,155	1,974	1,751	1,850	1,764	1,822	1,701
Traffic violations	3,624	4,909	4,249	2,757	1,893	1,277	937	920	1,025	1,419
Civil papers	11,303	11,440	10,371	10,176	9,791	11,187	9,443	10,640	8,718	8,558
Fire and rescue:										
Fire	3,379	2,968	3,153	3,382	3,175	4,723	4,565	4,723	7,289	4,441
Rescue	4,910	5,258	5,220	5,234	5,491	5,553	5,133	6,554	6,735	6,337
Total Number of calls answered	8,289	8,226	8,373	8,616	8,666	10,276	9,698	11,277	14,024	10,778
Total Number of actual rescue transports	1,732	2,550	2,620	3,001	3,320	3,464	3,374	3630	3504	3,299
Building inspections:										
Permits issued	1,403	1,197	1,263	1,491	1,322	1,245	1,099	1386	1571	1,460
Public works										
General maintenance:										
Trucks/vehicles	10	12	13	10	11	12	10	11	11	11
Landfill:										
Refuse collected (tons/day)	67	64.91	59.04	63.02	82.40	109.43	55.11	61.64	64.09	68
Health and welfare										
Department of Social Services:										
Caseload:										
Food Stamps	1,130	1,544	1,977	2,107	2,201	2,269	1,992	1,786	1,769	1,609
Medicaid	2,339	2,223	2,454	2,556	2,737	2,845	3,018	2,946	2,917	3,039
Temporary Asst. Needy Families	109	128	127	113	123	118	100	91	83	71
Culture and recreation										
Parks and recreation:										
Recreation hall permits issued	66	140	210	193	159	167	206	198	179	251
After-school program participants	214	191	160	210	204	225	229	253	250	256
Aquatic Facility Participants	14,333	12,791	12,196	10,008	9,277	9,170	9,329	11,734	13,027	11,071
Youth sports participants	10,029	6,228	6,175	5,725	5,044	6,051	4,956	5,676	5,972	7,034
Community development										
Planning:										
Zoning permits issued	840	668	590	942	658	566	926	870	979	878
Component Unit - School Board										
Education:										
School age population			6,204			6,124		6,059	6,148	6,012
Actual School Enrollment (March)	4,571	4,533	4,553	4,546	4,573	4,618	4,867	4,688	4,684	4,704
Number of teachers	361	355	375	391	375	374	393	374	405	393
Local expenditures per pupil	5,409	5,422	5,649	6,477	5,796	5,810	6,665	6,652	6,553	7,016
Total expenditures per pupil	10,432	10,162	10,108	11,646	11,410	11,628	11,491	11,469	12,033	12,328

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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government administration										
Administration buildings	9	9	9	9	9	9	9	9	9	10
Vehicles	9	9	9	9	12	10	10	10	10	10
Public safety										
Sheriffs department:										
Patrol units	45	47	47	47	45	46	46	41	47	47
Other vehicles	24	23	26	32	31	31	31	39	33	33
Building inspections:										
Vehicles										
Animal control:										
Vehicles	4	4	4	5	5	5	5	4	6	7
Emergency Services:										
Vehicles	6	6	6	6	8	7	7	6	5	6
Ambulances	3	5	4	5	5	6	6	6	5	5
Public works										
General maintenance:										
Trucks/vehicles	10	12	13	13	12	12	11	8	10	10
Landfill:										
Vehicles	0	0	0	0	0	0	0	3	3	5
Sites	1	1	1	1	1	1	1	1	1	1
Refuse & Recycling Sites	9	9	9	9	9	9	9	9	9	9
Health and welfare										
Department of Social Services:										
Vehicles	11	11	8	7	7	8	8	9	9	9
Culture and recreation										
Parks and recreation:										
Community centers	2	2	2	2	2	2	2	2	2	2
Vehicles	5	4	6	6	8	8	9	9	8	8
Aquatic facilities	1	1	1	1	1	1	1	1	1	1
Parks acreage	35.22	35.22	35.22	35.22	104.62	104.62	104.62	104.62	104.62	104.62
Community development										
Planning:										
Vehicles	11	9	9	8	7	7	10	6	5	5
Component Unit - School Board										
Education:										
Schools	5	5	6	6	6	6	6	6	6	6
School buses	111	119	117	117	122	126	119	127	128	135

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 the County of Louisa, Virginia as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County of Louisa, Virginia's basic financial statements and have issued our report thereon dated November 29, 2018.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses (2018-001).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Louisa, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2018-001.

County of Louisa, Virginia's Response to Findings

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
November 29, 2018

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

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

Report on Compliance for Each Major Federal Program

We have audited the County of Louisa, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Louisa, Virginia's major federal programs for the year ended June 30, 2018. County of Louisa, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the County of Louisa, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

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

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

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

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

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
November 29, 2018

COUNTY OF LOUISA, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number		Federal Expenditures
Department of Health and Human Services:				
Pass Through Payments:				
Department of Social Services:				
Promoting safe and stable families	93.556	0950116/0950117	$	13,293
Temporary assistance for needy families	93.558	0400117/0400118		243,364
Refugee and entrant assistance - state administered programs	93.566	0500117/0500118		359
Low-income home energy assistance	93.568	0600417/0600418		28,607
Child care mandatory and matching funds of the child care and development fund	93.596	0760117/0760118		34,944
Chafee education and training vouchers program (ETV)	93.599	9160116/9160117		2,009
Stephanie Tubbs Jones child welfare services program	93.645	0900117		629
Foster care - Title IV-E	93.658	1100117/1100118		334,134
Adoption assistance	93.659	1120117/1120118		355,010
Social services block grant	93.667	1000117/1000118		248,402
Chafee foster care independence program	93.674	9150117/9150118		3,733
Children's health insurance program	93.767	0540117/0540118		14,147
Medical assistance program	93.778	1200117/1200118		365,744
Total Department of Health and Human Services			$	1,644,375
Department of Homeland Security:				
Pass Through Payments:				
Department of Emergency Management:				
Emergency management performance grants	97.042	DEM6274500/110273/ 112485		17,607
Total Department of Homeland Security			$	17,607
Department of Agriculture:				
Child Nutrition Cluster:				
Pass Through Payments:				
Department of Agriculture:				
Food distribution	10.555	201818N109941	$	151,866
Department of Education:				
National school lunch program	10.555	201717N109941/ 201818N109941		962,919
Total 10.555			$	1,114,785
School breakfast program	10.553	201717N109941/ 201818N109941		301,137
Summer food service program for children	10.559	201818N109941		18,077
Food distribution	10.559	201818N109941		965
Total 10.559			$	19,042
Total child nutrition cluster			$	1,434,964
State administrative expenses for child nutrition	10.560	201717N253341	$	492
Child and adult care food program	10.558	201818N109941		6,160

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2018

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	0010118/0010117/ 0040117/0040118	$	358,515
Total Department of Agriculture			$	1,800,131
Department of Justice:				
Direct payments:				
Bulletproof vest partnership program	16.607	N/A	$	4,510
Pass Through Payments:				
Department of Criminal Justice Services:				
Crime victim assistance	16.575	CJS7601601	$	39,310
Violence against women formula grants	16.588	CJS7651601/CJS7651701		27,350
Total Department of Justice			$	71,170
Department of Transportation:				
Pass Through Payments:				
Department of Motor Vehicles:				
State and community highway safety	20.600	FSC-18-58423	$	1,220
Alcohol open container requirements	20.607	154AL-17-57426		1,208
Total Department of Transportation			$	2,428
Department of Education:				
Pass Through Payments:				
Virginia Tech:				
English language acquisition state grants	84.365	12493510	$	917
Department of Education:				
Title I grants to local educational agencies	84.010	S010A170046 S010A160046		764,910
Special education - grants to states	84.027	H027A160107		1,014,688
Special education - preschool grants	84.173	H173A160112		12,857
Total special education cluster (IDEA)			$	1,027,545
Career and technical education - basic grants to states	84.048	V048A160046		96,646
Supporting effective instruction state grant	84.367	S367A150044 S367A160044 S367A170044		130,787
Student support and academic enrichment program	84.424	S424A170048		14,100
Total Department of Education			$	2,034,905
Total Expenditures of Federal Awards			$	5,570,616

See accompanying notes to Schedule of Expenditures of Federal Awards.

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Louisa, Virginia under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Louisa, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Louisa, Virginia.

Note 2 - Summary of Significant Accounting Policies

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

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

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

(4) The County did not pass any federal awards through to sub-recipients during the year ended June 30, 2018.

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	$	2,321,003
Component Unit School Board:		
School Operating Fund	$	3,476,521
Total federal expenditures per basic financial statements	$	5,797,524
Less federal interest subsidy		(226,908)
Total federal expenditures per the Schedule of Expenditures of Federal Awards	$	5,570,616

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
93.778	Medical assistance program
84.010	Ttile I Grants to Local Educational Agencies
10.555/10.553/10.559	Child Nutrition Cluster

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

SECTION II – FINANCIAL STATEMENT FINDINGS:

2018-001 Material Weakness and Material Noncompliance – School Board VRS Reconciliations

Criteria: The reconciliation of amounts reported in myVRS Navigator and the payroll system prior to the confirmation and submission of monthly contributions to the Virginia Retirement System is an integral control to ensure that employer and employee retirement contributions are accurately calculated and remitted to the Virginia Retirement System.

Condition: Monthly reconciliations were not performed between myVRS Navigator and the payroll system prior to the confirmation and submission of contributions.

Cause: Internal controls over the VRS reconciliation process were not operating effectively.

Effect: There was a material variance between the VRS contributions (employer and employee) reported in myVRS Navigator and the VRS contributions as calculated by the payroll system. Credible compensation for some employees reported to myVRS Navigator did not agree to personnel records and several employees selected for testing had employee VRS pension contribution deductions from their paychecks that did not agree to the amounts reported to myVRS navigator.

Recommendation:

We recommend the School Board make improvements to the VRS reconciliation process to make monthly reconciliations as timely, efficient and accurate as possible. The School Board should reconcile the information in the entity's payroll system to the data in the monthly contribution confirmation in myVRS Navigator each month. We recommend that all discrepancies between the monthly confirmation contribution data in myVRS Navigator and the payroll system be reviewed and cleared prior to the confirmation and submission of VRS contributions each month.

Management Response:
The VRS reconciliation process has been revamped. Separation of duties and a defined process have been created and implemented. Reconciliations are being performed on a monthly basis between the end of the month payroll and submission of the snapshot, findings will be addressed in payroll and myVRS in a timely manner.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:

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

SECTION IV – PRIOR AUDIT FINDINGS:

Finding 2017-001 – Material Audit Adjustments – Material Weakness in Internal Controls

Status: This finding is not reported in 2018.