

TOWN OF LOUISA, VIRGINIA



ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2021



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Communication with Those Charged with Governance

To the Honorable Members of the Town Council
Town of Louisa, Virginia

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Louisa, Virginia for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 10, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Town of Louisa, Virginia are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies did not change during 2021. We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Town's financial statements were:

Management's estimate of the uncollectible taxes receivable, useful lives of capital assets, depreciation expense and accumulated depreciation are based on prior year experience and specific account review and analysis for the allowance for uncollectible taxes receivable and guidance from accounting literature and other sources regarding the estimated useful lives of capital assets and depreciation methods. The net pension liability (asset) and net OPEB liability (asset) and related items are based on calculations made by an actuary contracted by the State for the Virginia Retirement System. We evaluated the key factors and assumptions used to develop the above estimates in determining that those items are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 2, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis and the schedules related to pension and OPEB funding, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI. Our responsibility with respect to budgetary comparison information, which also supplements the basic financial statements, is to evaluate the presentation of the schedules in relation to the financial statements as a whole and to report on whether it is fairly stated, in all material respects, in relation to the financial statements as a whole.

We were engaged to report on supporting schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary

information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on statistical information, which accompanies the financial statements but is not RSI. Such information has 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 it.

Restriction on Use

This information is intended solely for the use of the Town Council and management of Town of Louisa, Virginia and is not intended to be, and should not be, used by anyone other than these specified parties.

Robinson, Farmer, Cox Associates

Richmond, Virginia
November 2, 2021

TOWN OF LOUISA, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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TOWN OF LOUISA, VIRGINIA

TOWN COUNCIL

John Jerl Purcell, IV H.I. "Bud" Dulaney	R. Garland Nuckols, Mayor Jessica J. Lassiter, Vice Mayor	Sylvia Rigsby A. Daniel Carter
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GENERAL TOWN GOVERNMENT

Town Manager Treasurer/Town Clerk Chief of Police Town Attorney	Elizabeth Nelson Jessica M. Ellis Craig Buckley Jeffrey S. Gore
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TOWN OF LOUISA, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021

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Independent Auditors' Report

**To the Honorable Members of the Town Council
Town of Louisa
Louisa, Virginia**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of Town of Louisa, Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town'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 business-type activities, the discretely presented component unit, and each major fund of Town of Louisa, Virginia, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and schedules related to pension and OPEB funding on pages 52 and 53-59 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of Louisa, Virginia's basic financial statements. The other supplementary information and other statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Supplementary and Other Information (Continued)

The other statistical information has 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2021, on our consideration of Town 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 Town 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 Town of Louisa, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Richmond, Virginia
November 2, 2021

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BASIC FINANCIAL STATEMENTS

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Town of Louisa, Virginia
Statement of Net Position
June 30, 2021

	Primary Government			Component
	Governmental	Business-type	Total	Unit
	Activities	Activities		EDA
ASSETS				
Cash and cash equivalents	\$ 1,752,296	\$ 1,180,192	\$ 2,932,488	\$ 58,544
Cash and cash equivalents, restricted	377,716	790,521	1,168,237	-
Receivables (net of allowance for uncollectibles):				
Taxes receivable	42,394	-	42,394	-
Accounts receivable	84,469	150,620	235,089	-
Due from other governmental units	5,090	250,582	255,672	-
Internal balances	898,830	(898,830)	-	-
Prepaid items	-	5,000	5,000	-
Net pension asset	263,704	142,324	406,028	-
Capital assets (net of accumulated depreciation):				
Land and land improvements	86,573	-	86,573	-
Buildings and improvements	5,333,457	111,354	5,444,811	-
Machinery and equipment	64,174	53,468	117,642	-
Vehicles	93,696	1,140	94,836	-
Infrastructure	1,322,724	6,282,648	7,605,372	-
Construction in progress	21,173	-	21,173	-
Total assets	\$ 10,346,296	\$ 8,069,019	\$ 18,415,315	\$ 58,544
DEFERRED OUTFLOW OF RESOURCES				
Pension related items	\$ 85,107	\$ 48,384	\$ 133,491	\$ -
OPEB related items	6,643	3,586	10,229	-
Total deferred outflow of resources	\$ 91,750	\$ 51,970	\$ 143,720	\$ -
LIABILITIES				
Accounts payable	\$ 62,528	\$ 303,625	\$ 366,153	\$ -
Accrued liabilities	23,455	8,966	32,421	-
Accrued interest payable	61,988	78,212	140,200	-
Customer deposits payable	-	87,279	87,279	-
Unearned revenue	1,016,367	-	1,016,367	-
Long-term liabilities:				
Due within one year	90,249	77,987	168,236	-
Due in more than one year	2,951,510	2,942,801	5,894,311	-
Total liabilities	\$ 4,206,097	\$ 3,498,870	\$ 7,704,967	\$ -
DEFERRED INFLOW OF RESOURCES				
Pension related items	\$ 3,081	\$ 1,163	\$ 4,244	\$ -
OPEB related items	4,870	2,628	7,498	-
Total deferred inflow of resources	\$ 7,951	\$ 3,791	\$ 11,742	\$ -
NET POSITION				
Net investment in capital assets	\$ 3,932,646	\$ 3,459,080	\$ 7,391,726	\$ -
Restricted for cemetery	377,716	-	377,716	-
Unrestricted	1,913,636	1,159,248	3,072,884	58,544
Total net position	\$ 6,223,998	\$ 4,618,328	\$ 10,842,326	\$ 58,544

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

Town of Louisa, Virginia
Statement of Activities
For the Year Ended June 30, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>
			<u>Contributions</u>	<u>Contributions</u>
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 735,072	\$ -	\$ -	\$ -
Public safety	529,796	14,249	58,146	-
Public works	228,936	8,602	981	-
Parks, recreation, and cultural	14,004	-	4,500	-
Community development	111,555	-	-	-
Interest on long-term debt	90,387	-	-	-
Total governmental activities	\$ 1,709,750	\$ 22,851	\$ 63,627	\$ -
Business-type activities:				
Water	\$ 604,872	\$ 622,789	\$ -	\$ -
Sewer	720,131	511,733	-	760,601
Hillcrest cemetery	59,328	19,050	-	-
Total business-type activities	\$ 1,384,331	\$ 1,153,572	\$ -	\$ 760,601
Total primary government	\$ 3,094,081	\$ 1,176,423	\$ 63,627	\$ 760,601
COMPONENT UNITS:				
Discretely presented component unit:				
Louisa Economic Development Authority	\$ 68,164	\$ -	\$ -	\$ -

General property taxes
Other local taxes:
Local sales and use tax
Business license tax
Restaurant food tax
Bank stock taxes
Other local taxes
Unrestricted revenues from use of money and property
Miscellaneous
Contribution from Town of Louisa
Grants and contributions not restricted to specific programs
Total general revenues
Change in net position
Net position - beginning
Net position - ending

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	EDA
\$ (735,072)		\$ (735,072)	
(457,401)		(457,401)	
(219,353)		(219,353)	
(9,504)		(9,504)	
(111,555)		(111,555)	
(90,387)		(90,387)	
<u>\$ (1,623,272)</u>		<u>\$ (1,623,272)</u>	
	\$ 17,917	\$ 17,917	
	552,203	552,203	
	(40,278)	(40,278)	
	<u>\$ 529,842</u>	<u>\$ 529,842</u>	
<u>\$ (1,623,272)</u>	<u>\$ 529,842</u>	<u>\$ (1,093,430)</u>	
			\$ (68,164)
\$ 343,777	\$ -	\$ 343,777	\$ -
104,554	-	104,554	-
258,864	-	258,864	-
709,600	-	709,600	-
162,329	-	162,329	-
5,743	-	5,743	-
11,854	5,094	16,948	59
26,198	-	26,198	29,000
-	-	-	67,935
235,504	-	235,504	-
<u>\$ 1,858,423</u>	<u>\$ 5,094</u>	<u>\$ 1,863,517</u>	<u>\$ 96,994</u>
\$ 235,151	\$ 534,936	\$ 770,087	\$ 28,830
5,988,847	4,083,392	10,072,239	29,714
<u>\$ 6,223,998</u>	<u>\$ 4,618,328</u>	<u>\$ 10,842,326</u>	<u>\$ 58,544</u>

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FUND FINANCIAL STATEMENTS

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Town of Louisa, Virginia
Balance Sheet
Governmental Funds
June 30, 2021

	<u>General</u>
ASSETS	
Cash and cash equivalents	\$ 1,752,296
Cash and cash equivalents, restricted	377,716
Receivables (net of allowance for uncollectibles):	
Taxes receivable	42,394
Accounts receivable	84,469
Due from other funds	898,830
Due from other governmental units	5,090
Total assets	<u>\$ 3,160,795</u>
LIABILITIES	
Accounts payable	\$ 62,528
Accrued payroll	23,455
Total liabilities	<u>\$ 85,983</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes	\$ 41,836
Unavailable revenue - deferred grant funds	1,016,367
Total deferred inflow of resources	<u>\$ 1,058,203</u>
FUND BALANCES	
Nonspendable	\$ 898,830
Restricted	377,716
Unassigned	740,063
Total fund balances	<u>\$ 2,016,609</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,160,795</u>

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

Town of Louisa, Virginia
 Reconciliation of the Balance Sheet of Governmental Funds
 to the Statement of Net Position
 June 30, 2021

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$ 2,016,609
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		6,921,797
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.		
Unavailable revenue - property taxes	\$ 41,836	
Net pension asset	<u>263,704</u>	305,540
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$ (3,081)	
OPEB related items	<u>(4,870)</u>	(7,951)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:		
Compensated absences	\$ (19,551)	
Net OPEB liability	(33,057)	
General obligation bond	(2,954,068)	
Accrued interest payable	(61,988)	
Notes payable	<u>(35,083)</u>	(3,103,747)
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	\$ 85,107	
OPEB related items	<u>6,643</u>	91,750
Net position of governmental activities		<u>\$ 6,223,998</u>

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

Town of Louisa, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	<u>General</u>
REVENUES	
General property taxes	\$ 342,695
Other local taxes	1,241,090
Permits, privilege fees, and regulatory licenses	3,158
Fines and forfeitures	11,091
Revenue from the use of money and property	11,854
Charges for services	8,602
Miscellaneous	26,198
Intergovernmental:	
Commonwealth	117,354
Federal	181,777
Total revenues	<u>\$ 1,943,819</u>
EXPENDITURES	
Current:	
General government administration	\$ 645,957
Public safety	493,847
Public works	223,380
Parks, recreation, and cultural	13,058
Debt service:	
Principal retirement	43,362
Interest and other fiscal charges	28,399
Total expenditures	<u>\$ 1,448,003</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 495,816</u>
Net change in fund balances	\$ 495,816
Fund balances - beginning	1,520,793
Fund balances - ending	<u>\$ 2,016,609</u>

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

Town of Louisa, Virginia
 Reconciliation of Statement of Revenues,
 Expenditures, and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended June 30, 2021

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

Net change in fund balances - total governmental funds	\$ 495,816
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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 depreciation exceeded capital outlays in the current period. The following is a summary of items supporting this adjustment:

Capital asset additions	\$ 56,074	
Depreciation expense	(247,779)	(191,705)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. The change in unavailable property taxes is reported as revenues in the governmental funds.

1,082

The issuance of long-term debt (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. A summary of items supporting this adjustment is as follows:

Principal retirement on general obligation bond	\$ 24,894	
Principal retirement on notes payable	18,468	43,362

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. The following is a summary of items supporting this adjustment:

(Increase) decrease in compensated absences	\$ 1,979	
(Increase) decrease in accrued interest payable	(61,988)	
Pension expense	(58,566)	
OPEB expense	5,171	(113,404)

Change in net position of governmental activities

\$ 235,151

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

Town of Louisa, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2021

	Enterprise Funds			
	Water	Sewer	Hillcrest Cemetery	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,245,504	\$ -	\$ -	\$ 1,245,504
Cash and cash equivalents, restricted	-	325,425	465,096	790,521
Accounts receivables, net of allowance for uncollectibles	75,710	74,910	-	150,620
Due from other governmental units	-	250,582	-	250,582
Prepaid items	5,000	-	-	5,000
Total current assets	\$ 1,326,214	\$ 650,917	\$ 465,096	\$ 2,442,227
Noncurrent assets:				
Capital assets:				
Buildings and improvements	\$ -	\$ -	\$ 111,354	\$ 111,354
Equipment	11,944	41,524	-	53,468
Vehicles	1,140	-	-	1,140
Infrastructure	2,220,738	4,061,910	-	6,282,648
Total net capital assets	\$ 2,233,822	\$ 4,103,434	\$ 111,354	\$ 6,448,610
Total noncurrent assets	\$ 2,233,822	\$ 4,103,434	\$ 111,354	\$ 6,448,610
Other assets:				
Net pension asset	\$ 57,936	\$ 58,789	\$ 25,599	\$ 142,324
Total other assets	\$ 57,936	\$ 58,789	\$ 25,599	\$ 142,324
Total assets	\$ 3,617,972	\$ 4,813,140	\$ 602,049	\$ 9,033,161
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	\$ 19,680	\$ 20,107	\$ 8,597	\$ 48,384
OPEB related items	1,459	1,481	646	3,586
Total deferred outflows of resources	\$ 21,139	\$ 21,588	\$ 9,243	\$ 51,970
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 16,918	\$ 280,980	\$ 5,727	\$ 303,625
Accrued payroll	3,557	3,979	1,430	8,966
Reconciled overdraft payable	-	40,195	25,117	65,312
Accrued interest payable	-	78,212	-	78,212
Customer deposits payable	45,575	41,704	-	87,279
Due to other funds	140,230	578,582	180,018	898,830
Bonds payable - current portion	-	76,645	-	76,645
Compensated absences - current portion	531	542	269	1,342
Total current liabilities	\$ 206,811	\$ 1,100,839	\$ 212,561	\$ 1,520,211
Noncurrent liabilities:				
Bonds payable - net of current portion	\$ -	\$ 2,912,885	\$ -	\$ 2,912,885
Compensated absences - net of current portion	4,780	4,876	2,418	12,074
Net OPEB liability	7,263	7,370	3,209	17,842
Total noncurrent liabilities	\$ 12,043	\$ 2,925,131	\$ 5,627	\$ 2,942,801
Total liabilities	\$ 218,854	\$ 4,025,970	\$ 218,188	\$ 4,463,012
DEFERRED INFLOWS OF RESOURCES				
Pension related items	\$ 465	\$ 464	\$ 234	\$ 1,163
OPEB related items	1,070	1,086	472	2,628
Total deferred inflows of resources	\$ 1,535	\$ 1,550	\$ 706	\$ 3,791
NET POSITION				
Net investment in capital assets	\$ 2,233,822	\$ 1,113,904	\$ 111,354	\$ 3,459,080
Unrestricted	1,184,900	(306,696)	281,044	1,159,248
Total net position	\$ 3,418,722	\$ 807,208	\$ 392,398	\$ 4,618,328

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

Town of Louisa, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2021

	Enterprise Funds			
	<u>Water</u>	<u>Sewer</u>	<u>Hillcrest Cemetery</u>	<u>Total</u>
OPERATING REVENUES				
Charges for services:				
Water and sewer revenues	\$ 622,789	\$ 511,733	\$ -	\$ 1,134,522
Penalties	-	-	-	-
Sale of lots and permits	-	-	19,050	19,050
Total operating revenues	<u>\$ 622,789</u>	<u>\$ 511,733</u>	<u>\$ 19,050</u>	<u>\$ 1,153,572</u>
OPERATING EXPENSES				
Personnel services	\$ 77,203	\$ 80,262	\$ 48,154	\$ 205,619
Fringe benefits	6,875	7,579	7,199	21,653
Contractual services	21,494	1,805	590	23,889
Purchases from Louisa County Water Authority	279,995	405,000	-	684,995
Other supplies and expenses	47,695	15,434	854	63,983
Depreciation	171,610	124,749	2,531	298,890
Total operating expenses	<u>\$ 604,872</u>	<u>\$ 634,829</u>	<u>\$ 59,328</u>	<u>\$ 1,299,029</u>
Operating income (loss)	<u>\$ 17,917</u>	<u>\$ (123,096)</u>	<u>\$ (40,278)</u>	<u>\$ (145,457)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest income	\$ 1,090	\$ 496	\$ 3,508	\$ 5,094
Interest expense	-	(85,302)	-	(85,302)
Total nonoperating revenues (expenses)	<u>\$ 1,090</u>	<u>\$ (84,806)</u>	<u>\$ 3,508</u>	<u>\$ (80,208)</u>
Income (loss)	<u>\$ 19,007</u>	<u>\$ (207,902)</u>	<u>\$ (36,770)</u>	<u>\$ (225,665)</u>
Capital contributions and construction grants	<u>\$ -</u>	<u>\$ 760,601</u>	<u>\$ -</u>	<u>\$ 760,601</u>
Change in net position	<u>\$ 19,007</u>	<u>\$ 552,699</u>	<u>\$ (36,770)</u>	<u>\$ 534,936</u>
Total net position - beginning	3,399,715	254,509	429,168	4,083,392
Total net position - ending	<u>\$ 3,418,722</u>	<u>\$ 807,208</u>	<u>\$ 392,398</u>	<u>\$ 4,618,328</u>

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

Town of Louisa, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	Enterprise Funds			
	Water	Sewer	Hillcrest Cemetery	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 618,690	\$ 502,616	\$ 19,050	\$ 1,140,356
Payments for operating expenses	(357,399)	(145,469)	2,167	(500,701)
Payments to and for employees	(95,127)	(99,460)	(31,683)	(226,270)
Net cash provided by (used for) operating activities	\$ 166,164	\$ 257,687	\$ (10,466)	\$ 413,385
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds	\$ 1,208	\$ 1,230	\$ 465	\$ 2,903
Net cash provided by (used for) noncapital financing activities	\$ 1,208	\$ 1,230	\$ 465	\$ 2,903
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	\$ -	\$ (880,318)	\$ -	\$ (880,318)
Principal payments on bonds	-	(7,248)	-	(7,248)
Intergovernmental grants	-	514,382	-	514,382
Proceeds from indebtedness	-	124,018	-	124,018
Interest payments	-	(9,750)	-	(9,750)
Net cash provided by (used for) capital and related financing activities	\$ -	\$ (258,916)	\$ -	\$ (258,916)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	\$ 1,090	\$ 496	\$ 3,508	\$ 5,094
Net cash provided (used) by investing activities	\$ 1,090	\$ 496	\$ 3,508	\$ 5,094
Net increase (decrease) in cash and cash equivalents	\$ 168,462	\$ 497	\$ (6,493)	\$ 162,466
Cash and cash equivalents - beginning	1,077,042	324,928	471,589	1,873,559
Cash and cash equivalents - ending	\$ 1,245,504	\$ 325,425	\$ 465,096	\$ 2,036,025
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 17,917	\$ (123,096)	\$ (40,278)	\$ (145,457)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:				
Depreciation	171,610	124,749	2,531	298,890
(Increase) decrease in accounts receivable	(6,692)	(15,325)	-	(22,017)
(Increase) decrease in net pension asset	4,417	3,518	5,854	13,789
(Increase) decrease in deferred outflows of resources	(10,115)	(10,481)	(4,049)	(24,645)
Increase (decrease) in customer deposits payable	2,593	6,208	-	8,801
Increase (decrease) in accounts payable	(8,215)	236,575	3,611	231,971
Increase (decrease) in accrued payroll	3,557	3,979	1,430	8,966
Increase (decrease) in overdraft payable	-	40,195	25,117	65,312
Increase (decrease) in deferred inflows of resources	(8,396)	(8,206)	(4,208)	(20,810)
Increase (decrease) in net OPEB liability	1,011	1,122	55	2,188
Increase (decrease) in compensated absences	(1,523)	(1,551)	(529)	(3,603)
Total adjustments	\$ 148,247	\$ 380,783	\$ 29,812	\$ 558,842
Net cash provided by (used for) operating activities	\$ 166,164	\$ 257,687	\$ (10,466)	\$ 413,385

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

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TOWN OF LOUISA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

Note 1—Summary of Significant Accounting Policies:

Town of Louisa, Virginia (the "Town") is governed by an elected five-member Council and an elected Mayor. The Town provides a full range of services for its citizens. These services include police and fire, public improvements, general administration services, recreation, sanitation services, and utilities.

The financial statements of Town 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 Town's accounting policies are described below.

Financial Statement Presentation

Management's Discussion and Analysis - The Town has chosen not to present a Management's Discussion and Analysis.

Government-wide and Fund Financial Statements

Government-wide financial statements - The reporting model includes financial statements prepared using full accrual accounting for all 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 the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. 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 financial position of the primary government (governmental and business-type activities) 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).

TOWN OF LOUISA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021

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

Government-wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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, proprietary 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. The budgetary comparison schedules present the original budget, the final budget, and the actual activity of the major governmental funds.

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 the basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if 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 Town of Louisa (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 that it is legally separate from the government.

B. Individual Component Unit Disclosures

Blended Component Units. The Town has no blended component units on June 30, 2021.

Discretely Presented Component Units. The Louisa Economic Development Authority (EDA) was created to promote industry and develop trade by encouraging enterprises to locate and remain in the Town. The EDA is governed by a Board of Directors appointed by Town Council and the Town is financially accountable for the EDA. It is authorized to acquire, own, lease, and dispose of properties to the extent that such activities foster and stimulate economic development. There are no separate financial statements in the EDA.

TOWN OF LOUISA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021

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.) or a business-type activity.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the way these funds are normally budgeted. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are 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. All other revenue items are 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 principal and interest expenditures on general long-term debt as well as expenditures related to compensated absences, claims, and judgments are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues 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 utility and subsequently remitted to the Town, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the Town.

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state, and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general purpose grants are recognized in the period to which the grant applies. All other revenue items are measurable and available only when cash is received by the government.

TOWN OF LOUISA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021

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 Town are organized based on funds. The operation of each fund is 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.

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The Town reports the following governmental fund.

a. General Fund

The General Fund is the primary operating fund of the Town. This fund is used to account for and report all financial resources except those required to be accounted for and reported in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for services, and interest income. The General Fund is considered a major fund for reporting purposes.

2. Proprietary Funds

Proprietary Funds account for operations that are financed in a manner like those found in private business enterprises. The measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary Funds consist of Enterprise Fund.

a. Water Fund

The water fund accounts for the financing of water services to the public where all or most of the operating expenses involved are intended to be recovered in the form of user charges.

b. Sewer Fund

The sewer fund accounts for the financing of sewer services to the public where all or most of the operating expenses involved are intended to be recovered in the form of user charges.

c. Hillcrest Cemetery Fund

The Hillcrest Cemetery fund accounts for the maintenance of the Hillcrest Cemetery that is intended to be recovered in the form of user charges through the sale of burial lots and head stone permits. The Town is obligated to perpetually maintain and properly care for lots.

TOWN OF LOUISA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

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

2. Proprietary Funds (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues consist of charges to customers for sales and services. Operating expenses include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. For purposes of the statement of cash flows, the government's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

E. Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments and external investment pools are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

F. Prepaid Items

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

G. Receivables and Payables

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

All trade and property tax receivables are shown net of an allowance for uncollectible accounts. The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to \$23,887 on June 30, 2021 and is comprised of property taxes of \$12,023 and water and sewer charges of \$11,864.

TOWN OF LOUISA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021

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

G. Receivables and Payables (Continued)

Real and Personal Property Tax Data:

The tax calendars for real and personal property taxes are summarized below.

	<u>Real Property</u>	<u>Personal Property</u>
Levy	January 1	January 1
Due Date	January 15	January 15
Lien Date	January 1	January 1

The Town bills and collects its own property taxes.

H. Capital Assets

Capital assets, which include property and plant and equipment, are reported in the applicable governmental or business-type activity column in the government-wide financial statements. Capital assets are defined by the Town as land, buildings, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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. No interest was capitalized during fiscal year 2021.

Property and plant and equipment of the Town are depreciated using the straight-line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	10-50
Machinery and Equipment	5-10
Vehicles	5-10
Infrastructure	10-50

TOWN OF LOUISA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021

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

I. Compensated Absences

Vested or accumulated vacation and compensatory 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 and compensatory 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. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

J. Use of Estimates

The preparation of financial statements in conformity with U.S. 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.

K. Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable 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 included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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

L. Long-term Obligations

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

TOWN OF LOUISA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021

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

L. Long-term Obligations (Continued)

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

M. Fund Balance

The following classifications of fund balance describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund).
- Restricted fund balance - amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers.
- Committed fund balance - amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the Town Council prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Council adopts another ordinance to remove or revise the limitation.
- Assigned fund balance - amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments general only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

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

Town Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by Town Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

TOWN OF LOUISA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

M. Fund Balance (Continued)

In the general fund, the Town strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 20% of the actual GAAP basis expenditures and other financing sources and uses.

The details of governmental fund balances, as presented in aggregate on Exhibit 3, are as follows:

	<u>General</u>
Fund balances:	
Nonspendable:	
Long-term amounts due from other funds	\$ 898,830
Restricted for:	
Cemetery	377,716
Unassigned	740,063
Total fund balances	<u>\$ 2,016,609</u>

O. 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 future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has one item that qualifies for reporting in this category. It is comprised of certain items related to the measurement of the net pension asset/liability and net OPEB asset/liability and contributions to the pension and OPEB plans made during the current year and after the net pension asset/liability and net OPEB asset/liability measurement date. For more detailed information on these items, reference the related 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 Town has multiple 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 and is deferred and recognized as an inflow of resources in the period that the amount becomes available. In addition, certain items related to the measurement of the net pension asset/liability and net OPEB asset/liability are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

TOWN OF LOUISA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021

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

P. Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town's Retirement Plan and the additions to/deductions from the Town's 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.

Q. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI OPEB Plans and the additions to/deductions from the VRS OPEB Plans' 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.

Note 2—Stewardship, Compliance, and Accounting:

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

1. Prior to June 30, the Town Manager submits to the Town Council 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 Ordinance.
4. The Appropriations Ordinance places legal restrictions on expenditures at the department or category level. The appropriation for each department or category can be revised only by the Town Council. The Town Manager is authorized to transfer budgeted amounts within general government departments.
5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Appropriations lapse on June 30, every year.
7. All budgetary data presented in the accompanying financial statements is from the revised budget as of June 30, 2021, as adopted, appropriated, and legally amended.

Expenditures and Appropriations

Expenditures did not exceed appropriations in any fund on June 30, 2021.

TOWN OF LOUISA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021

Note 3—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 more than 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 Town 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 and the State Treasurer's Local Government Investment Pool (LGIP).

Credit Risk of Debt Securities

The Town's rated debt investments as of June 30, 2021, were rated by Standard and Poor's and the ratings are presented below using Standard and Poor's rating scale.

Town's Rated Debt Investments' Values	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Local Government Investment Pool	\$ 1,410,934
Total	<u>\$ 1,410,934</u>

Interest Rate Risk

Investment Maturities (in years)		
<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>
Local Government Investment Pool	\$ 1,410,934	\$ 1,410,934
Total	<u>\$ 1,410,934</u>	<u>\$ 1,410,934</u>

TOWN OF LOUISA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 3—Deposits and Investments: (Continued)

External Investment Pools

The fair value of the positions in the external investment pool (Local Government Investment 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 is an amortized cost basis portfolio. There are no withdrawal limitations or restrictions imposed on participants.

Note 4—Due to/from Other Governments:

On June 30, 2021, the Town has receivables from other governments as follows:

	Governmental Activities	Business-type Activities
Commonwealth of Virginia:		
Communications tax	\$ 823	\$ -
Auto rental tax	3,131	-
Other	1,136	-
Federal Government:		
Sewer construction grant	-	250,582
Total due from other governments	<u>\$ 5,090</u>	<u>\$ 250,582</u>

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TOWN OF LOUISA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2021:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
<i>Governmental activities:</i>				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 86,573	\$ -	\$ -	\$ 86,573
Construction in progress	21,173	-	-	21,173
Total capital assets not subject to depreciation	\$ 107,746	\$ -	\$ -	\$ 107,746
Capital assets subject to depreciation:				
Buildings and improvements	\$ 7,275,957	\$ -	\$ -	\$ 7,275,957
Machinery and equipment	480,084	56,074	-	536,158
Vehicles	432,543	-	-	432,543
Infrastructure	1,653,403	-	-	1,653,403
Total capital assets subject to depreciation	\$ 9,841,987	\$ 56,074	\$ -	\$ 9,898,061
Accumulated depreciation:				
Buildings and improvements	\$ 1,820,559	\$ 121,941	\$ -	\$ 1,942,500
Machinery and equipment	450,705	21,279	-	471,984
Vehicles	289,401	49,446	-	338,847
Infrastructure	275,566	55,113	-	330,679
Total accumulated depreciation	\$ 2,836,231	\$ 247,779	\$ -	\$ 3,084,010
Total capital assets subject to depreciation, net	\$ 7,005,756	\$ (191,705)	\$ -	\$ 6,814,051
Governmental activities capital assets, net	\$ 7,113,502	\$ (191,705)	\$ -	\$ 6,921,797

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TOWN OF LOUISA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 5—Capital Assets: (Continued)

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2021:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
<i>Business-type Activities:</i>				
Capital assets not subject to depreciation:				
Construction in progress	\$ 115,133	\$ -	\$ 115,133	\$ -
Total capital assets not subject to depreciation	\$ 115,133	\$ -	\$ 115,133	\$ -
Capital assets subject to depreciation:				
Buildings and improvements	\$ 181,486	\$ -	\$ -	\$ 181,486
Machinery and equipment	142,786	-	-	142,786
Vehicles	34,700	-	-	34,700
Infrastructure	9,640,529	995,452	-	10,635,981
Total capital assets subject to depreciation	\$ 9,999,501	\$ 995,452	\$ -	\$ 10,994,953
Accumulated depreciation:				
Buildings and improvements	\$ 67,602	\$ 2,530	\$ -	\$ 70,132
Machinery and equipment	79,481	9,837	-	89,318
Vehicles	32,420	1,140	-	33,560
Infrastructure	4,067,950	285,383	-	4,353,333
Total accumulated depreciation	\$ 4,247,453	\$ 298,890	\$ -	\$ 4,546,343
Total capital assets subject to depreciation, net	\$ 5,752,048	\$ 696,562	\$ -	\$ 6,448,610
Business-type activities capital assets, net	\$ 5,867,181	\$ 696,562	\$ 115,133	\$ 6,448,610

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TOWN OF LOUISA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 5—Capital Assets: (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government administration	\$ 81,984
Public safety	50,834
Public works	3,406
Community development	111,555
Total depreciation expense - governmental activities	<u>\$ 247,779</u>
Business-type activities:	
Water fund	\$ 171,610
Sewer fund	124,749
Hillcrest Cemetery fund	2,531
Total depreciation expense - business-type activities	<u>\$ 298,890</u>
Total depreciation expense - primary government	<u><u>\$ 546,669</u></u>

Note 6—Long-term Obligations:

The following is a summary of changes in long-term obligations for the fiscal year-ended June 30, 2021:

	Balance at July 1, 2020	Issuances/ Additions	Retirements/ Reductions	Balance at June 30, 2021	Amounts Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 1,801,238	\$ -	\$ 23,988	\$ 1,777,250	\$ 56,756
Bonds from direct placement	1,177,724	-	906	1,176,818	12,593
Notes from direct borrowings	53,551	-	18,468	35,083	18,945
Net OPEB liability	41,463	8,681	17,087	33,057	-
Compensated absences	21,530	174	2,153	19,551	1,955
Total Governmental Activities	<u>\$ 3,095,506</u>	<u>\$ 8,855</u>	<u>\$ 62,602</u>	<u>\$ 3,041,759</u>	<u>\$ 90,249</u>
Business-type Activities:					
General obligation bonds	\$ 2,872,760	\$ 124,018	\$ 7,248	\$ 2,989,530	\$ 76,645
Net OPEB liability	15,654	3,277	1,089	17,842	-
Compensated absences	17,019	-	3,603	13,416	1,342
Total Business-type Activities	<u>\$ 2,905,433</u>	<u>\$ 127,295</u>	<u>\$ 11,940</u>	<u>\$ 3,020,788</u>	<u>\$ 77,987</u>
Total Primary Government	<u><u>\$ 6,000,939</u></u>	<u><u>\$ 136,150</u></u>	<u><u>\$ 74,542</u></u>	<u><u>\$ 6,062,547</u></u>	<u><u>\$ 168,236</u></u>

TOWN OF LOUISA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 6—Long-term Obligations: (Continued)

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

Year Ending June 30	Governmental Activities					
	General Obligation Bonds		Bonds from Direct Placement		Notes from Direct Borrowings	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 56,756	\$ 71,244	\$ 12,593	\$ 52,291	\$ 18,945	\$ 732
2023	58,528	69,145	13,173	51,711	16,138	246
2024	52,786	66,974	13,779	51,105	-	-
2025	56,281	64,977	14,413	50,471	-	-
2026	41,160	63,084	15,076	49,808	-	-
2027-2031	233,678	287,542	86,450	237,970	-	-
2032-2036	287,948	233,273	108,262	216,158	-	-
2037-2041	354,825	166,395	135,575	188,845	-	-
2042-2046	437,239	83,981	169,779	154,641	-	-
2047-2051	198,049	6,514	212,615	111,805	-	-
2052-2056	-	-	266,256	58,164	-	-
(1) 2057-2058	-	-	128,847	5,320	-	-
Total	<u>\$ 1,777,250</u>	<u>\$ 1,113,129</u>	<u>\$ 1,176,818</u>	<u>\$ 1,228,289</u>	<u>\$ 35,083</u>	<u>\$ 978</u>

(1) Amounts not paid due to COVID-19 deferral allowed by lender are added to last payment until further information is available

The Town's outstanding direct borrowings and direct placements related to governmental activities contain provisions that in an event of default, outstanding amounts become immediately due if the Town is unable to make payment.

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TOWN OF LOUISA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 6—Long-term Obligations: (Continued)

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

Year Ending June 30	Business-type Activities	
	General Obligation Bonds	
	Principal	Interest
2022	\$ 76,645	\$ 85,271
2023	79,069	82,847
2024	81,577	80,339
2025	84,173	77,743
2026	86,861	75,055
2027-2031	478,092	331,488
2032-2036	561,264	248,316
2037-2041	613,370	149,600
2042-2046	422,093	78,427
2047-2051	423,719	26,925
2052-2056	45,250	7,310
2057-2060	37,417	1,780
Total	<u>\$ 2,989,530</u>	<u>\$ 1,245,101</u>

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TOWN OF LOUISA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 6—Long-term Obligations: (Continued)

Details of Long-term Obligations:

	Total Amount
<u>Governmental Activities:</u>	
<u>General Obligation Bonds:</u>	
\$950,000 general obligation bond issued April 17, 2008, due in monthly installments of \$4,161 through March 2048 with interest due monthly at 4.25%	\$ 811,215
\$550,000 general obligation bond issued April 17, 2008, due in monthly installments of \$2,371 through March 2048 with interest due monthly at 4.125%	466,918
\$500,000 general obligation bond issued April 17, 2008, due in monthly installments of \$2,155 through March 2048 with interest due monthly at 4.125%	424,550
\$37,200 general obligation bond issued April 18, 2018, due in annual installments of \$8,240 with interest due monthly at 3.5%	15,491
\$73,000 general obligation bond issued May 5, 2020, due in monthly installments of \$1,293 through May 5, 2025 with interest due monthly at 2.375%	59,076
Total General Obligation Bonds	\$ 1,777,250
<u>Direct Placement:</u>	
\$1,201,371 general obligation bond issued June 27, 2018, due in monthly installments of \$5,407 through June 2058 with interest due monthly at 4.5%	\$ 1,176,818
<u>Direct Borrowings:</u>	
\$30,618 note payable issued August 18, 2017, due in monthly installments of \$3,291 through August 2022 with interest due monthly at 2.708%	\$ 9,611
\$32,000 note payable issued August 5, 2018, due in monthly installments of \$571 through June 2023 with interest due monthly at 2.45%	13,345
\$29,493 note payable issued May 8, 2018, due in monthly installments of \$3,124 through January 2023 with interest due monthly at 2.39%	12,127
Total Notes Payable	\$ 35,083
Net OPEB liability	\$ 33,057
Compensated absences	\$ 19,551
Total Long-term Obligations, Governmental Activities	\$ 3,041,759

TOWN OF LOUISA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 6—Long-term Obligations: (Continued)

Business-type Activities:

General Obligation Bonds:

\$1,134,400 general obligation bond issued October 11, 2000, due in monthly installments of \$5,151 through September 2040 with interest due monthly at 4.5%	\$ 818,768
\$2,114,916 general obligation bond issued August 3, 2015, due in monthly installments of \$7,466 through February 2050 with interest due monthly at 2.375%	1,905,152
\$142,983 general obligation bond issued April 6, 2020 due in monthly installments of \$876, once funds are fully drawn down, through April 2060 with interest due monthly at 2.375%	<u>265,610</u>
Total General Obligation Bonds	<u>\$ 2,989,530</u>
Net OPEB liability	<u>\$ 17,842</u>
Compensated absences	<u>\$ 13,416</u>
Total Long-term Obligations, Business-type Activities	<u>\$ 3,020,788</u>

Note 7—Deferred/Unavailable Revenue:

Deferred/unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Unearned and deferred/unavailable revenue is comprised of the following:

Unavailable Property Tax Revenue - Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled \$41,836 on June 30, 2021.

Note 8—Litigation:

On June 30, 2021, there were no matters of litigation involving the Town which would materially affect the Town's financial position should any court decisions on pending matters not be favorable to the Town.

TOWN OF LOUISA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021

Note 9—Risk Management:

The Town is exposed to various risks of loss related to torts; theft of damage to and destruction of assets; errors and omissions; injuries to employees; natural disasters; and employee dishonesty. To reduce insurance costs and the need for self-insurance, the Town has joined with other municipalities in the Commonwealth of Virginia in a public entity risk pool that operates as common risk management and insurance program for member municipalities. The Town is not self-insured.

The Town has insurance coverage with VML Insurance Programs. Each Association member jointly and severally agrees to assume, pay, and discharge any liability. The Town pays 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 that the premium of each bear to the total premiums of all members in the year in which such deficit occurs. The Town's settled claims have not exceeded insurance coverage in any of the past three fiscal years.

Note 10—Pension Plan:

Plan Description

All full-time, salaried permanent employees of the Town 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.

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:

Benefit Structures

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, as detailed below.

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

TOWN OF LOUISA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021

Note 10—Pension Plan: (Continued)

Benefit Structures (Continued)

- b. Employees with a membership date from July 1, 2010, to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010, and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014, are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014, with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation, and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation, and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation, and the multiplier 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.

Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of service credit are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of service credit are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

TOWN OF LOUISA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021

Note 10—Pension Plan: (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2019, actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government
Inactive members or their beneficiaries currently receiving benefits	12
Inactive members:	
Vested inactive members	8
Non-vested inactive members	3
Inactive members active elsewhere in VRS	17
Total inactive members	28
Active members	14
Total covered employees	54

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted because 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.

The Town's contractually required employer contribution rate for the year ended June 30, 2021, was 5.84% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

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 Town were \$25,670 and \$41,042 for the years ended June 30, 2021, and June 30, 2020, respectively.

Net Pension Liability (Asset)

The net pension liability (asset) (NPL) is calculated separately for each employer and represents that employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For Town, the net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019, rolled forward to the measurement date of June 30, 2020.

TOWN OF LOUISA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021

Note 10—Pension Plan: (Continued)

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75 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 6.75% to simplify preparation of pension liabilities.

Mortality 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 2021; 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 2021; 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 2021; males set forward 2 years, 110% of rates; females 125% of rates.

TOWN OF LOUISA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021

Note 10—Pension Plan: (Continued)

Actuarial Assumptions - General Employees

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the changes in the discount rate, which was based on VRS Board action effective as of July 1, 2020. Changes to the actuarial assumptions because of the experience study and VRS Board action are as follows:

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 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

Inflation	2.50%
Salary increases, including inflation	3.50% - 4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of pension liabilities.

TOWN OF LOUISA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 10—Pension Plan: (Continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits (Continued)

Mortality rates:

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 2021; 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 2021; 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 2021; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2020. Changes to the actuarial assumptions because of the experience study and VRS Board action are as follows:

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 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

TOWN OF LOUISA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 10—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)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strate	6.00%	3.04%	0.18%
PIP - Private Investment Partner	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not consider 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 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

TOWN OF LOUISA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 10—Pension Plan: (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. 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. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the Town was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2020, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020, on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2019	\$ 2,473,424	\$ 3,043,033	\$ (569,609)
Changes for the year:			
Service cost	\$ 101,926	\$ -	\$ 101,926
Interest	164,636	-	164,636
Changes of assumptions	-	-	-
Differences between expected and actual experience	23,646	-	23,646
Contributions - employer	-	40,875	(40,875)
Contributions - employee	-	29,050	(29,050)
Net investment income	-	58,727	(58,727)
Benefit payments, including refunds	(68,738)	(68,738)	-
Administrative expenses	-	(1,955)	1,955
Other changes	-	(70)	70
Net changes	\$ 221,470	\$ 57,889	\$ 163,581
Balances at June 30, 2020	\$ 2,694,894	\$ 3,100,922	\$ (406,028)

TOWN OF LOUISA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 10—Pension Plan: (Continued)

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

The following presents the net pension liability (asset) of the Town using the discount rate of 6.75%, as well as what the Town's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Town's			
Net Pension Liability (Asset)	\$ (70,946)	\$ (406,028)	\$ (683,676)

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

For the year ended June 30, 2021, the Town recognized pension expense of \$51,471. On June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,882	\$ 4,244
Change in assumptions	3,018	-
Net difference between projected and actual earnings on pension plan investments	92,921	-
Employer contributions subsequent to the measurement date	25,670	-
Total	\$ 133,491	\$ 4,244

TOWN OF LOUISA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 10—Pension Plan: (Continued)

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

\$25,670 reported as deferred outflows of resources related to pensions resulting from the Town's contributions, after the measurement date will be recognized as a reduction (increase) of the Net Pension Liability (asset) in the fiscal year ending June 30, 2022. 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:

<u>Year ended June 30</u>	<u>Primary Government</u>
2022	\$ 14,561
2023	28,759
2024	30,927
2025	29,330
2026	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Note 11—Group Life Insurance (GLI) Plan (OPEB Plan):

Plan Description

The Group Life Insurance (GLI) Plan 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. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan 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 GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Plan. 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 plan, it is not included as part of the Group Life Insurance Plan OPEB.

TOWN OF LOUISA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021

Note 11—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Plan Description (Continued)

The specific information for GLI OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The GLI Plan was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the plan. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts 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. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,616 as of June 30, 2021.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted because of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% ($1.34\% \times 60\%$) and the employer component was 0.54% ($1.34\% \times 40\%$). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all employer contributions. Each employer's contractually required employer contribution rate for the year ended June 30, 2021, was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. 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 Plan from the entity were \$2,889 and \$3,264 for the years ended June 30, 2021, and June 30, 2020, respectively.

TOWN OF LOUISA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 11—Group Life Insurance (GLI) Plan (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 Plan OPEB

On June 30, 2021, the entity reported a liability of \$50,899, its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020, and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. 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 Plan for the year ended June 30, 2020, relative to the total of the actuarially determined employer contributions for all participating employers. On June 30, 2020, the participating employer's proportion was 0.00310% as compared to 0.00350% on June 30, 2019.

For the year ended June 30, 2021, the participating employer recognized GLI OPEB expense of \$847. 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.

On June 30, 2021, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,265	\$ 457
Net difference between projected and actual earnings on GLI OPEB plan investments	1,529	-
Change in assumptions	2,546	1,063
Changes in proportionate share	-	5,978
Employer contributions subsequent to the measurement date	2,889	-
Total	\$ 10,229	\$ 7,498

TOWN OF LOUISA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 11—Group Life Insurance (GLI) Plan (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 Plan OPEB (Continued)

\$2,889 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions after the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2022. 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:

<u>Year Ended June 30</u>		
2022	\$	(327)
2023		105
2024		499
2025		516
2026		(721)
Thereafter		(230)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020. The assumptions include several employer groups noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information on other groups can be referenced in the VRS Annual Report.

Inflation	2.50%
Salary increases, including inflation:	
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of OPEB liabilities.

TOWN OF LOUISA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 11—Group Life Insurance (GLI) Plan (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, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions because of the experience study and VRS Board action 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 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

TOWN OF LOUISA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 11—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

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.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions because of the experience study and VRS Board action 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 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2020, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	\$	3,523,937
Plan Fiduciary Net Position		1,855,102
Employers' Net GLI OPEB Liability (Asset)	\$	<u>1,668,835</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		52.64%

TOWN OF LOUISA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 11—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

NET GLI OPEB Liability (Continued)

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.

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:

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	<u>100.00%</u>		<u>4.64%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.14%</u>

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not consider 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 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

TOWN OF LOUISA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021

Note 11—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. 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 ended June 30, 2020, 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 which was 100% of the actuarially determined contribution rate. From July 1, 2020, on, employers are assumed to continue 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.

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

The following presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, 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 (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Town's proportionate share of the GLI Plan Net OPEB Liability	\$ 66,911	\$ 50,899	\$ 37,896

GLI Program Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 12—Line of Duty Act (LODA) (OPEB Benefits):

The Line of Duty Act (LODA) provides death and healthcare benefits to certain law enforcement and rescue personnel, and their beneficiaries, who were disabled or killed in the line of duty. Benefit provisions and eligibility requirements are established by title 9.1 Chapter 4 of the Code of Virginia. Funding of LODA benefits is provided by employers in one of two ways: (a) participation in the Line of Duty and Health Benefits Trust Fund (LODA Fund), administered by the Virginia Retirement System (VRS) or (b) self-funding by the employer or through an insurance company.

TOWN OF LOUISA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 12—Line of Duty Act (LODA) (OPEB Benefits): (Continued)

The Town has elected to provide LODA benefits through an insurance company. The obligation for the payment of benefits has been effectively transferred from the Town to VML. VML assumes all liability for the Town's LODA claims that are approved by VRS. The pool purchases reinsurance to protect the pool from extreme claims costs.

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The Town's LODA coverage is fully covered or "insured" through VML. This is built into the LODA coverage cost presented in the annual renewals. The Town's LODA premium for the year ended June 30, 2021, was \$9,060.

Note 13—Upcoming Pronouncements:

Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, provides guidance for reporting capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

Statement No. 92, *Omnibus 2020*, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics such as leases, assets related to pension and postemployment benefits, and reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. The effective dates differ by topic, ranging from January 2020 to periods beginning after June 15, 2021.

Statement No. 93, *Replacement of Interbank Offered Rates*, establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement, except for removal of London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate and the requirements related to lease modifications, are effective for reporting periods beginning after June 15, 2020. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All requirements related to lease modifications in this Statement are effective for reporting periods beginning after June 15, 2021.

TOWN OF LOUISA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021

Note 13—Upcoming Pronouncements: (Continued)

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Payment Arrangements*, addresses issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code (IRC) Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement. No 32*, (1) increases consistency and comparability related to reporting of fiduciary component units in certain circumstances; (2) mitigates costs associated with the reporting of certain plans as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans. The effective dates differ based on the requirements of the Statement, ranging from June 2020 to reporting periods beginning after June 15, 2021.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

Note 14—COVID-19 Pandemic Funding and Subsequent Events:

COVID-19 Pandemic Funding and Subsequent Event Note Disclosure Example:

The COVID-19 pandemic and its impact on operations continues to evolve. Specific to the Town, COVID-19 impacted various parts of its 2021 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Federal relief has been received through various programs. Management believes the Town is taking appropriate actions to mitigate the negative impact. The extent to which COVID-19 may impact operations in subsequent years remains uncertain, and management is unable to estimate the effects on future results of operations, financial condition, or liquidity for fiscal year 2022.

ARPA Funding

On March 11, 2021, the American Rescue Plan (ARPA) Act of 2021 was passed by the federal government. A primary component of the ARPA was the establishment of the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF). Local governments are to receive funds in two tranches, with 50% provided beginning in May 2021 and the balance delivered approximately 12 months later.

On June 30, 2021, the Town received its share of the first half of the CSLFRF funds. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$899,008 from the initial allocation are reported as unearned revenue as of June 30, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

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Town of Louisa, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 326,200	\$ 326,200	\$ 342,695	\$ 16,495
Other local taxes	1,044,200	1,044,200	1,241,090	196,890
Permits, privilege fees, and regulatory licenses	4,000	4,000	3,158	(842)
Fines and forfeitures	7,000	7,000	11,091	4,091
Revenue from the use of money and property	18,800	18,800	11,854	(6,946)
Charges for services	7,500	7,500	8,602	1,102
Miscellaneous	10,500	6,000	26,198	20,198
Intergovernmental:				
Commonwealth	866,778	869,778	117,354	(752,424)
Federal	-	1,500	181,777	180,277
Total revenues	\$ 2,284,978	\$ 2,284,978	\$ 1,943,819	\$ (341,159)
EXPENDITURES				
Current:				
General government administration	\$ 523,857	\$ 523,857	\$ 645,957	\$ (122,100)
Public safety	527,460	527,460	493,847	33,613
Public works	1,202,288	1,202,288	223,380	978,908
Parks, recreation, and cultural	16,785	16,785	13,058	3,727
Debt service:				
Principal retirement	77,934	77,934	43,362	34,572
Interest and other fiscal charges	136,744	136,744	28,399	108,345
Total expenditures	\$ 2,485,068	\$ 2,485,068	\$ 1,448,003	\$ 1,037,065
Excess (deficiency) of revenues over (under) expenditures	\$ (200,090)	\$ (200,090)	\$ 495,816	\$ 695,906
Net change in fund balances	\$ (200,090)	\$ (200,090)	\$ 495,816	\$ 695,906
Fund balances - beginning	200,090	200,090	1,520,793	1,320,703
Fund balances - ending	\$ -	\$ -	\$ 2,016,609	\$ 2,016,609

Town of Louisa, Virginia

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios - Pension Plan

For the Measurement Dates of June 30, 2014 through June 30, 2020

	<u>2020</u>	<u>2019</u>
Total pension liability		
Service cost	\$ 101,926	\$ 102,639
Interest	164,636	159,180
Changes in benefit terms	-	-
Changes of assumptions	-	70,072
Differences between expected and actual experience	23,646	(98,542)
Benefit payments	(68,738)	(67,849)
Net change in total pension liability	<u>\$ 221,470</u>	<u>\$ 165,500</u>
Total pension liability - beginning	<u>2,473,424</u>	<u>2,307,924</u>
Total pension liability - ending (a)	<u><u>\$ 2,694,894</u></u>	<u><u>\$ 2,473,424</u></u>
 Plan fiduciary net position		
Contributions - employer	\$ 40,875	\$ 47,017
Contributions - employee	29,050	32,608
Net investment income	58,727	191,286
Benefit payments	(68,738)	(67,849)
Administrator charges	(1,955)	(1,840)
Other	(70)	(121)
Net change in plan fiduciary net position	<u>\$ 57,889</u>	<u>\$ 201,101</u>
Plan fiduciary net position - beginning	<u>3,043,033</u>	<u>2,841,932</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 3,100,922</u></u>	<u><u>\$ 3,043,033</u></u>
 Town's net pension liability (asset) - ending (a) - (b)	 <u><u>\$ (406,028)</u></u>	 <u><u>\$ (569,609)</u></u>
 Plan fiduciary net position as a percentage of the total pension liability	 115.07%	 123.03%
 Covered payroll	 \$ 613,667	 \$ 688,470
 Town's net pension liability (asset) as a percentage of covered payroll	 -66.16%	 -82.74%

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.

Exhibit 11

	2018	2017	2016	2015	2014
\$	108,991	\$ 106,188	\$ 56,588	\$ 67,988	\$ 64,175
	150,697	141,058	140,683	135,553	125,276
	-	30,963	-	-	-
	-	(13,135)	-	-	-
	(79,018)	(78,000)	(144,757)	(86,921)	-
	(51,107)	(47,649)	(46,681)	(39,981)	(45,293)
\$	129,563	\$ 139,425	\$ 5,833	\$ 76,639	\$ 144,158
	2,178,361	2,038,936	2,033,103	1,956,464	1,812,306
\$	<u>2,307,924</u>	<u>\$ 2,178,361</u>	<u>\$ 2,038,936</u>	<u>\$ 2,033,103</u>	<u>\$ 1,956,464</u>
\$	43,155	\$ 43,917	\$ 31,305	\$ 32,058	\$ 43,063
	31,901	33,314	28,652	29,439	29,864
	195,881	285,805	40,420	99,207	290,818
	(51,107)	(47,649)	(46,681)	(39,981)	(45,293)
	(1,639)	(1,592)	(1,386)	(1,317)	(1,532)
	(176)	(256)	(17)	(21)	16
\$	218,015	\$ 313,539	\$ 52,293	\$ 119,385	\$ 316,936
	2,623,917	2,310,378	2,258,085	2,138,700	1,821,764
\$	<u>2,841,932</u>	<u>\$ 2,623,917</u>	<u>\$ 2,310,378</u>	<u>\$ 2,258,085</u>	<u>\$ 2,138,700</u>
\$	(534,008)	\$ (445,556)	\$ (271,442)	\$ (224,982)	\$ (182,236)
	123.14%	120.45%	113.31%	111.07%	109.31%
\$	669,594	\$ 667,503	\$ 617,062	\$ 609,214	\$ 597,267
	-79.75%	-66.75%	-43.99%	-36.93%	-30.51%

Town of Louisa, Virginia
Schedule of Employer Contributions - Pension Plan
For the Years Ended June 30, 2012 through June 30, 2021

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					
2021	\$ 25,670	\$ 25,670	\$ -	\$ 535,076	4.80%
2020	41,042	41,042	-	613,667	6.69%
2019	47,017	47,017	-	688,470	6.83%
2018	43,155	43,155	-	669,594	6.44%
2017	43,917	43,917	-	667,503	6.58%
2016	31,305	31,305	-	617,062	5.07%
2015	32,058	32,058	-	609,214	5.26%
2014	43,063	43,063	-	597,267	7.21%
2013	45,395	45,395	-	629,617	7.21%
2012	37,608	37,608	-	616,527	6.10%

Current year contributions are from Town records and prior year contributions are from the VRS actuarial valuation performed each year.

Town of Louisa, Virginia
Notes to Required Supplementary Information - Pension Plan
For the Year Ended June 30, 2021

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 actuarial assumptions used in the June 30, 2019, valuations were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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%
Discount Rate	Decreased rate from 7.00% to 6.75%

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	Increased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Town of Louisa, Virginia
Schedule of Town's Share of Net OPEB Liability
Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2017 through 2020

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)
2020	0.00310% \$	50,899 \$	627,736	8.11%	52.64%
2019	0.00350%	57,117	688,740	8.29%	52.00%
2018	0.00352%	54,000	669,594	8.06%	51.22%
2017	0.00362%	55,000	667,503	8.24%	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.

Town of Louisa, Virginia
 Schedule of Employer Contributions
 Group Life Insurance (GLI) Plan
 For the Years Ended June 30, 2016 through June 30, 2021

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)
2021	\$ 2,889	\$ 2,889	\$ -	\$ 535,076	0.54%
2020	3,264	3,264	-	627,736	0.52%
2019	3,580	3,580	-	688,470	0.52%
2018	3,482	3,482	-	669,594	0.52%
2017	3,471	3,471	-	667,503	0.52%
2016	2,962	2,962	-	617,062	0.48%

Schedule is intended to show information for 10 years. Information prior to 2016 is not available. However, additional years will be included as they become available.

Town of Louisa, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2021

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 actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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 14.00% to 15.00%
Discount Rate	Increased rate from 7.00% to 6.75%

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
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Increased rate from 7.00% to 6.75%

OTHER SUPPLEMENTARY INFORMATION

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***DISCRETELY PRESENTED COMPONENT UNIT
ECONOMIC DEVELOPMENT AUTHORITY***

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Town of Louisa, Virginia
Statement of Net Position
Discretely Presented Component Unit - Economic Development Authority
June 30, 2021

ASSETS

Current assets:

Cash and cash equivalents	\$ 58,544
Total assets	<u>\$ 58,544</u>

NET POSITION

Unrestricted	\$ 58,544
Total net position	<u><u>\$ 58,544</u></u>

Town of Louisa, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Discretely Presented Component Unit - Economic Development Authority
For the Year Ended June 30, 2021

OPERATING REVENUES

Charges for services:

Miscellaneous	\$ 29,000
Total operating revenues	<u>\$ 29,000</u>

OPERATING EXPENSES

Community development	\$ 68,164
Total operating expenses	<u>\$ 68,164</u>

Operating income (loss)	<u>\$ (39,164)</u>
-------------------------	--------------------

NONOPERATING REVENUES (EXPENSES)

Interest income	\$ 59
Contribution from Town of Louisa	67,935
Total nonoperating revenues (expenses)	<u>\$ 67,994</u>

Change in net position	\$ 28,830
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Total net position - beginning	29,714
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Total net position - ending	<u><u>\$ 58,544</u></u>
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Town of Louisa, Virginia
Statement of Cash Flows
Discretely Presented Component Unit - Economic Development Authority
For the Year Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 29,000
Payments for operating activities	(69,238)
Net cash provided by (used for) operating activities	<u>\$ (40,238)</u>

**CASH FLOWS FROM NONCAPITAL FINANCING
ACTIVITIES**

Contribution from Town of Louisa	
Net cash provided by (used for) noncapital financing activities	<u>\$ 67,935</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	\$ 59
Net cash provided by (used for) investing activities	<u>\$ 59</u>

Net increase (decrease) in cash and cash equivalents \$ 27,756

Cash and cash equivalents - beginning 30,788

Cash and cash equivalents - ending \$ 58,544

**Reconciliation of operating income (loss) to net cash
provided by (used for) operating activities:**

Operating income (loss)	\$ (39,164)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Increase (decrease) in accounts payable and accrued liabilities	(1,074)
Total adjustments	<u>(1,074)</u>

Net cash provided by (used for) operating activities \$ (40,238)

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SUPPORTING SCHEDULES

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Town of Louisa, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Schedule 1
Page 1 of 2

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 245,000	\$ 245,000	\$ 255,773	\$ 10,773
Real and personal public service corporation taxes	6,700	6,700	8,076	1,376
Personal property taxes	71,500	71,500	72,536	1,036
Penalties	1,000	1,000	3,139	2,139
Interest	2,000	2,000	3,171	1,171
Total general property taxes	\$ 326,200	\$ 326,200	\$ 342,695	\$ 16,495
Other local taxes:				
Local sales and use taxes	\$ 75,000	\$ 75,000	\$ 104,554	\$ 29,554
Consumption tax	4,400	4,400	4,695	295
Business license taxes	253,000	253,000	258,864	5,864
Bank stock taxes	140,000	140,000	162,329	22,329
Hotel and motel room taxes	1,800	1,800	1,048	(752)
Restaurant food taxes	570,000	570,000	709,600	139,600
Total other local taxes	\$ 1,044,200	\$ 1,044,200	\$ 1,241,090	\$ 196,890
Permits, privilege fees, and regulatory licenses:				
Permits and other licenses	\$ 4,000	\$ 4,000	\$ 3,158	\$ (842)
Fines and forfeitures:				
Court fines and forfeitures	\$ 7,000	\$ 7,000	\$ 11,091	\$ 4,091
Revenue from use of money and property:				
Revenue from use of money	\$ 8,000	\$ 8,000	\$ 1,054	\$ (6,946)
Revenue from use of property	10,800	10,800	10,800	-
Total revenue from use of money and property	\$ 18,800	\$ 18,800	\$ 11,854	\$ (6,946)
Charges for services:				
Charges for sanitation and waste removal	\$ 7,500	\$ 7,500	\$ 8,602	\$ 1,102
Miscellaneous:				
Miscellaneous	\$ 10,500	\$ 6,000	\$ 26,198	\$ 20,198
Total revenue from local sources	\$ 1,418,200	\$ 1,413,700	\$ 1,644,688	\$ 230,988
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ 1,750	\$ 1,750	\$ 1,692	\$ (58)
Auto rental tax	10,000	10,000	19,907	9,907
Communications tax	4,800	4,800	5,277	477
Personal property tax relief funds	21,378	21,378	21,379	1
Total noncategorical aid	\$ 37,928	\$ 37,928	\$ 48,255	\$ 10,327

Town of Louisa, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Schedule 1
Page 2 of 2

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid:				
Other categorical aid:				
DJCP grants for law enforcement	\$ 39,000	\$ 39,000	\$ 43,146	\$ 4,146
TEA grant	773,000	773,000	-	(773,000)
Litter control	850	850	981	131
Justice grants	6,000	4,500	-	(4,500)
Arts grant	-	4,500	4,500	-
Games of skill	-	-	5,472	5,472
Fire programs	10,000	10,000	15,000	5,000
Total other categorical aid	<u>\$ 828,850</u>	<u>\$ 831,850</u>	<u>\$ 69,099</u>	<u>\$ (762,751)</u>
Total categorical aid	<u>\$ 828,850</u>	<u>\$ 831,850</u>	<u>\$ 69,099</u>	<u>\$ (762,751)</u>
Total revenue from the Commonwealth	<u>\$ 866,778</u>	<u>\$ 869,778</u>	<u>\$ 117,354</u>	<u>\$ (752,424)</u>
Revenue from the federal government:				
Other categorical aid:				
Covid 19 - CARES Act	\$ -	\$ -	\$ 179,627	\$ 179,627
Transportation safety	-	-	2,150	2,150
Department of Justice grant	-	1,500	-	(1,500)
Total other categorical aid	<u>\$ -</u>	<u>\$ 1,500</u>	<u>\$ 181,777</u>	<u>\$ 180,277</u>
Total revenue from the federal government	<u>\$ -</u>	<u>\$ 1,500</u>	<u>\$ 181,777</u>	<u>\$ 180,277</u>
Total General Fund	<u>\$ 2,284,978</u>	<u>\$ 2,284,978</u>	<u>\$ 1,943,819</u>	<u>\$ (341,159)</u>

Town of Louisa, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
General and financial administration:				
Town Manager and financial administration	\$ 523,857	\$ 523,857	645,957	\$ (122,100)
Total general government administration	\$ 523,857	\$ 523,857	\$ 645,957	\$ (122,100)
Public safety:				
Law enforcement and traffic control:				
Police	\$ 506,460	\$ 506,460	467,847	\$ 38,613
Fire and rescue services:				
Fire department	\$ 21,000	\$ 21,000	26,000	\$ (5,000)
Total public safety	\$ 527,460	\$ 527,460	\$ 493,847	\$ 33,613
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Street maintenance	\$ 1,118,288	\$ 1,118,288	\$ 125,639	\$ 992,649
Sanitation and waste removal:				
Refuse collection	\$ 56,000	\$ 56,000	\$ 66,895	\$ (10,895)
Recycling	28,000	28,000	30,846	(2,846)
Total sanitation and waste removal	\$ 84,000	\$ 84,000	\$ 97,741	\$ (13,741)
Total public works	\$ 1,202,288	\$ 1,202,288	\$ 223,380	\$ 978,908
Parks, recreation, and cultural:				
Parks and recreation:				
Ball park	\$ 2,250	\$ 2,250	\$ 984	\$ 1,266
Oakland Cemetery	14,535	14,535	12,074	2,461
Total parks and recreation	\$ 16,785	\$ 16,785	\$ 13,058	\$ 3,727
Total parks, recreation, and cultural	\$ 16,785	\$ 16,785	\$ 13,058	\$ 3,727
Debt service:				
Principal retirement	\$ 77,934	\$ 77,934	\$ 43,362	\$ 34,572
Interest and other fiscal charges	136,744	136,744	28,399	108,345
Total debt service	\$ 214,678	\$ 214,678	\$ 71,761	\$ 142,917
Total General Fund	\$ 2,485,068	\$ 2,485,068	\$ 1,448,003	\$ 1,037,065

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OTHER STATISTICAL INFORMATION

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Table 1

Town of Louisa, Virginia
Government-wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Public Safety	Public Works	Parks, Recreation, and Cultural	Community Development	Interest on Long-term Debt	Enterprise Funds	Total
2020-21	\$ 735,072	\$ 529,796	\$ 228,936	\$ 14,004	\$ 111,555	\$ 90,387	\$ 1,384,331	\$ 3,094,081
2019-20	657,060	505,260	189,010	24,424	111,555	124,502	1,395,970	3,007,781
2018-19	551,762	472,887	218,448	14,952	111,555	130,549	1,252,221	2,752,374
2017-18	663,480	498,030	221,867	14,561	79,939	75,158	1,402,324	2,955,359
2016-17	637,230	449,295	185,784	14,486	79,939	75,983	1,290,310	2,733,027
2015-16	625,017	404,738	198,735	14,112	79,940	74,373	1,301,613	2,698,528

Note: This table is designed to show ten years of data. However, information prior to 2015-16 is unavailable.

Table 2

Town of Louisa, Virginia
Government-wide Revenues
Last Ten Fiscal Years

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES						Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs		
2020-21	\$ 1,176,423	\$ 63,627	\$ 760,601	\$ 343,777	\$ 1,241,090	\$ 16,948	\$ 26,198	\$ 235,504	\$ 3,864,168	
2019-20	1,164,762	85,234	30,000	333,002	1,076,403	47,567	14,832	80,972	2,832,772	
2018-19	1,025,227	90,472	-	330,095	1,074,971	54,126	20,666	37,723	2,633,280	
2017-18	1,256,893	60,415	-	320,279	1,013,358	35,610	41,230	33,886	2,761,671	
2016-17	1,912,405	86,015	-	288,976	1,013,077	23,473	27,421	32,310	3,383,677	
2015-16	1,073,158	63,913	139,179	232,901	992,498	23,035	19,739	30,242	2,574,665	

Note: This table is designed to show ten years of data. However, information prior to 2015-16 is unavailable.

Table 3

Town of Louisa, Virginia
General Governmental Expenditures by Function (1,2)
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Public Safety	Public Works	Parks, Recreation, and Cultural	Community Development	Debt Service	Total
2021	\$ 645,957	\$ 493,847	\$ 223,380	\$ 13,058	\$ -	\$ 71,761	\$ 1,448,003
2020	589,622	487,126	245,284	25,219	-	197,143	1,544,394
2019	537,502	491,931	239,680	16,817	-	197,043	1,482,973
2018	588,931	621,392	226,734	15,843	1,201,371	107,535	2,761,806
2017	572,591	492,345	225,201	16,135	-	104,244	1,410,516
2016	568,619	419,619	195,188	14,858	-	105,413	1,303,697

Note: This table is designed to show ten years of data. However, information prior to 2016 is unavailable.

(1) Includes General, Capital Projects, and Special Revenue Funds of the Primary Government.

(2) Excludes expenditures for capital projects.

Table 4

Town of Louisa, Virginia
General Governmental Revenues by Source (1,2)
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Inter-governmental	Total
2021	\$ 342,695	\$ 1,241,090	\$ 3,158	\$ 11,091	\$ 11,854	\$ 8,602	\$ 26,198	\$ 299,131	\$ 1,943,819
2020	336,844	1,076,403	5,095	4,811	17,903	7,341	14,832	166,206	1,629,435
2019	316,859	1,074,971	2,250	11,985	17,431	7,651	20,666	128,195	1,580,008
2018	326,995	1,013,358	8,210	9,710	18,290	7,721	41,230	94,301	1,519,815
2017	281,532	1,013,077	902	9,784	15,354	8,281	27,421	87,845	1,444,196
2016	275,741	992,498	584	4,098	14,430	8,392	19,739	220,217	1,535,699

Note: This table is designed to show ten years of data. However, information prior to 2016 is unavailable.

(1) Includes General and Special Revenue funds of the Primary Government.

(2) Excludes Capital projects fund.

Table 5

Town of Louisa, Virginia
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1,2)	Current Tax Collections (1,2)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2021	\$ 339,233	\$ 323,962	95.50%	\$ 12,423	\$ 336,385	99.16%	\$ 39,507	11.65%
2020	329,087	300,918	91.44%	20,463	321,381	97.66%	41,210	12.52%
2019	350,910	320,484	91.33%	12,117	332,601	94.78%	44,566	12.70%
2018	331,821	304,246	91.69%	32,953	337,199	101.62%	34,037	10.26%
2017	320,774	291,128	90.76%	8,276	299,404	93.34%	46,225	14.41%
2016	310,974	287,623	92.49%	6,924	294,547	94.72%	35,934	11.56%

Note: This table is designed to show ten years of data. However, information prior to 2016 is unavailable.

(1) Exclusive of penalties, interest and land redemptions.

(2) Tax levy and collections include the Commonwealth's personal property tax relief revenues.

Table 6

Town of Louisa, Virginia
Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property	Machinery and Tools	Mobile Homes	Public Service (2)	Total
2021	\$ 158,321,893	\$ 14,698,326	\$ 179,150	\$ 48,000	\$ 4,939,339	\$ 178,186,708
2020	150,724,796	14,680,689	193,025	48,000	4,152,919	169,799,429
2019	146,289,060	15,011,351	187,030	48,000	4,877,641	166,413,082
2018	137,433,800	14,225,936	183,840	33,300	4,917,416	156,794,292
2017	136,739,800	12,839,571	163,580	28,300	4,950,311	154,721,562
2016	133,682,238	11,797,815	161,410	23,000	4,765,586	150,430,049

Note: This table is designed to show ten years of data. However, information prior to 2016 is unavailable.

(1) Real estate is assessed at 100% of fair market value.

(2) Assessed values are established by the State Corporation Commission.

Table 7

**Town of Louisa, Virginia
Property Tax Rates (1)
Last Ten Fiscal Years**

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Mobile Homes	Public Utility	
					Real Estate	Personal Property
2021	\$ 0.1635	\$ 0.71	\$ 0.71	\$ 0.1635	\$ 0.1635	\$ 0.71
2020	0.1635	0.71	0.71	0.1635	0.1635	0.71
2019	0.1635	0.71	0.71	0.1635	0.1635	0.71
2018	0.1635	0.71	0.71	0.1635	0.1635	0.71
2017	0.1635	0.71	0.71	0.1635	0.1635	0.71
2016	0.1635	0.71	0.71	0.1635	0.1635	0.71

Note: This table is designed to show ten years of data. However, information prior to 2016 is unavailable.

(1) Per \$100 of assessed value.

Table 8

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

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Less: Debt Payable from Enterprise Revenue	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2021	1,764	\$ 178,186,708	\$ 5,943,598	\$ 2,989,530	\$ 2,954,068	1.66%	\$ 1,675
2020	1,764	169,799,429	5,851,722	2,872,760	2,978,962	1.75%	1,689
2019	1,736	166,413,082	5,757,319	2,796,725	2,960,594	1.78%	1,705
2018	1,702	156,794,292	5,864,374	2,862,633	3,001,741	1.91%	1,764
2017	1,666	154,721,562	4,726,863	2,926,520	1,800,343	1.16%	1,081
2016	1,640	150,430,049	4,817,058	2,988,454	1,828,604	1.22%	1,115

Note: This table is designed to show ten years of data. However, information prior to 2016 is unavailable.

(1) Weldon Cooper Center for Public Service, 2010 Census count and 2011-2020 estimates.

(2) From Table 6

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans of the Governmental Activities. Excludes revenue bonds, capital leases, and compensated absences.

Table 9

Town of Louisa, Virginia
Computation of Legal Debt Margin
June 30, 2021

Assessed value of real property, January 1, 2020 (1)	<u>\$ 163,640,639</u>
Debt limit: 10% of assessed value	\$ 16,364,064
Amount of debt applicable to debt limit:	
Gross debt (2)	\$ 5,943,598
Less: Revenue bonds	<u>-</u>
Net general obligation bonds and loans	<u>\$ 5,943,598</u>
Legal debt limit	<u><u>\$ 10,420,466</u></u>

(1) Assessed value of real property, including public service corporations as of January 1, 2020.

(2) Includes bonded debt and long-term notes payable.

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COMPLIANCE

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ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

**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 Town Council
Town of Louisa
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 business-type activities, the discretely presented component unit, and each major fund of Town of Louisa Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Town of Louisa, Virginia's basic financial statements and have issued our report thereon dated November 2, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Louisa Virginia's internal control over financial reporting (internal control) as a basis for designing 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 Town of Louisa, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Louisa, Virginia's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Richmond, Virginia
November 2, 2021



**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 Town Council
Town of Louisa
Louisa, Virginia

Report on Compliance for Each Major Federal Program

We have audited Town 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 Town of Louisa, Virginia's major federal programs for the year ended June 30, 2021. Town of Louisa, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the 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 Town 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 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 Town 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 Town of Louisa, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, Town 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, 2021.

Report on Internal Control over Compliance

Management of Town 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 Town 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 Town 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, Farnum, Cox Associates

Richmond, Virginia
November 2, 2021

Town of Louisa, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Agriculture:			
Direct Payments:			
Water and Waste Disposal Systems for Rural Communities	10.760	N/A	\$ 884,619
Department of Treasury:			
Direct payments:			
COVID-19 - Coronavirus Relief Fund	21.019	N/A	\$ 179,627
Department of Transportation:			
Pass-through Payments:			
Virginia Department of Transportation:			
Alcohol Open Container Requirements	20.607	154AL-2021-51332-21332	\$ 2,150
Total Expenditures of Federal Awards			<u>\$ 1,066,396</u>

See accompanying notes to schedule of expenditures of federal awards.

Town of Louisa, Virginia
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Louisa, Virginia under programs of the federal government for the year ended June 30, 2021. 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 of Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Louisa, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Louisa, Virginia.

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Subrecipients

No awards were passed through to subrecipients

Note 4 - Indirect cost rate

The Town of Louisa, Virginia did not elect to use the 10-percent de minimus indirect cost rate allowed under Uniform Guidance.

Note 5 - Loan Balances

The Town has a loan balance of \$265,610 at June 30, 2021 from federally funded sources.

Note 6 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$	181,777
Sewer Fund		760,601
Total primary government	\$	942,378
Loan Proceeds	\$	124,018
Total federal expenditures per basic financial statements	\$	1,066,396

Total federal expenditures per the Schedule of Expenditures
of Federal Awards

\$ 1,066,396

Town of Louisa, Virginia
Schedule of Findings and Questioned Costs
For the year ended June 30, 2021

Section I-Summary of Auditors' Results

Financial Statements

Financial Statements

Type of auditors' report issued:

unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ yes ✓ no

Significant deficiency(ies) identified?

_____ yes ✓ none reported

Noncompliance material to financial statements noted?

_____ yes ✓ no

Federal Awards

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

_____ yes ✓ no

Significant deficiency(ies) identified?

_____ yes ✓ none reported

Type of auditors' report issued on compliance
for major programs:

unmodified

Any findings disclosed that are required to be
reported in accordance with 2 CFR section 200.516(a)?

_____ yes ✓ no

Identification of major programs:

CFDA Number(s)

10.760

Name of Federal Program or Cluster

Water and Waste Disposal Systems for Rural Communities

Dollar threshold used to distinguish between type A
and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

_____ yes ✓ no

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

**Town of Louisa, Virginia
Summary Schedule of Prior Audit Findings
For the year ended June 30, 2021**

There were no prior audit findings.