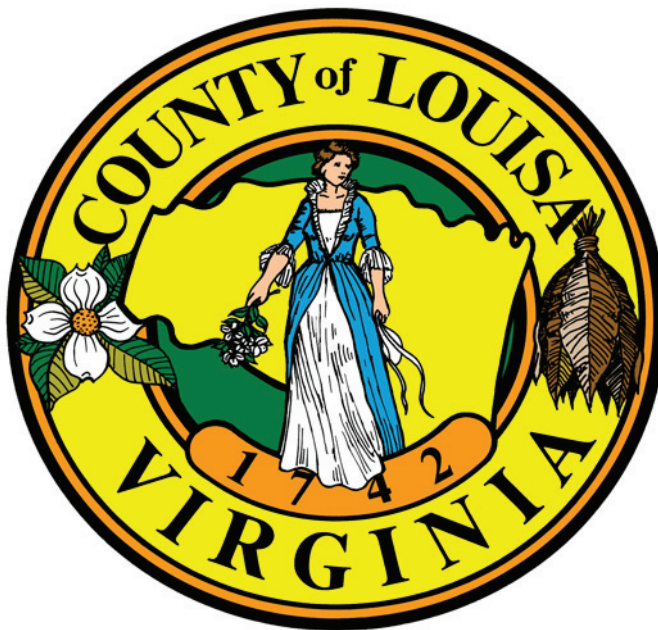


County of Louisa, Virginia

Comprehensive Annual Financial Report



Year Ended June 30, 2020

County of Louisa, Virginia

**Comprehensive Annual
Financial Report**

For the Year Ended June 30, 2020

Prepared By:

Wanda H. Colvin, Finance Director
Faye Stewart, Accountant

COUNTY OF LOUISA, VIRGINIA

Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2020

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For the Fiscal Year Ended June 30, 2020

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November 20, 2020

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

The Commonwealth of Virginia requires local governments to publish, within five months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accounts. Pursuant to that requirement, we are pleased to present the Comprehensive Annual Financial Report of the County of Louisa, Virginia, ("the County"), for the fiscal year ended June 30, 2020.

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

The County's management is responsible for establishing and maintaining an internal control structure to ensure the protection of County assets. In developing and evaluating the County's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable assurance regarding: 1) the safeguarding of assets against loss from unauthorized use or disposition; 2) the reliability of financial records for preparing financial statements; and 3) maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed likely benefits, and the evaluation of costs and benefits requires estimates and judgments by management.

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

Robinson, Farmer, Cox Associates, Certified Public Accountants, has issued an unmodified opinion on the County's financial statements for the year ended June 30, 2020. The independent auditor's report is located at the front of the financial section of this report.

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

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

Profile of Louisa County

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

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

The County, located in heart of central Virginia and encompassing a land area of 514 square miles, is situated between Richmond, Charlottesville and Fredericksburg. The primary roads traversing the County are Interstate 64 and routes 15, 22, 33, 208 and 522. Louisa County is bordered by Hanover, Albemarle, Fluvanna, Spotsylvania and Orange Counties. Lake Anna, the third largest freshwater inland lake in Virginia, lies along the northeastern border of the County. With its 200 miles of shoreline and 13,000 surface acres of water, the lake has become a premier location in Central Virginia for water sports and fishing. The number of full time residents has grown steadily since the lake was built in 1972.

Louisa has a growing and diversified economy comprised of manufacturing, services, commercial and agricultural sectors. Agriculture remains an important factor in Louisa's economy, with beef cattle representing the principal livestock and a number of major cash crops including hay, corn and soybeans. Grape vineyards and wines are showing growth and giving rise to increased tourism. In 2019, Virginia ranked 8th in Domestic Traveler Spending among 50 states and Washington D.C according to the Virginia Tourism Corporation. Louisa County tourism spending increased when compared to the previous year, as well. In 2020, with the outbreak of the COVID-19 pandemic, statewide spending is estimated to drop somewhere between 30% to 40% or more. Major regional commercial development continues in Zion Crossroads, and the Ferncliff Business Park continues to grow with development of new industrial and commercial space. This corridor will continue to be the focus of responsible industrial and commercial development, with the James River Water Project supporting associated needs.

Employment in Louisa has been affected by the COVID-19 pandemic during 2020. The local unemployment rate has risen to 6.9% as of June 2020, which is up from 2.7% in the prior year¹. Louisa County's population continues to increase. Since the 2010 census, Louisa County's population is estimated to have increased by 13.3%. The increase in population has brought additional demands for services, such as fire and rescue coverage, sheriff department coverage, and for increased capacity in County educational facilities. Growth has also spurred a continued need for water and sewer infrastructure.

¹ United States Department of Labor, Bureau of Labor Statistics: June 2020 data.

Reporting Entity

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

The financial statements of the Louisa County Industrial Development Authority are not included in the county report. This organization is administered by a board separate from and independent of the Board of Supervisors.

Budgetary Controls

When necessary, the Board of Supervisors approves amendments to the adopted budget in accordance with §15.2-2507 of the Code of Virginia. Budgetary compliance is monitored and reported at the department level. The budget is implemented through appropriations made and supplemented as necessary by the Board of Supervisors. These appropriations, except those to incur mandated expenditures, may be greater or less than contemplated in the budget.

As a recipient of federal and state financial assistance, the County is responsible for ensuring that adequate internal controls are in place to ensure and document compliance with applicable laws and regulations. The audit for the fiscal year ended June 30, 2020, has been completed. These requirements have been complied with and the auditor’s opinion is included in the compliance section of this report.

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

Major Initiatives

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

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

- The James River Water Project is underway. The total project is split between the James River Water Authority “JRWA” (a joint venture between Louisa and Fluvanna counties) and the James River Water Project “JRWP” (Louisa’s portion). Final permitting on the JRWA portion from the U.S. Army Corps of Engineers is uncertain at this time. Construction will commence soon thereafter. The JRWP portion of the project is approximately 100% complete. This project is intended to satisfy the 50 year countywide water supply needs as set forth in the County’s Long Range Water Supply Plan.
- Zion Crossroads continues to expand with new commercial and residential development. In 2019, several new mixed use developments were approved, totaling over 1,000 new residential units, including single family, townhomes and multifamily units. In addition, over 250,000 square feet of new commercial development was approved as part of these mixed use developments. Several new commercial businesses have announced plans to open/build new space in the Zion Market; these include a hotel, restaurants, medical practices and retail.
- Spring Creek announced plans to expand their land holdings in order to build out the remainder of the planned residential units on larger lots. To facilitate this plan, they acquired an adjoining property. Total number of residential units in the Spring Creek master planned development is 1,200. To date, there are approximately 700 built or under construction with an additional 500 lots remaining.
- The Spring Creek Business Park continues to see growth in the medical service area. The total number of medical service providers in the park is now seven. In 2019/2020, developers broke ground on a new 30,000 square foot office building that will include Class A office space, including a retail component with restaurants and shops.
- Several long standing, community based manufacturers and distribution companies made headlines in 2019/2020. Kingsley Bate expanded their warehouse/distribution footprint by purchasing an existing 100,000 square foot building in the Industrial Park and they are now expanded that building by an additional 20,000 square feet to meet distribution demands.
- In 2018, the County led the effort to establish a Regional Business Park in the Shannon Hill area of the County. The property is predominantly within the Shannon Hill Growth Area. To date, the County has completed initial site due diligence and is close to completing phase II due diligence on the site. The County was awarded a \$600,000 grant from Go Virginia to complete the phase II site due diligence which included various surveys, geotechnical investigation, master planning services, traffic impact analysis, preliminary engineering for onsite/offsite utilities, design of a 500k gallon elevated water storage tank, cultural resource summary, and Tier 3 site designation. In total, the project encompasses 700 acres and has been rezoned to Industrial for marketing to established targets. This project will continue to diversify the County’s tax base to offset service costs associated with projected population increases in the County. This project may involve multiple counties as participants in the project and include a Regional Industrial Facilities Act Revenue Sharing Agreement among the participating Counties/Localities.
- In 2020, Klockner Pentaplast announced a major expansion in Louisa County. The project consists of a \$19 Million Capital Investment in a new building and plastics laminating lines to meet customer demands in the pharmaceutical industry. The expansion will result in net new job creation of 28 FTE with an average compensation package of \$63,000. Klockner has been manufacturing plastic products in Louisa County for over 40 years.

- New “green” energy regulation(s) passed by the Virginia General Assembly have incentivized significant development of solar power generation. Louisa County is very attractive to solar developers given the robust infrastructure within the County that supports solar development. Within the past 12 months, the County has permitted over 300 MW’s of new solar power production, with an additional 200+ MW’s of solar generation applications in the pipeline.
- Filling of Cell #1 at the Louisa County Sanitary Landfill is complete, and filling at the new cells (Cells 2 & 3) began on May 1, 2020. The total capacity for Cells 1, 2, & 3 is estimated at 932,287 cubic yards (CY) of waste. As of June 30, 2020, a total of 295,366 CY of waste has been placed in the Cells. This leaves 68.32% of the capacity remaining.
- Louisa County formed a Broadband Authority in 2014 to plan, develop and promote broadband service throughout Louisa County. The Authority brought a plan for Wireless Broadband for parts of the County to the Board of Supervisors in early 2017. The Supervisors approved a \$1.09 million project encompassing multiple towers on which Wireless Internet Service Providers (WISPs) would locate their equipment on to serve as many Louisa citizens and businesses as possible. Four towers have been completed with another in the final stages of implementation. A site-wide anchor tenant (WISP) has been secured and has their equipment on most of these towers and has agreed to locate their equipment on all of the towers that the Authority/County build or locate on. An additional two EMS towers built in the western end of the County are included in the County’s backhaul microwave radio links and are available for the ISP to install customer-serving equipment.
- The Broadband Authority distributed a survey to 30,000 recipients of the personal property tax return form in March of 2020. Over 6,700 responses were received and 5,374 of these were matched to specific addresses in Louisa County to provide both a quantitative view as well as a geographic view of where internet was available. Approximately 4,300 addresses responded that they had internet although satisfaction was mixed.
- Central Virginia Electric Cooperative (CVEC) and their wholly owned subsidiary, FireFly, have begun installing fiber optic cable to provide broadband internet for CVEC residential and commercial customers in the Zion Crossroads area, covering 3500 homes. Talks are underway with CVEC and other providers to potentially run fiber to the household throughout Louisa County.
- The Public Safety Radio/Communications System Replacement project is almost complete. This project includes a regional partnership with Fluvanna County to share core infrastructure and associated costs. Lease agreements and related documents are in place. Projected completion of the project is estimated in November 2020.

Awards and Achievements

The County received its 18th consecutive Certificate of Achievement on its fiscal year 2019 Comprehensive Annual Financial Report that was submitted to the Government Finance Officers Association of the United States and Canada (GFOA), Certificate for Excellence in Financial Reporting Program. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

Louisa County also received the Distinguished Budget Presentation Award from the Government Financial Officers Association for the fourth year in a row for its FY2020 budget documents. To be eligible for this award, a government must prepare budget documents of the very highest quality that reflect both the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOAs best practices on budgeting.

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

The County of Louisa also received two 2019 Virginia Association of Counties (VACO) Achievement Awards for its programs Project First Responder (also the Best Overall Small County Award) and Kindness Day. This is the fifth year that Louisa has been selected for an award.

Future Budget Considerations

For fiscal year 2021, the Board of Supervisors has approved a General Fund Operating Budget of \$115,963,210. The approved CIP Budget is \$14,788,685. The real estate tax rate was set at \$0.72 per \$100 of assessed value. The FY2021 Budget will required \$1,357,220 in fund balance reserves and debt issuance of \$8,500,000 to support operations or capital improvement projects.

The County faces continued financial pressures in FY2021 from increased federal and state mandates that are not always funded by federal or state revenues. With limited funding sources of revenue, these unfunded or partially funded mandates place the burden on local funding streams. Healthcare costs continue to rise, required services for public safety and human services continue to increase and the federal and state political landscapes are continually changing. Additional financial pressures can be expected in costs associated with the Children's Services Act, mental health care and incarceration.

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

The full economic effects in FY 2021 in the midst of the COVID-19 pandemic are still unknown, but the Board of Supervisors continues to look for ways to ensure that necessary services are delivered to the citizens of Louisa County without interruption as well as reduce expenditures wherever possible to offset lost revenues in the event of a revenue shortfall.

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

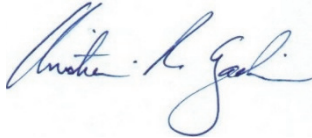
Louisa County real estate values increased in FY2020. This increase will generate additional tax revenues in future years. Construction and home improvements have increased in the County and we anticipate additional slow steady growth in this area over the next several years.

The County continues to update its 20 year capital needs plan. Though the County has always maintained a five year capital plan, the 20 year plan will be a valuable asset in future planning and budgeting. In FY2019, a Long Term Projects fund was established. This fund will be used to save for future year capital projects, and is intended to mitigate financing requirements and tax increases. In fiscal years' that the County is able to collect additional revenues and/or realizes budgeted savings, these additional funds can be placed in the future projects fund.

Acknowledgments

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

Respectfully submitted,

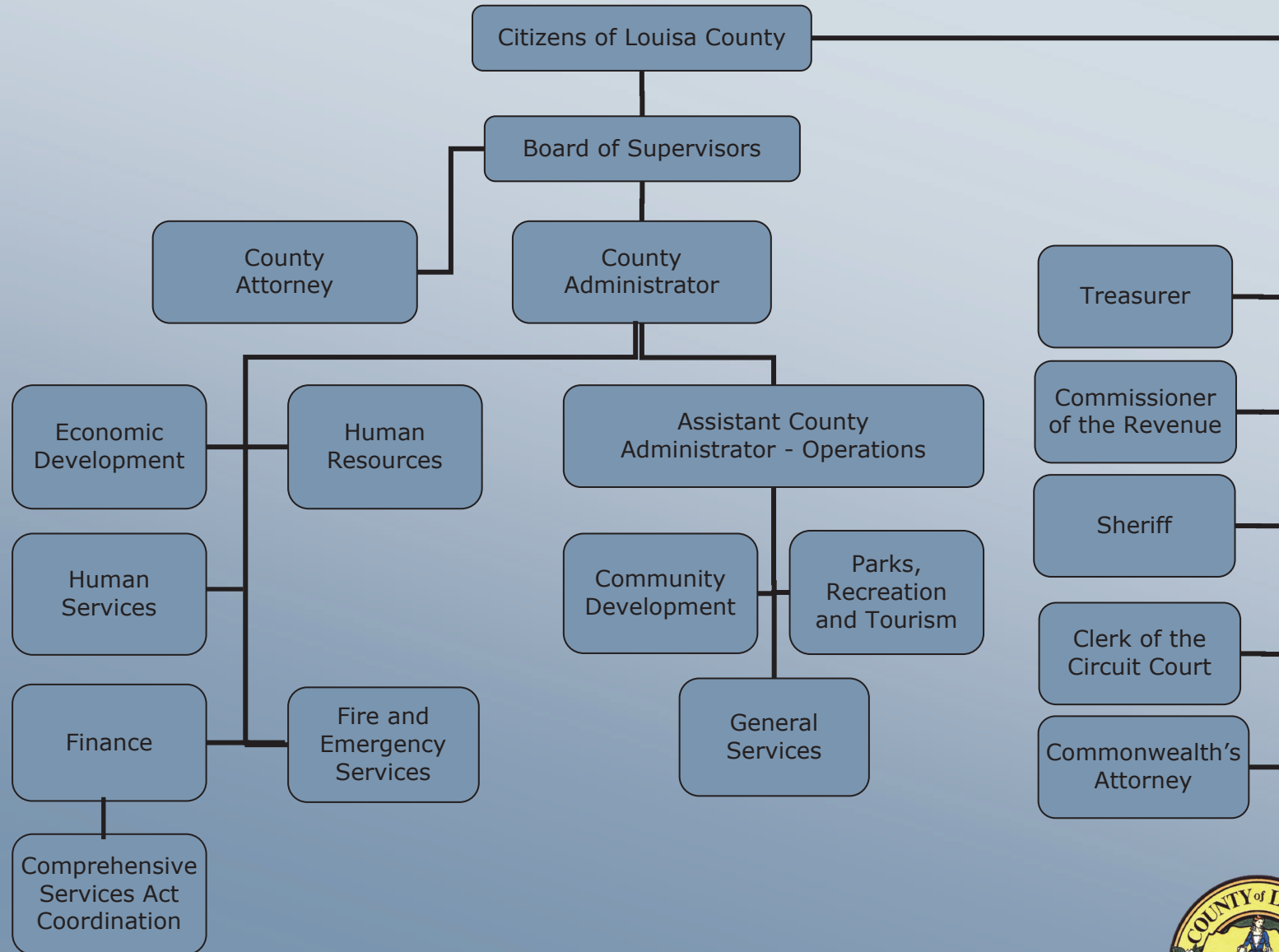
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Christian R. Goodwin
County Administrator

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COUNTY OF LOUISA

Organizational Structure



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**COUNTY OF LOUISA, VIRGINIA
JUNE 30, 2020**

BOARD OF SUPERVISORS

Robert F. Babyok, Jr., Chairman
Eric F. Purcell, Vice-Chairman

Duane A. Adams
Tommy J. Barlow

Fitzgerald A. Barnes
Willie L. Gentry, Jr.

R.T. Williams, Jr.

COUNTY SCHOOL BOARD

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

Stephen C. Harris
Deborah A. Hoffman

William A. Seay
Sherman T. Shifflett

Frances B. Goodman

OTHER OFFICIALS

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

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Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**County of Louisa
Virginia**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

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ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Louisa, Virginia, as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Louisa, Virginia, as of June 30, 2020, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 5-14, 95-98, and 99-114 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2020, on our consideration of the County of Louisa, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Louisa, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Louisa, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
November 24, 2020

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

The County of Louisa, Virginia's management offers readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2020. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the letter of transmittal, which can be found on pages i-vii of this report.

Financial Highlights FY 2020¹

- The general fund balance increased \$6,581,333.
- Revenues exceeded the original budget estimate by \$5,360,847 and revenues exceeded the amended budget by \$255,466.
- Expenditures were less than the original budget estimate by \$3,964,253 and expenditures were less than the amended budget by \$10,400,140.
- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$112,859,464, (net position). Of this amount, \$71,999,854 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- Louisa County funds reported combined ending fund balances of \$81,724,137, an increase of \$6,663,118 in comparison with the prior year. Approximately 36% of this total amount, or \$29,679,972, is available for spending at the County's discretion (unassigned fund balance), and 64%, or \$52,044,165, is non-spendable, restricted, committed, or assigned for specific projects. The overall increase in fund balance is largely attributable to increased collection of prior years' real property and personal property taxes, increased sales and use tax collections, CARES funding that was available to be used towards public safety salaries and budgeted savings within departmental budgets during the last quarter of FY20 due to reduced spending where possible due to the pandemic.
- Unassigned fund balance comprised 39.1% of total general fund expenditures.
- The County of Louisa, Virginia's total long-term obligations decreased by \$2,035,983, mostly from payments made on general obligation and lease revenue bonds. Obligations for Other Post Retirement Benefits (OBEP) increased.

Overview of the Financial Statements

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

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

¹ Fiscal Year ended June 30, 2020.

Overview of the Financial Statements: (Continued)

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

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

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

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

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

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

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

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

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

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

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

Overview of the Financial Statements: (Continued)

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$112,859,464 at the close of the most recent fiscal year.

A significant portion (36 percent) of the County's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

County of Louisa, Virginia's Net Position			
	Governmental Activities		
	2020	2019	
Current and other assets	\$ 156,948,212	\$ 145,047,478	
Capital assets	97,889,932	95,665,700	
Total assets	\$ 254,838,144	\$ 240,713,178	
Deferred outflows of resources	\$ 2,861,434	\$ 2,098,673	
Long-term liabilities outstanding	\$ 67,437,170	\$ 72,854,700	
Current liabilities	10,110,820	3,628,677	
Total liabilities	\$ 77,547,990	\$ 76,483,377	
Deferred inflows of resources	\$ 67,292,124	\$ 64,424,359	
Net position:			
Net investment in capital assets	\$ 40,859,610	\$ 36,910,984	
Restricted	-	-	
Unrestricted	71,999,854	64,993,131	
Total net position	\$ 112,859,464	\$ 101,904,115	

At the end of the current fiscal year, the County is able to report positive balances in all categories of net position.

Government-wide Financial Analysis: (Continued)

During fiscal year 2020, the County's net position increased by \$10,955,349. Key elements of this increase are as follows:

County of Louisa, Virginia's Changes in Net Position			
	Governmental Activities		
	2020	2019	
Revenues:			
Program revenues:			
Charges for services	\$ 3,095,143	\$ 2,960,499	
Operating grants and contributions	9,170,772	8,391,214	
Capital grants and contributions	320,750	290,840	
General revenues:			
Property taxes	63,397,886	61,193,152	
Other local taxes	9,106,660	8,258,885	
Other	4,628,509	3,654,295	
Total revenues	<u>\$ 89,719,720</u>	<u>\$ 84,748,885</u>	
Expenses:			
General government	\$ 2,558,510	\$ 3,627,043	
Judicial administration	1,689,088	1,928,527	
Public safety	17,549,237	15,682,242	
Public works	3,661,377	4,492,282	
Health and welfare	10,114,054	9,078,677	
Education	36,063,565	36,505,174	
Parks, recreation and culture	1,711,390	1,705,534	
Community development	3,405,258	2,739,172	
Interest	2,011,892	2,102,816	
Total expenses	<u>\$ 78,764,371</u>	<u>\$ 77,861,467</u>	
Increase (decrease) in net position	\$ 10,955,349	\$ 6,887,418	
Net position – beginning	<u>101,904,115</u>	<u>95,016,697</u>	
Net position - ending	<u>\$ 112,859,464</u>	<u>\$ 101,904,115</u>	

- Local revenues increased by \$3,049,243 and were driven by a combination of increased real property tax collections, including increased collection of delinquent taxes, increased tax collections for sales taxes, motor vehicle taxes, recordation and wills, and an average property value increase of approximately 4.3%.
- Operating grants and contributions increased by \$779,558 as a result of increased state and federal cost recoveries collected which were higher than projected due to increased expenditures in 2020 for health and human services, such as CSA and other public assistance programs.
- General government related costs decreased by \$1,068,533. This was a result of reduction of staff in the attorney's office, as well as reduction in information technology capital project commitments in FY2020.

Government-wide Financial Analysis: (Continued)

- Public Works related costs decreased by \$830,905, primary due to decrease in landfill closure and post-closure liability as well as savings for landfill and other general services projects for which funding had been appropriated, but work had not yet been completed.
- Education related costs decreased by \$441,609, primarily as a result of retirement of principal on general obligation and lease revenue bonds, reduced spending during the last quarter of FY 20 due to COVID-19 pandemic less increases in personnel costs.
- Health & welfare related costs increased \$1,035,377. This was a result of an increase in personnel costs from compensation increases, increased assistance program costs, and increased CSA program costs.
- Public safety related costs increased \$1,866,995 as a result of an increase in personnel and employee benefit costs due to adding additional positions in the sheriff's office and in the office of fire and emergency services, equipment, equipment maintenance and additional costs related to compensation increases for existing personnel. There were also additional one-time costs in FY 2020 associated with paying off loans for apparatus purchases for volunteer fire and rescue stations.
- Community development related costs increased \$666,086 as a result of costs associated with the economic development department's Go Virginia grant for site due diligence for the Regional Business Park project, providing a grant match for the Louisa County Industrial Authority (IDA) Also, increased for additional costs related to compensation increases for personnel.

Financial Analysis of the County's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a County's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$81,724,137, which represents an increase of \$6,663,118 in comparison with the prior year. Approximately 36% of this total amount, (\$29,679,972), constitutes unassigned general fund balance, which is available for spending at the County's discretion. \$249,202 of fund balance is non-spendable (prepaid and water project receivables). The remainder of fund balance is restricted, committed, or assigned to indicate that it is not available for new spending without further Board of Supervisors' action. These funds are restricted, committed, or assigned for items including:

- North Anna Power Station (NAPS) Stabilization expenditures
- Zion Crossroads future debt
- Employee Leave Liabilities and Other Post Employment Benefit Liabilities
- Future capital improvement expenditures

The general fund is the operating fund of the County. As a measure of the general fund's liquidity, it may be useful to compare total general fund balance to the total general fund expenditures. The total general fund balance represents 81.3% of the total general fund expenditures.

Financial Analysis of the County's Funds (Continued)

The general fund balance increased \$6,581,333 during the current fiscal year. The change is linked to a combination of increased prior year real estate and personal property tax revenue collections, increased sales tax collections, receipt of CARES funding that could be used towards public safety salaries, and budgeted savings due to reduced spending and/or delayed receipt of goods and services purchased by departments in the last quarter of the fiscal year due to the COVID-19 pandemic.

The fund balance for the capital projects fund increased by \$81,785 due to the additional funding for the Emergency Management Radio Replacement Project for additional radios and other needed equipment, as well as expanding the Solid Waste Operations less costs associated with the financial software project, the James River Water Project, and other approved capital projects proceeding as planned.

General Fund Budgetary Highlights

Differences between the original expenditure budget and the final amended budget totaled an increase of \$6,435,887. The increase in appropriations can be briefly summarized as follows:

- \$224,600 increase in general government administration results primarily from proceeds received for a Virginia Telecom Initiative (VATI) grant, as well as additional funding from the state for the primary election less a reduction to the County Attorney's budget from vacancy savings. The VATI grant funds were carried over from FY2019 and will be passed through to SCS Broadband to be used towards providing broadband services to underserved areas of the County.
- \$132,000 increase in judicial administration expenditures are the expenses related to funds received from the Victim Witness and the VSTOP Assistant Attorney grants.
- \$4,634,047 increase in public safety expenditures results from funding received from the Coronavirus Aid, Relief, and Economic Security (CARES) Act Funding for COVID-19 related expenses, insurance proceeds received for accident repairs, increased medical expenses for prisoners at Central Virginia Regional Jail, increased costs at the Regional Detention Center, several grants from Rescue Squad Assistance Funds, Internet Crimes Against Children, State Fire Programs, Four for Life, Homeland Security, workers compensation that is budgeted in the non-departmental budget, and re-appropriation of FY19 funding.
- \$343,537 increase in public works expenditures is primarily the result of re-appropriation of FY2019 carryover for completion facilities upgrades, expansion of solid waste operations, and salary increases associated with addressing compression issues for staff.
- \$1,079,416 increase in human services expenditures was primarily due to funding received to cover costs associated with an increase in caseloads handled by CSA, additional funding for a contract attorney, salary adjustments associated with addressing compression issues and implementing a career plan for the human services department.
- \$600,000 increase in education expenditures was primarily due to transfer of unused prior year funds back to the Schools for a storage facility capital project.
- \$109,637 increase in community development was primary due to providing funding for a grant match for the Louisa County Industrial Authority (IDA), and expenses related to salary adjustments associated with addressing compression issues.
- \$744,447 decrease in miscellaneous expenditures due to the allocation of the non-departmental budget to actual functions that occurred during the year.

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

General Fund Budgetary Highlights: (Continued)

During the year revenues exceeded the original budget estimate by \$5,360,847 and actual revenues exceeded the amended budget by \$255,466. Expenditures were less than the original budget estimate by \$3,964,253 and less than the amended budget by \$10,400,140. Savings in school operating expenditures accounted for 43%, savings in public safety expenditures accounted for 37%, savings in general government accounted for 6%, savings in health and human services accounted for 6%, savings in public works operating expenditures accounted for 3%, savings in judicial services accounted for 2%, and savings in community development accounted for 2% of this positive variance. Much of the savings is attributed to in-process building enhancements and projects, approved commitments not completed by year-end, grant awards which were not expended during the fiscal year, personnel savings due to vacancies, and conservative projections and budget management contributed significantly to the budget surplus.

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

Revenue

- \$1,166,310 of actual revenue in excess of the amended budget is materially attributed to conservative property tax assessment estimates, increased collection efforts by the Treasurer's Office as well as increased rate of collection by a third party collection agency.
- \$1,023,287 is associated with increased tax collection of sales and use tax, motor vehicle tax, recordation of wills, utility tax, business license tax, and other local taxes.
- \$158,088 increase in permit, fees, and license revenue is primarily attributed in an increase in collection of building and zoning permits.
- \$251,027 increase in interest on bank deposits and use of money is attributed to higher general fund cash balances. Revenues were higher than expected and expenditures were less than expected during FY 2020.
- \$143,544 decrease in charges for services is attributed to loss of Parks and Recreation revenues due to cancelled programs and reduced emergency services call volumes which reduced collection of ambulance fees during the pandemic. The recovered ambulance fees help support the expenses of our fire and emergency management departments.
- \$172,677 increase in recovered costs is primarily attributed to recoveries from surplus funds from judicial sales and mobile home titling taxes.
- \$1,971,494 decrease in federal revenues is attributed to unearned CARES funding that will be considered earned revenue in FY 2021 instead of FY 2020 once funds are expended.

Expenditures:

- \$575,697 under budget in General Government Administration is attributable to unspent grant funding that will be carried over into fiscal year 2020, unfilled positions, savings associated with staff turnover, and reduced contractual expenses.
- \$182,141 under budget in Judicial Administration is attributable to savings in unfilled positions for a portion of the year as well as staff turnover and reduced supply and contractual expenses.
- \$3,847,444 under budget in Public Safety is attributed to savings from unfilled positions and savings associated with staff turnover. Also, funding provided for fire programs and volunteer rescue from the Commonwealth has not been spent by the volunteers and is being carried over. Other areas of savings include funding for accident repairs, other unspent grant funds, and unspent CARES funding that are being carried over into FY21.

General Fund Budgetary Highlights: (Continued)

- \$359,924 under budget in Public Works is largely attributable to landfill and other general services projects for which funding has been appropriated, but work has not yet been completed. There were also savings attributed to reduced personnel costs and savings in contractual service expenses.
- \$644,665 under budget in Health and Human Services is attributed to savings associated with staff turnover, operational savings in supplies, special needs adoptions and other assistance program costs were less than expected.
- \$4,402,068 under budget in Education expenses is attributed to conservative budgeting coupled with savings associated with school closings during the months of March through May due to forced closures related to the COVID-19 pandemic, the purchases of goods for which funding had been appropriated, but delays in deliveries resulted in the carryover of funds into FY21, savings from staff turnover and vacancies and savings in contractual services and supplies.
- \$118,484 under budget in Parks and Recreation is attributed to personnel and program savings due to reduced costs associated with cancelled programs during the COVID-19 pandemic.
- \$181,664 under budget in Community Development is attributed to savings in personnel costs and savings in contractual services, marketing and advertising expenses.

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental funds as of June 30, 2020 amounts to \$97,889,932 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment. The total increase in the County's investment in capital assets for the current fiscal year was \$2,224,232 and is largely associated with the purchase of Equipment for the Solid Waste Operation Expansion, the acquisition of the Louisa Medical Center, new vehicles, and building renovations.

County of Louisa, Virginia's Capital Assets		
	Governmental Activities	
	2020	2019
Land	\$ 5,235,064	\$ 5,042,364
Buildings and improvements	28,429,724	27,196,789
Equipment	13,905,510	13,183,730
Construction in progress	58,673,812	55,303,028
Tenancy in common	16,987,632	18,933,074
Total	\$ 123,231,742	\$ 119,658,985
Less: accumulated depreciation	(25,341,810)	(23,993,285)
Net capital assets	\$ 97,889,932	\$ 95,665,700

Additional information on the County's capital assets can be found in Note 4.

Long-term debt - At the end of the current fiscal year, General Obligation Bonds, Revenue Bonds and premium on bonds payable outstanding totaled \$59,734,388. During the current fiscal year, the County's long-term obligations decreased by \$3,088,680 due to payments made on general obligation and lease revenue bonds.

The County did not acquire any new long-term debt during the year.

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

Economic Factors and Next Year's Budgets and Rates

- The local unemployment rate increased to 6.9% in June 2020, up from 2.7%² for June 2019.
- Zion Crossroads continues to expand with new commercial and residential development. In 2019, several new mixed use developments were approved, totaling over 1,000 new residential units, including single family, townhomes and multifamily units. In addition, over 250,000 square feet of new commercial development was approved as part of these mixed use developments. Several new commercial businesses have announced plans to open/build new space in the Zion Market; these include a hotel, restaurants, medical practices and retail.
- Spring Creek announced plans to expand their land holdings in order to build out the remainder of the planned residential units on larger lots. To facilitate this plan, they acquired an adjoining property. Total number of residential units in the Spring Creek master planned development is 1,200. To date, there are approximately 700 built or under construction with an additional 500 lots remaining.
- The Spring Creek Business Park continues to see growth in the medical service area. The total number of medical service providers in the park is now seven. In 2019/2020, developers broke ground on a new 30,000 square foot office building that will include Class A office space, including a retail component with restaurants and shops.
- Several long standing, community based manufacturers and distribution companies made headlines in 2019/2020. Kingsley Bate expanded their warehouse/distribution footprint by purchasing an existing 100,000 square foot building in the Industrial Park and they are now expanded that building by an additional 20,000 square feet to meet distribution demands.
- In 2018, the County led the effort to establish a Regional Business Park in the Shannon Hill area of the County. The property is predominantly within the Shannon Hill Growth Area. To date, the County has completed initial site due diligence and is close to completing phase II due diligence on the site. The County was awarded a \$600,000 grant from Go Virginia to complete the phase II site due diligence which included various surveys, geotechnical investigation, master planning services, traffic impact analysis, preliminary engineering for onsite/offsite utilities, design of a 500k gallon elevated water storage tank, cultural resource summary, and Tier 3 site designation. In total, the project encompasses 700 acres and has been rezoned to Industrial for marketing to established targets. This project will continue to diversify the County's tax base to offset service costs associated with projected population increases in the County. This project may involve multiple counties as participants in the project and include a Regional Industrial Facilities Act Revenue Sharing Agreement among the participating Counties/Localities.
- In 2020, Klockner Pentaplast announced a major expansion in Louisa County. The project consists of a \$19 Million Capital Investment in a new building and plastics laminating lines to meet customer demands in the pharmaceutical industry. The expansion will result in net new job creation of 28 FTE with an average compensation package of \$63,000. Klockner has been manufacturing plastic products in Louisa County for over 40 years.
- New "green" energy regulation(s) passed by the Virginia General Assembly have incentivized significant development of solar power generation. Louisa County is very attractive to solar developers given the robust infrastructure within the County that supports solar development. Within the past 12 months, the County has permitted over 300 MW's of new solar power production, with an additional 200+ MW's of solar generation applications in the pipeline.
- The County's population continues to increase. Since the 2010 census, the County's population has increased by over 13.3%. The increase in population has placed additional demands for services, such as career fire and rescue coverage, and demands for increased capacity in the County educational facilities. In addition to increases in County services, the growth has spurred a continued need for water and sewer infrastructure.

² United States Department of Labor, Bureau of Labor Statistics: June 2020 data

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

- Healthcare costs continue to rise, required services for public safety and human services continue to increase and the federal and state political landscapes are continually changing. Additional financial pressures can be expected in costs associated with the Children's Services Act, mental health care and incarceration. The County continues to devote significant resources to meet our growing public health and safety needs. Additional personnel and capital investments are included in the FY21 budget to address growing service demands, but meeting these needs is expected to be an ongoing challenge.
- The County is also challenged with providing competitive employee compensation packages that are consistent with the market. A continued focus on closing compensation gaps as resources become available is critical.
- The full economic effects in FY 2021 in the midst of the COVID-19 pandemic are still unknown, but the Board of Supervisors continues to look for ways to ensure that necessary services are delivered to the citizens of Louisa County without interruption as well as reduce expenditures wherever possible to offset lost revenues in the event of a revenue shortfall.
- One of the priorities of the Board of Supervisors is to maintain low tax rates. Economic development within the County will generate additional tax revenues to offset expenditures stemming from growing service demands. This will assist in avoiding increases that would create additional tax burdens to our citizens.
- Louisa County real estate values increased in FY2020. This increase will likely generate additional tax revenues in future years. Construction and home improvements have increased in the County and modest, steady growth over the next few years is anticipated.

All of these factors were considered in preparing the County's budget for the 2021 fiscal year.

For fiscal year 2021, the Board of Supervisors has approved a General Fund Operating Budget of \$115,963,210. The approved CIP Budget is \$14,788,685. The approved FY 2021 budget retained the prior year real estate tax rate at \$0.72 per \$100 of assessed value, and the budget was balanced using \$1,357,220 of general fund reserves and the issuance of debt in the amount of \$8,500,000 for the Jouett Elementary Addition Capital Project that is included in the FY21 approved capital budget.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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Government-wide Financial Statements

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Statement of Net Position
June 30, 2020

	Primary Government		Component Units	
	Governmental Activities	School Board	Louisa County Water Authority	
ASSETS				
Cash and cash equivalents	\$ 84,193,514	\$ 4,912,853	\$ 1,006,674	
Receivables (net of allowance for uncollectibles):				
Taxes receivable	69,749,758	-	-	
Accounts receivable	692,724	175,889	223,765	
Landfill accounts	30,311	-	-	
Due from primary government	-	166,278	-	
Due from other governmental units	2,229,582	2,140,782	-	
Prepaid items	14,058	-	337	
Net pension asset	38,265	829,696	3,269	
Restricted assets:				
Cash and cash equivalents	-	-	356,860	
Capital assets (net of accumulated depreciation):				
Land	5,235,064	1,366,127	913,325	
Buildings and system	30,517,693	71,770,276	218,491	
Machinery and equipment	3,463,363	5,155,952	114,151	
Intangible assets	-	-	22,276,778	
Infrastructure	-	-	360,554	
Construction in progress	58,673,812	153,512	121,241	
Total assets	\$ 254,838,144	\$ 86,671,365	\$ 25,595,445	
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	\$ 2,064,927	\$ 10,415,797	\$ 176,074	
OPEB related items	796,507	2,332,867	42,312	
Total deferred outflows of resources	\$ 2,861,434	\$ 12,748,664	\$ 218,386	
LIABILITIES				
Accounts payable	\$ 2,312,113	\$ 1,535,124	\$ 10,530	
Retainage payable	868,452	-	-	
Accrued liabilities	336,797	5,860,678	2,500	
Amounts held for future projects	-	-	10,000	
Customers' deposits	-	-	82,488	
Accrued interest payable	731,430	-	-	
Due to primary government	166,278	-	-	
Unearned revenue	2,314,203	-	90,906	
Long-term liabilities:				
Due within one year	3,416,547	68,854	89,577	
Due in more than one year	67,402,170	59,095,899	165,639	
Total liabilities	\$ 77,547,990	\$ 66,560,555	\$ 451,640	
DEFERRED INFLOWS OF RESOURCES				
Pension related items	\$ 865,383	\$ 4,871,623	\$ 73,474	
OPEB related items	77,420	492,620	6,669	
Deferred revenue - property taxes	66,349,321	-	-	
Total deferred inflows of resources	\$ 67,292,124	\$ 5,364,243	\$ 80,143	
NET POSITION				
Net investment in capital assets	\$ 40,859,610	\$ 78,445,867	\$ 24,004,540	
Restricted:				
Future capital expenses	-	-	265,947	
Unrestricted (deficit)	71,999,854	(50,950,636)	1,011,561	
Total net position	\$ 112,859,464	\$ 27,495,231	\$ 25,282,048	

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

COUNTY OF LOUISA, VIRGINIA

Statement of Activities

For the Year Ended June 30, 2020

		Program Revenues			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
PRIMARY GOVERNMENT:					
Governmental activities:					
General government administration	\$ 2,558,510	\$ 4,274	\$ 458,937	\$ -	
Judicial administration	1,689,088	162,268	749,845	-	
Public safety	17,549,237	2,024,140	1,779,049	18,000	
Public works	3,661,377	441,198	8,069	-	
Health and welfare	10,114,054	-	5,946,601	-	
Education	36,063,565	-	-	-	
Parks, recreation, and cultural	1,711,390	459,013	4,500	-	
Community development	3,405,258	4,250	-	302,750	
Interest on long-term debt	2,011,892	-	223,771	-	
Total governmental activities	\$ 78,764,371	\$ 3,095,143	\$ 9,170,772	\$ 320,750	
COMPONENT UNITS:					
School Board	\$ 67,548,151	\$ 2,158,187	\$ 28,158,683	\$ -	
Louisa County Water Authority	3,364,605	2,396,645	-	1,065,357	
Total component units	\$ 70,912,756	\$ 4,554,832	\$ 28,158,683	\$ 1,065,357	
General revenues:					
General property taxes					
Local sales and use taxes					
Taxes on recordation and wills					
Motor vehicle licenses taxes					
Consumers' utility taxes					
Meals taxes					
Other local taxes					
Unrestricted revenues from use of money and property					
Miscellaneous					
Payment from primary government					
Grants and contributions not restricted to specific programs					
Total general revenues					
Change in net position					
Net position - beginning					
Net position - ending					

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Position		
Primary Government	Component Units	
		Louisa County Water Authority
Governmental Activities	School Board	
\$ (2,095,299)		
(776,975)		
(13,728,048)		
(3,212,110)		
(4,167,453)		
(36,063,565)		
(1,247,877)		
(3,098,258)		
(1,788,121)		
<u>\$ (66,177,706)</u>		
	\$ (37,231,281)	\$ -
	-	97,397
	<u>\$ (37,231,281)</u>	<u>\$ 97,397</u>
\$ 63,397,886	\$ -	\$ -
4,557,042	-	-
774,923	-	-
1,438,729	-	-
657,398	-	-
1,208,373	-	-
470,195	-	-
1,216,802	1,405	29,433
412,277	349,059	-
-	35,573,116	-
2,999,430	-	-
<u>\$ 77,133,055</u>	<u>\$ 35,923,580</u>	<u>\$ 29,433</u>
\$ 10,955,349	\$ (1,307,701)	\$ 126,830
101,904,115	28,802,932	25,155,218
<u>\$ 112,859,464</u>	<u>\$ 27,495,231</u>	<u>\$ 25,282,048</u>

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Fund Financial Statements

Balance Sheet
Governmental Funds
June 30, 2020

	General	Capital Projects	Total
ASSETS			
Cash and cash equivalents	\$ 62,266,015	\$ 21,927,499	\$ 84,193,514
Receivables (net of allowance for uncollectible):			
Taxes receivable	69,749,758	-	69,749,758
Accounts receivable	541,370	151,354	692,724
Landfill accounts	30,311	-	30,311
Due from other governmental units	2,025,157	204,425	2,229,582
Prepaid items	14,058	-	14,058
Total assets	<u>\$ 134,626,669</u>	<u>\$ 22,283,278</u>	<u>\$ 156,909,947</u>
LIABILITIES			
Accounts payable	\$ 977,184	\$ 1,334,929	\$ 2,312,113
Accrued liabilities	336,797	-	336,797
Retainage payable	-	868,452	868,452
Due to component unit	166,278	-	166,278
Unearned revenue	2,309,203	5,000	2,314,203
Total liabilities	<u>\$ 3,789,462</u>	<u>\$ 2,208,381</u>	<u>\$ 5,997,843</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	<u>\$ 69,187,967</u>	<u>\$ -</u>	<u>\$ 69,187,967</u>
Fund balances:			
Nonspendable:			
Prepays	\$ 14,058	\$ -	\$ 14,058
JRWA receivable	235,144	-	235,144
Committed:			
NAPS stabilization	15,800,000	-	15,800,000
Assigned:			
Zion Crossroads development debt	357,130	-	357,130
OPEB	14,281,802	-	14,281,802
Leave	1,281,134	-	1,281,134
Capital projects	-	20,074,897	20,074,897
Unassigned	29,679,972	-	29,679,972
Total fund balances	<u>\$ 61,649,240</u>	<u>\$ 20,074,897</u>	<u>\$ 81,724,137</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 134,626,669</u>	<u>\$ 22,283,278</u>	<u>\$ 156,909,947</u>

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

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 Governmental Funds
 June 30, 2020

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$	81,724,137
Amounts reported for governmental activities in the Statement of Net Position are different because:			
When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the assets of the locality as a whole.			97,889,932
The net pension asset is not an available resource and, therefore is not reported in the funds.			38,265
Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the governmental funds			
Pension related items	\$	2,064,927	
OPEB related items		<u>796,507</u>	2,861,434
Interest on long-term debt is not accrued in governmental funds, but rather is recognized when paid.			(731,430)
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets are offset by unavailable revenues in the governmental funds and thus are not included in the fund balance.			2,838,646
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. All liabilities--both current and long-term--are reported in the Statement of Net Position.			(70,818,717)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the governmental funds			
Pension related items	\$	(865,383)	
OPEB related items		<u>(77,420)</u>	(942,803)
Net position of governmental activities			<u>\$ 112,859,464</u>
The notes to the financial statements are an integral part of this statement.			

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	General	Capital Projects	Total
REVENUES			
General property taxes	\$ 63,583,869	\$ -	\$ 63,583,869
Other local taxes	7,898,287	1,208,373	9,106,660
Permits, privilege fees, and regulatory licenses	688,088	-	688,088
Fines and forfeitures	83,809	-	83,809
Revenue from the use of money and property	922,027	294,775	1,216,802
Charges for services	2,323,246	-	2,323,246
Miscellaneous	361,860	50,417	412,277
Recovered costs	723,064	17,107	740,171
Intergovernmental:			
Commonwealth	8,231,614	442,683	8,674,297
Federal	3,816,655	-	3,816,655
Total revenues	<u>\$ 88,632,519</u>	<u>\$ 2,013,355</u>	<u>\$ 90,645,874</u>
EXPENDITURES			
Current:			
General government administration	\$ 3,524,331	\$ -	\$ 3,524,331
Judicial administration	2,145,677	-	2,145,677
Public safety	15,396,515	-	15,396,515
Public works	3,567,547	-	3,567,547
Health and welfare	10,133,525	-	10,133,525
Education	32,718,899	-	32,718,899
Parks, recreation, and cultural	1,567,568	-	1,567,568
Community development	1,659,348	-	1,659,348
Capital projects	-	8,205,653	8,205,653
Debt service:			
Principal retirement	2,640,442	-	2,640,442
Interest and other fiscal charges	2,504,575	-	2,504,575
Total expenditures	<u>\$ 75,858,427</u>	<u>\$ 8,205,653</u>	<u>\$ 84,064,080</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 12,774,092</u>	<u>\$ (6,192,298)</u>	<u>\$ 6,581,794</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 34,505	\$ 6,227,264	\$ 6,261,769
Transfers out	(6,227,264)	(34,505)	(6,261,769)
Insurance proceeds	-	81,324	81,324
Total other financing sources (uses)	<u>\$ (6,192,759)</u>	<u>\$ 6,274,083</u>	<u>\$ 81,324</u>
Net change in fund balances	\$ 6,581,333	\$ 81,785	\$ 6,663,118
Fund balances - beginning	55,067,907	19,993,112	75,061,019
Fund balances - ending	<u><u>\$ 61,649,240</u></u>	<u><u>\$ 20,074,897</u></u>	<u><u>\$ 81,724,137</u></u>

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

Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2020

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

Net change in fund balances - total governmental funds	\$ 6,663,118
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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. Details supporting this adjustment are as follows:

Capital outlay	\$ 6,169,246	
Depreciation expense	(2,263,157)	
Transfer of joint tenancy assets from Primary Government to the Component Unit	<u>(1,663,567)</u>	2,242,522

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.	(18,290)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	(185,983)
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The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. Details supporting this adjustment are as follows:

Principal retired on general obligation bonds	\$ 1,945,442	
Principal retired on lease revenue bonds	695,000	
Amortization of premiums on bonds payable	<u>448,238</u>	3,088,680

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. Details supporting this adjustment are as follows:

Change in landfill closure and postclosure liability	\$ (592,509)	
OPEB expense	(121,565)	
Change in accrued interest payable	44,445	
Pension expense	(25,603)	
Change in compensated absences	<u>(139,466)</u>	(834,698)

Change in net position of governmental activities	<u>\$ 10,955,349</u>
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The notes to the financial statements are an integral part of this statement.

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	Agency Funds
	<hr/>
ASSETS	
Cash and cash equivalents	\$ 1,004,109
	<hr/>
LIABILITIES	
Amounts held for social services clients	\$ 24,817
Amounts held for projects	926,695
Amounts held for others	52,597
Total liabilities	\$ 1,004,109
	<hr/>

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

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements As of June 30, 2020

Note 1—Summary of Significant Accounting Policies:

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

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

Government-wide and Fund Financial Statements

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

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

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

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

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

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

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

Budgetary comparison schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. 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 basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body, the ability of the primary government to impose its will on the organization and whether there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the County of Louisa, Virginia (the primary government) and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize they are legally separate from the government.

B. Individual Component Unit Disclosures

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

Discretely Presented Component Units

Component Unit School Board

The School Board members are elected by the voters and are responsible for the operations of the County's School System. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2020.

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

B. Individual Component Unit Disclosures: (Continued)

Discretely Presented Component Units: (Continued)

Component Unit Louisa County Water Authority

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

Other Related Organizations

James River Water Authority

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

Included in the County's Comprehensive Annual Financial Report

None

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

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board (GASB). 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.

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

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

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

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

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

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

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

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

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

The government reports the following governmental funds:

a. General Fund

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

b. Capital Projects Fund

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

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

D. Budgets and Budgetary Accounting

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for all governmental funds; the General Fund, School Operating Fund, and the Capital Projects Fund.

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

D. Budgets and Budgetary Accounting: (Continued)

6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. Several supplemental appropriations were necessary during the year and at year-end.
8. All budgetary data presented in the accompanying financial statements is the original, and the comparison of the final budget and actual results.

E. Cash and Cash Equivalents

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.

F. Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, 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.

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

G. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans). All other outstanding balances between funds are reported as "advances to/from other funds" (i.e. the current portion of 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 uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$253,243 at June 30, 2020 and is comprised of the following:

Property taxes	\$ 249,838
Landfill billings	3,405
Total	<u>\$ 253,243</u>

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

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

H. Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The County reported no capitalized interest as of June 30, 2020.

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

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

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has one item that qualifies for reporting in this category. It is comprised of certain items related to the measurement of the net pension and OPEB liabilities and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension asset/liability measurement date. For more detailed information on these items, reference the pension and OPEB notes.

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

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

J. Compensated Absences

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

K. Pensions

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

L. Long-term Obligations

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

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

M. Fund Balances

Financial Policies

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

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

M. Fund Balances: (Continued)

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

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

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

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

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

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

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

N. Use of Estimates

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

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

O. Net Position

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.

P. Net Position Flow Assumption

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

Q. Prepaid Items

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

R. 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, HIC and Teacher HIC 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.

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 2—Deposits and Investments:

Deposits

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

Investments

Statutes authorize local governments and other public bodies 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 that has received at least two of the following ratings: P-1 by Moody’s Investors Service, Inc.; A-1 by Standard and Poor’s; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker’s acceptances, repurchase agreements, and the State Treasurer’s Local Government Investment Pool (LGIP).

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

Credit Risk of Debt Securities

The County’s rated debt investments as of June 30, 2020 were rated by Standard & Poor’s and the ratings are presented below using Standard & Poor’s rating scale.

County's Rated Debt Investments' Values	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Local Government Investment Pool	\$ 18,495,000
State Non-Arbitrage Pool (SNAP)	<u>1,807,538</u>
Total	<u>\$ 20,302,538</u>

External Investment Pools

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

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 2–Deposits and Investments: (Continued)

Interest Rate Risk

The County has not adopted an investment policy for interest rate risk. Investments subject to interest rate risk are presented below along with their corresponding maturities.

<u>Investment Maturities (in years)</u>		
<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>
Local Government Investment Pool	\$ 18,495,000	\$ 18,495,000
State Non-Arbitrage Pool (SNAP)	<u>1,807,538</u>	<u>1,807,538</u>
Total	\$ <u>20,302,538</u>	\$ <u>20,302,538</u>

Note 3–Due From Other Governmental Units:

At June 30, 2020, the County and School Board had receivables from other governments as follows:

	<u>Primary Government</u>	<u>Discretely Presented Component Unit School Board</u>
Commonwealth of Virginia:		
State Sales Taxes	\$ -	\$ 740,832
Local Sales Taxes	951,955	-
Communication Tax	23,433	-
VPA Funds	152,741	-
Shared Expenses	230,708	-
Children's Services Act Reimbursement	339,635	-
Other State Aid	304,065	202,620
Federal Government:		
School Funds	-	1,197,330
Public Safety Grants	17,607	-
VPA Funds	183,020	-
Other Federal Aid	<u>26,418</u>	<u>-</u>
Total	\$ <u>2,229,582</u>	\$ <u>2,140,782</u>

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 4—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2020:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Government Activities:				
Capital assets, not being depreciated:				
Land	\$ 5,042,364	\$ 192,700	\$ -	\$ 5,235,064
Construction in Progress	<u>55,303,028</u>	<u>4,074,410</u>	<u>703,626</u>	<u>58,673,812</u>
Total capital assets not being depreciated	<u>\$ 60,345,392</u>	<u>\$ 4,267,110</u>	<u>\$ 703,626</u>	<u>\$ 63,908,876</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 46,129,863	\$ 1,232,935	\$ 1,945,442	\$ 45,417,356
Machinery and equipment	<u>13,183,730</u>	<u>1,372,827</u>	<u>651,047</u>	<u>13,905,510</u>
Total capital assets being depreciated	<u>\$ 59,313,593</u>	<u>\$ 2,605,762</u>	<u>\$ 2,596,489</u>	<u>\$ 59,322,866</u>
Accumulated depreciation:				
Buildings and improvements	\$ 14,073,460	\$ 1,108,078	\$ 281,875	\$ 14,899,663
Machinery and equipment	<u>9,919,825</u>	<u>1,155,079</u>	<u>632,757</u>	<u>10,442,147</u>
Total accumulated depreciation	<u>\$ 23,993,285</u>	<u>\$ 2,263,157</u>	<u>\$ 914,632</u>	<u>\$ 25,341,810</u>
Total capital assets being depreciated, net	<u>\$ 35,320,308</u>	<u>\$ 342,605</u>	<u>\$ 1,681,857</u>	<u>\$ 33,981,056</u>
Governmental activities capital assets, net	<u>\$ 95,665,700</u>	<u>\$ 4,609,715</u>	<u>\$ 2,385,483</u>	<u>\$ 97,889,932</u>

The following is a summary of changes in School Board capital assets for the fiscal year ended June 30, 2020:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Capital assets, not being depreciated:				
Land	\$ 1,366,127	\$ -	\$ -	\$ 1,366,127
Construction in progress	<u>131,512</u>	<u>153,512</u>	<u>131,512</u>	<u>153,512</u>
Total capital assets not being depreciated	<u>\$ 1,497,639</u>	<u>\$ 153,512</u>	<u>\$ 131,512</u>	<u>\$ 1,519,639</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 105,560,810	\$ 2,154,718	\$ -	\$ 107,715,528
Machinery and equipment	<u>17,203,068</u>	<u>1,160,493</u>	<u>-</u>	<u>18,363,561</u>
Total capital assets being depreciated	<u>\$ 122,763,878</u>	<u>\$ 3,315,211</u>	<u>\$ -</u>	<u>\$ 126,079,089</u>
Accumulated depreciation:				
Buildings and improvements	\$ 32,657,881	\$ 3,287,371	\$ -	\$ 35,945,252
Machinery and equipment	<u>12,518,160</u>	<u>689,449</u>	<u>-</u>	<u>13,207,609</u>
Total accumulated depreciation	<u>\$ 45,176,041</u>	<u>\$ 3,976,820</u>	<u>\$ -</u>	<u>\$ 49,152,861</u>
Total capital assets being depreciated, net	<u>\$ 77,587,837</u>	<u>\$ (661,609)</u>	<u>\$ -</u>	<u>\$ 76,926,228</u>
School Board capital assets, net	<u>\$ 79,085,476</u>	<u>\$ (508,097)</u>	<u>\$ 131,512</u>	<u>\$ 78,445,867</u>

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 4—Capital Assets: (Continued)

Assets acquired under capital leases:

Depreciation expense	\$	3,694,945
Depreciation on joint tenancy assets-transferred to School Board		<u>281,875</u>
Net increases in accumulated depreciation	\$	<u><u>3,976,820</u></u>

Capital asset activity for the School Board for the year ended June 30, 2020 was as follows:

Governmental activities:

General Government Administration	\$	401,525
Judicial Administration		152,585
Public Safety		684,610
Public Works		451,175
Health and Welfare		36,219
Education		229,625
Parks, Recreation and Cultural		138,645
Community Development		<u>168,773</u>

Total	\$	<u><u>2,263,157</u></u>
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Component Unit School Board	\$	<u><u>3,694,945</u></u>
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(1) Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia, 1950, as amended, has changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments “on-behalf” of school boards was reported in the school board’s discrete column along with the related capital assets. Under the new law, local governments have a “tenancy in common” with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the County of Louisa, Virginia for the year ended June 30, 2020, is that school financed assets in the amount of \$16,987,632 are reported in the Primary Government for financial reporting purposes.

Depreciation expense was charged to functions/programs of the primary government as follows:

	<u>Cost</u>	<u>Depreciation Expense</u>	<u>Accumulated Depreciation</u>
Equipment:			
Governmental activities	\$ 1,820,255	\$ 106,341	\$ 1,362,109

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 5—Long-Term Obligations:

Primary Government:

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2020:

	Balance	Issuances/	Retirements/	Balance	Amounts
	July 1, 2019	Increases	Decreases	June 30, 2020	Due Within
					One Year
Compensated absences	\$ 675,971	\$ 207,063	\$ 67,597	\$ 815,437	\$ 81,544
Direct Borrowings and Direct Placements:					
General obligation bonds	21,532,064	-	1,945,442	19,586,622	1,965,442
Lease revenue bonds	35,815,000	-	695,000	35,120,000	730,000
Premium on bonds payable	5,476,004	-	448,238	5,027,766	427,161
Net OPEB liability	2,515,603	533,128	212,406	2,836,325	-
Landfill closure and postclosure care	6,840,058	592,509	-	7,432,567	212,400
Total	<u>\$ 72,854,700</u>	<u>\$ 1,332,700</u>	<u>\$ 3,368,683</u>	<u>\$ 70,818,717</u>	<u>\$ 3,416,547</u>

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

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

Year Ending June 30,	Direct Borrowings and Direct Placements		Premium on Bonds Payable	
	General Obligation Bonds			
	Principal	Interest	Principal	Interest
2021	\$ 1,965,442	\$ 905,832	\$ 427,161	\$ -
2022	1,650,442	826,752	404,888	-
2023	1,650,442	756,417	382,314	-
2024	1,650,442	686,081	359,341	-
2025	1,650,442	615,034	335,872	-
2026	1,650,442	547,661	312,897	-
2027	1,650,442	480,288	289,789	-
2028	1,650,441	411,997	266,413	-
2029	1,460,441	350,951	244,523	-
2030	1,460,441	299,091	224,544	-
2031	725,441	266,989	207,486	-
2032	725,441	249,949	192,122	-
2033	725,441	232,909	177,129	-
2034	725,441	215,870	162,565	-
2035	245,441	103,675	150,354	-
2036	-	-	140,482	-
2037	-	-	130,227	-
2038	-	-	119,584	-
2039	-	-	108,538	-
2040	-	-	97,062	-
2041	-	-	85,136	-
2042	-	-	72,751	-
2043	-	-	58,683	-
2044	-	-	42,812	-
2045	-	-	26,220	-
2046	-	-	8,873	-
Total	<u>\$ 19,586,622</u>	<u>\$ 6,949,496</u>	<u>\$ 5,027,766</u>	<u>\$ -</u>

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 5—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Year Ending June 30,	Direct Borrowings and Direct Placements	
	Lease Revenue Bonds	
	Principal	Interest
2021	\$ 730,000	\$ 1,477,494
2022	770,000	1,439,056
2023	810,000	1,398,569
2024	855,000	1,355,903
2025	900,000	1,310,931
2026	945,000	1,265,153
2027	990,000	1,218,644
2028	1,040,000	1,171,550
2029	1,085,000	1,125,622
2030	1,130,000	1,079,438
2031	1,180,000	1,029,394
2032	1,235,000	975,159
2033	1,285,000	922,959
2034	1,335,000	873,097
2035	1,390,000	821,244
2036	1,445,000	767,322
2037	1,500,000	711,306
2038	1,555,000	653,172
2039	1,615,000	592,841
2040	1,680,000	530,156
2041	1,745,000	465,016
2042	1,810,000	397,369
2043	1,890,000	320,531
2044	1,975,000	233,841
2045	2,065,000	143,216
2046	2,160,000	48,449
Total	\$ <u>35,120,000</u>	\$ <u>22,327,432</u>

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 5—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of Long-Term Obligations

	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
<u>General Obligation Bonds:</u>		
\$3,800,000 Series 2007A issued November 8, 2007 in annual installments ranging from \$194,845 to \$413,333 beginning July 15, 2008 through July 15, 2028, interest ranging from 4.35% to 5.10%	\$ 1,520,000	\$ 190,000
\$14,705,000 Series 2009A issued May 7, 2009, due in annual installments ranging from \$475,262 to \$1,411,211 beginning January 15, 2010 through January 15, 2030, interest ranging from 4.05% to 5.05%	7,350,000	735,000
\$4,000,000 Series 2000A issued November 16, 2000, due in annual installments ranging from \$120,000 to \$315,000 beginning July 15, 2001 through July 15, 2020, interest ranging from 4.975% to 5.85%	315,000	315,000
\$5,399,716 Series 2012-1 issued October 31, 2013, due in annual installments of \$245,442 beginning December 1, 2013 through December 1, 2034, interest payable at 4.01%	3,681,622	245,442
\$9,625,000 Series 2013A issued May 9, 2013, due in annual installments ranging from \$480,000 to \$485,000 beginning July 15, 2014 through July 15, 2033, interest ranging from 3.05% to 5.05%	<u>6,720,000</u>	<u>480,000</u>
Total General Obligation Bonds	<u>\$ 19,586,622</u>	<u>\$ 1,965,442</u>
<u>Lease Revenue Bonds:</u>		
\$37,830,000 Series 2016A issued May 25, 2016, due in annual installments ranging from \$635,000 to \$2,160,000 beginning October 1, 2016 through October 1, 2045, interest ranging from 3.804% to 5.125%.	<u>\$ 35,120,000</u>	<u>\$ 730,000</u>
Premium on Bonds Payable	\$ 5,027,766	\$ 427,161
Compensated absences	815,437	81,544
Net OPEB liability	2,836,325	-
Landfill closure and postclosure care	<u>7,432,567</u>	<u>212,400</u>
Total Long-Term Obligations	<u>\$ 70,818,717</u>	<u>\$ 3,416,547</u>

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

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 5—Long-Term Obligations: (Continued)**Component Unit School Board:**

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2019:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020	Amounts Due Within One Year
Compensated absences	\$ 605,163	\$ 143,895	\$ 60,516	\$ 688,542	\$ 68,854
Net pension liability	41,282,000	15,153,908	10,514,737	45,921,171	-
Net OPEB liabilities	<u>11,766,199</u>	<u>2,113,572</u>	<u>1,324,731</u>	<u>12,555,040</u>	<u>-</u>
Total	\$ <u>53,653,362</u>	\$ <u>17,411,375</u>	\$ <u>11,899,984</u>	\$ <u>59,164,753</u>	\$ <u>68,854</u>

Note 6—Unavailable and Deferred Revenue:

Deferred revenue/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. Under the accrual basis, assessments for future periods are deferred.

	Government-wide Statements Governmental Activities	Balance Sheet Governmental Funds
Primary Government:		
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 2,838,646
2nd half assessments due in December 2020	66,150,170	66,150,170
Prepaid property taxes due in December 2020, but paid in advance by the taxpayers	<u>199,151</u>	<u>199,151</u>
Total deferred revenue/unavailable revenue	\$ <u>66,349,321</u>	\$ <u>69,187,967</u>

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 7—Pension Plan:

Plan Description

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

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 hired 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.
- b. Employees hired on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013 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 and service 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 hired 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 credit equals 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.

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 7—Pension Plan: (Continued)

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.

Employees Covered by Benefit Terms

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government and LCWA	Component Unit School Board (Nonprofessional)
Inactive members or their beneficiaries currently receiving benefits	134	96
Inactive members:		
Vested inactive members	55	23
Non-vested inactive members	79	43
Inactive members active elsewhere in VRS	139	29
Total inactive members	273	95
Active members	253	188
Total covered employees	660	379

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 7—Pension Plan: (Continued)

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The County's contractually required contribution rate for the year ended June 30, 2020 was 7.58% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$915,354 and \$861,968 for the years ended June 30, 2020 and June 30, 2019, respectively. Contributions to the pension plan from the Component Unit Louisa County Water Authority were \$78,192 and \$72,921 for the years ended June 30, 2020 and June 30, 2019, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2020 was 4.36% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$141,407 and \$146,016 for the years ended June 30, 2020 and June 30, 2019, respectively.

Net Pension Liability (Asset)

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The County's and Component Unit School Board's (nonprofessional) net pension liabilities (assets) were measured as of June 30, 2019. The total pension liabilities used to calculate the net pension liabilities (assets) were determined by an actuarial valuation performed as of June 30, 2018, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 7—Pension Plan: (Continued)

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2018, 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, 2019.

Inflation	2.50%
Salary increases, including inflation	3.50% – 5.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 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 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.

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 7—Pension Plan: (Continued)

Actuarial Assumptions – General Employees: (Continued)

Mortality rates: (Continued)

The actuarial assumptions used in the June 30, 2018 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:

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 County's Retirement Plan was based on an actuarial valuation as of June 30, 2018, 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, 2019.

Inflation	2.50%
Salary increases, including inflation	3.50% – 5.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 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.

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 7—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 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 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:

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%

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 7—Pension Plan: (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.63%

* The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. 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.

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 County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2019, 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, 2019, 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, 2019 on, participating

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 7—Pension Plan: (Continued)

Discount Rate: (Continued)

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			Component Unit Louisa County Water Authority		
	Increase (Decrease)			Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2018	\$ 35,471,560	\$ 35,959,864	\$ (488,304)	\$ 3,000,845	\$ 3,042,155	\$ (41,310)
Changes for the year:						
Service cost	\$ 1,282,379	\$ -	\$ 1,282,379	\$ 109,544	\$ -	\$ 109,544
Interest	2,424,069	-	2,424,069	207,071	-	207,071
Change in assumptions	1,163,145	-	1,163,145	99,359	-	99,359
Differences between expected and actual experience	(613,250)	-	(613,250)	(52,386)	-	(52,386)
Impact of change in proportion	(26,933)	(27,304)	371	26,933	27,304	(371)
Contributions - employer	-	858,438	(858,438)	-	73,330	(73,330)
Contributions - employee	-	568,215	(568,215)	-	48,538	(48,538)
Net investment income	-	2,404,924	(2,404,924)	-	205,435	(205,435)
Benefit payments, including refunds of employee contributions	(1,630,139)	(1,630,139)	-	(139,251)	(139,251)	-
Administrative expenses	-	(23,381)	23,381	-	(1,997)	1,997
Other changes	-	(1,521)	1,521	-	(130)	130
Net changes	\$ 2,599,271	\$ 2,149,232	\$ 450,039	\$ 251,270	\$ 213,229	\$ 38,041
Balances at June 30, 2019	\$ 38,070,831	\$ 38,109,096	\$ (38,265)	\$ 3,252,115	\$ 3,255,384	\$ (3,269)

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 7—Pension Plan: (Continued)

Changes in Net Pension Liability (Asset)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balances at June 30, 2018	\$ 14,376,708	\$ 15,179,688	\$ (802,980)
Changes for the year:			
Service cost	\$ 342,311	\$ -	\$ 342,311
Interest	988,452	-	988,452
Change of assumptions	398,169	-	398,169
Differences between expected and actual experience	(433,233)	-	(433,233)
Contributions - employer	-	146,148	(146,148)
Contributions - employee	-	174,972	(174,972)
Net investment income	-	1,011,864	(1,011,864)
Benefit payments, including refunds of employee contributions	(511,922)	(511,922)	-
Administrative expenses	-	(9,931)	9,931
Other changes	-	(638)	638
Net changes	\$ 783,777	\$ 810,493	\$ (26,716)
Balances at June 30, 2019	\$ 15,160,485	\$ 15,990,181	\$ (829,696)

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

The following presents the net pension liability (asset) of the County, Component Unit Louisa County Water Authority and Component Unit School Board (nonprofessional) using the discount rate of 6.75%, as well as what the County's and Component Unit School Board's (nonprofessional) net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	(5.75%)	(6.75%)	(7.75%)
County Net Pension Liability (Asset)	\$ 5,182,131	\$ (38,265)	\$ (4,166,222)
Component Unit Louisa County Water Authority Net Pension Liability (Asset)	343,842	(3,269)	(355,890)
Component Unit School Board (nonprofessional) Net Pension Liability (Asset)	914,367	(829,696)	(2,236,421)

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 7—Pension Plan: (Continued)

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

For the year ended June 30, 2020 the County, Component Unit Louisa County Water Authority and Component Unit School Board (nonprofessional) recognized pension expense of \$936,665, \$78,622 and \$5,538, respectively. At June 30, 2020, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Primary Government</u>		<u>Component Unit School Board (Nonprofessional)</u>		<u>Component Unit Louisa County Water Authority</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 356,578	\$ 505,561	\$ -	\$ 340,112	\$ 30,166	\$ 42,908
Change in assumptions	792,717	31,778	264,555	17,958	67,716	2,614
Changes in proportion and differences between employer contributions and proportionate share of contributions	278	-	-	-	-	278
Net difference between projected and actual earnings on pension plan investments	-	328,044	-	134,490	-	27,674
Employer contributions subsequent to the measurement date	915,354	-	141,407	-	78,192	-
Total	<u>\$ 2,064,927</u>	<u>\$ 865,383</u>	<u>\$ 405,962</u>	<u>\$ 492,560</u>	<u>\$ 176,074</u>	<u>\$ 73,474</u>

\$915,354, \$78,192, and \$141,407 reported as deferred outflows of resources related to pensions resulting from the County's, Component Unit Louisa County Water Authority and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction or Component of the Net Pension Liability (Asset) in the year ended June 30, 2021. 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>	<u>Component Unit School Board (Nonprofessional)</u>	<u>Component Unit Louisa County Water Authority</u>
2021	\$ 286,538	\$ (79,243)	\$ 23,850
2022	(39,822)	(154,528)	(2,566)
2023	17,002	(2,968)	1,375
2024	20,472	8,734	1,749
Thereafter	-	-	-

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 7—Pension Plan: (Continued)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Component Unit School Board (Professional)

Plan Description

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2020 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$4,683,607 and \$4,407,086 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the school division reported a liability of \$45,921,171 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion was .34893% as compared to .35104% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized pension expense of \$5,133,680. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 7—Pension Plan: (Continued)

Component Unit School Board (Professional) (Continued)

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

At June 30, 2020, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 2,940,526
Change in assumptions	4,547,272	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	778,956	430,217
Net difference between projected and actual earnings on pension plan investments	-	1,008,320
Employer contributions subsequent to the measurement date	<u>4,683,607</u>	<u>-</u>
Total	<u>\$ 10,009,835</u>	<u>\$ 4,379,063</u>

\$4,683,607 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30

2021	\$ 133,249
2022	(829,105)
2023	485,049
2024	813,668
2025	344,304
Thereafter	-

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 7–Pension Plan: (Continued)

Component Unit School Board (Professional) (Continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2018, 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, 2019.

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 market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 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:

- Pre-Retirement:
RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.
- Post-Retirement:
RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 75 and 2.0% increase compounded from ages 75 to 90.
- Post-Disablement:
RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 7—Pension Plan: (Continued)

Component Unit School Board (Professional) (Continued)

Actuarial Assumptions: (Continued)

The actuarial assumptions used in the June 30, 2018 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:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2019, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		<u>Teacher Employee Retirement Plan</u>
Total Pension Liability	\$	49,683,336
Plan Fiduciary Net Position		<u>36,522,769</u>
Employers' Net Pension Liability (Asset)	\$	<u><u>13,160,567</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		73.51%

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

The long-term expected rate of return and discount rate information previously described also apply to this plan.

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 7—Pension Plan: (Continued)**Component Unit School Board (Professional) (Continued)*****Sensitivity of the School Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

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

	Rate		
	<u>(5.75%)</u>	<u>(6.75%)</u>	<u>(7.75%)</u>
School division's proportionate share of the VRS			
Teacher Employee Retirement Plan			
Net Pension Liability (Asset)	\$ 69,131,312	\$ 45,921,171	\$ 26,730,683

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Primary Government, Component Unit School Board, and Component Unit Louisa County Water Authority**Aggregate Pension Information**

VRS Pension Plans:				
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net Pension Liability (Asset)</u>	<u>Pension Expense</u>
Primary Government				
Primary Government	\$ 2,064,927	\$ 865,383	\$ (38,265)	\$ 936,665
Totals	<u>\$ 2,064,927</u>	<u>\$ 865,383</u>	<u>\$ (38,265)</u>	<u>\$ 936,665</u>
Component Unit School Board				
School Board Nonprofessional	\$ 405,962	\$ 492,560	\$ (829,696)	\$ 5,538
School Board Professional	10,009,835	4,379,063	45,921,171	5,133,680
Totals	<u>\$ 10,415,797</u>	<u>\$ 4,871,623</u>	<u>\$ 45,091,475</u>	<u>\$ 5,139,218</u>
Component Unit Louisa County Water Authority				
Louisa County Water Authority	\$ 176,074	\$ 73,474	\$ (3,269)	\$ 78,622
	<u>\$ 176,074</u>	<u>\$ 73,474</u>	<u>\$ (3,269)</u>	<u>\$ 78,622</u>

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 8–Contingent Liabilities:

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

Note 9–Landfill Closure and Postclosure Care Cost:

The County of Louisa, Virginia owns and operates a landfill site which includes two permitted cells. The original cell (#194) accepts no further solid waste after December, 2013, while the newer cell (#567) came online in early 2013. Cell # 1 at cell 567 was filled in 2020 and tow more cells (cells #2 and #3) which bridge the existing pair were opened. State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used at each balance sheet date. The liability in the amount of \$7,432,567 reported as landfill closure, postclosure and corrective action liability on the June 30, 2020 Statement of Net Position is equal to the expected closure and postclosure costs. The landfill is closed as of June 30, 2020. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County has demonstrated financial assurance requirements for closure, postclosure care and corrective action costs through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC20-70 of the Virginia Administrative Code. Also, the County intends to fund these costs from funds accumulated for this purpose in the General Fund.

Note 10–Risk Management:

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

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

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

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

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 11–Litigation:

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

Note 12–Interfund Transfers:

Interfund transfers for the year ended June 30, 2020, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 34,505	\$ 6,227,264
Capital Projects Fund	<u>6,227,264</u>	<u>34,505</u>
Total	<u>\$ 6,261,769</u>	<u>\$ 6,261,769</u>

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

Note 13–Surety Bonds:

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

Note 14–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.

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 14–Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Plan Description: (Continued)

The specific information for GLI Plan 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 program. 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 \$8,463 as of June 30, 2020.

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 as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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 GLI Plan from the County were \$71,681 (made up of \$66,040 and \$5,641 for the County and LCWA respectively) and \$67,000 (made up of \$61,774 and \$5,226 for the County and LCWA respectively) for the years ended June 30, 2020 and June 30, 2019, respectively. Contributions to School Professional Plan were \$160,441 and \$152,000 for the years ended June 30, 2020 and June 30, 2019, respectively. Contributions to the School Nonprofessional Plan were \$19,156 and \$19,000 for the years ended June 30, 2020 and June 30, 2019, respectively.

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 14–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 GLI Plan OPEB

At June 30, 2020, the County, School Board (Professional) and School Board (Nonprofessional) reported a liabilities of \$1,063,093 (made up of \$980,172 and \$82,921 for the County and LCWA respectively), \$2,430,322, and \$307,391, for their proportionate share of the Net GLI OPEB Liability, respectively. The Net GLI OPEB Liability was measured as of June 30, 2019 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, 2018, and rolled forward to the measurement date of June 30, 2019. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, County, School Board (Professional) and School Board (Nonprofessional)'s proportion were .06533%, .14935% and .01889% respectively, as compared to .06363%, .15063% and .01986% at June 30, 2018.

For the year ended June 30, 2020, the County, School Board (Professional) and School Board (Nonprofessional) recognized GLI OPEB expense of \$31,332 (made up of \$28,888 and \$2,444 for the County and LCWA respectively), \$63,103, and \$2,830 respectively. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2020, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	County Plan					
	County		LCWA		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 65,187	\$ 12,713	\$ 5,515	\$ 1,076	\$ 70,702	\$ 13,789
Net difference between projected and actual earnings on GLI OPEB plan investments	-	20,134	-	1,703	-	21,837
Change in assumptions	61,882	29,557	5,235	2,500	67,117	32,057
Changes in proportion	29,704	-	2,513	-	32,217	-
Employer contributions subsequent to the measurement date	66,040	-	5,641	-	71,681	-
Total	\$ 222,813	\$ 62,404	\$ 18,904	\$ 5,279	\$ 241,717	\$ 67,683

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 14—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 GLI Plan OPEB (Continued)

	School Professional		School Nonprofessional	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 161,631	\$ 31,522	\$ 20,443	\$ 3,987
Net difference between projected and actual earnings on GLI OPEB plan investments	-	49,921	-	6,314
Change in assumptions	153,436	73,285	19,407	9,269
Changes in proportion	43,963	17,077	-	21,082
Employer contributions subsequent to the measurement date	160,441	-	19,156	-
Total	\$ 519,471	\$ 171,805	\$ 59,006	\$ 40,652

\$71,681 (made up of \$66,040 and \$5,641 for the County and LCWA, respectively), \$160,441, and \$19,156 reported as deferred outflows of resources related to the GLI OPEB resulting from the respective County/LCWA, School Board (Professional) and School Board (Nonprofessional)'s contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	County Plan			School Professional	School Nonprofessional
	County	LCWA	Total		
2021	\$ 9,705	\$ 821	\$ 10,526	\$ 15,540	\$ (3,186)
2022	9,705	822	10,527	15,542	(3,186)
2023	18,233	1,543	19,776	36,685	(511)
2024	25,334	2,143	27,477	55,981	1,929
2025	24,483	2,071	26,554	50,617	3,192
Thereafter	6,909	584	7,493	12,860	960

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2018, 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, 2019. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 14–Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Inflation	2.50%
Salary increases, including inflation:	
Teachers	3.50%-5.95%
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 market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 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.

Mortality Rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 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:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 14–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, 2018 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:

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%

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.

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 14—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 2018 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:

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 program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date June 30, 2019, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	\$	3,390,238
Plan Fiduciary Net Position		1,762,972
GLI Net OPEB Liability (Asset)	\$	1,627,266
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		52.00%

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.

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 14—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.63%

*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. 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.

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, 2019, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2019 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.

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 14—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

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%)
Proportionate share of GLI Plan			
Net OPEB Liability:			
County Plan:			
County	\$ 1,286,697	\$ 980,172	\$ 730,241
LCWA	109,913	82,921	62,379
Total County Plan	1,396,610	1,063,093	792,620
School Professional	3,192,770	2,430,322	1,811,998
School Nonprofessional	403,827	307,391	229,184

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 15—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent (Professional) employees of public school divisions are automatically covered by the VRS Teacher Employee HIC Plan. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 15–Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

The specific information for the Teacher HIC Plan OPEB, including eligibility, coverage, and benefits is described below:

Eligible Employees

The Teacher Employee Retiree HIC Plan was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Eligible employees include full-time permanent (Professional) salaried employees of public school divisions covered under VRS. These employees are enrolled automatically upon employment.

Benefit Amounts

The Teacher Employee HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For Teacher and other professional school employees who retire with at least 15 years of service credit, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: \$4.00 per month, multiplied by twice the amount of service credit, or \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

HIC Plan Notes

The monthly HIC benefit cannot exceed the individual premium amount. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2020 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$370,248 and \$351,000 for the years ended June 30, 2020 and June 30, 2019, respectively.

Teacher Employee HIC Plan OPEB Liabilities, Teacher Employee HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB

At June 30, 2020, the school division reported a liability of \$4,567,571 for its proportionate share of the VRS Teacher Employee HIC Plan Net OPEB Liability. The Net VRS Teacher Employee HIC Plan OPEB Liability was measured as of June 30, 2017 and the total VRS Teacher Employee HIC Plan OPEB liability used to calculate the Net VRS Teacher Employee HIC Plan OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019. The school division's proportion of the Net VRS Teacher Employee HIC Plan OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Plan OPEB plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion of the VRS Teacher Employee HIC Plan was .34891% as compared to .35382% at June 30, 2018.

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 15–Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Teacher Employee HIC Plan OPEB Liabilities, Teacher Employee HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB: (Continued)

For the year ended June 30, 2020, the school division recognized VRS Teacher Employee HIC Plan OPEB expense of \$380,490. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Plan Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2020, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Plan OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 25,872
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	288	-
Change in assumptions	106,309	31,738
Change in proportion	103,402	80,303
Employer contributions subsequent to the measurement date	370,248	-
Total	\$ 580,247	\$ 137,913

\$370,248 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ended June 30	
2021	\$ 8,901
2022	8,897
2023	10,898
2024	10,228
2025	14,364
Thereafter	18,798

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 15–Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan was based on an actuarial valuation as of June 30, 2018, 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, 2019.

Inflation	2.50%
Salary increases, including inflation:	
Teacher employees	3.50%-5.95%
Investment rate of return	6.75%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 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.

Mortality Rates – Teachers

- Pre-Retirement:
RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.
- Post-Retirement:
RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.
- Post-Disablement:
RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 15–Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – Teachers: (Continued)

The actuarial assumptions used in the June 30, 2018 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:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2019, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,438,114
Plan Fiduciary Net Position		129,016
Teacher Employee net HIC OPEB Liability (Asset)	\$	<u>1,309,098</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		8.97%

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

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 15–Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Net Teacher Employee HIC OPEB Liability: (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.63%

*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. 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.

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2019, the rate contributed by each school division for the VRS Teacher Employee HIC Plan 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, 2019 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 15–Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

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

The following presents the school division's proportionate share of the VRS Teacher Employee HIC Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the school division's proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan			
Net HIC OPEB Liability	\$ 5,111,889	\$ 4,567,571	\$ 4,105,174

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 16–Health Insurance Credit (HIC) Plan:

Plan Description

The Political Subdivision Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision HIC Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information about the Political Subdivision HIC Plan OPEB, including eligibility, coverage and benefits is described below:

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 16—Health Insurance Credit (HIC) Plan: (Continued)

Eligible Employees

The Political Subdivision Retiree HIC Plan was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and retire with at least 15 years of service credit. Eligible employees include full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan. These employees are enrolled automatically upon employment.

Benefit Amounts

The Political Subdivision Retiree HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month. For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.

HIC Plan Notes

The monthly HIC benefit cannot exceed the individual premium amount. There is no HIC for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

Employees Covered by Benefit Terms

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>County and LCWA Plan</u>	<u>School Nonprofessional</u>
Inactive members or their beneficiaries currently receiving benefits	<u>16</u>	<u>39</u>
Inactive members:		
Vested inactive members	-	-
Non-vested inactive members	-	-
Inactive members active elsewhere in VRS	-	-
Total inactive members	<u>-</u>	<u>-</u>
Active members	<u>121</u>	<u>188</u>
Total covered employees	<u><u>137</u></u>	<u><u>227</u></u>

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 16—Health Insurance Credit (HIC) Plan: (Continued)

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The County and School Nonprofessional contractually required employer contribution rates for the year ended June 30, 2020 were .14% and .40% of covered employee compensation respectively. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County to the HIC Plan were \$9,452 (comprised of \$8,708 and \$744 for the County and LCWA respectively) and \$8,616 (comprised of \$7,944 and \$672 for the County and LCWA respectively) for the years ended June 30, 2020 and June 30, 2019, respectively. Contributions from the School Board for the Nonprofessional plan were \$14,735 and \$14,811 for the years ended June 30, 2020 and June 30, 2019, respectively.

Net HIC OPEB Liability

The County Plan and School Nonprofessional Plan net HIC OPEB liabilities were measured as of June 30, 2019. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2018, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2018, 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, 2019.

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 market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 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 the OPEB liabilities.

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 16—Health Insurance Credit (HIC) 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 Life Mortality Table 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, 2018 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:

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%

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 16—Health Insurance Credit (HIC) Plan: (Continued)

Actuarial Assumptions: (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 Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2018 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:

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%

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 16—Health Insurance Credit (HIC) Plan: (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.63%

*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. 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.

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2019, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 16—Health Insurance Credit (HIC) Plan: (Continued)

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
County Plan			
Balances at June 30, 2018	\$ 126,285	\$ 103,642	\$ 22,643
Changes for the year:			
Service cost	\$ 6,081	\$ -	\$ 6,081
Interest	8,629	-	8,629
Differences between expected and actual experience	(7,381)	-	(7,381)
Assumption changes	3,298	-	3,298
Contributions - employer	-	8,616	(8,616)
Net investment income	-	6,846	(6,846)
Benefit payments	(6,037)	(6,037)	-
Administrative expenses	-	(151)	151
Other changes	-	(8)	8
Net changes	\$ 4,590	\$ 9,266	\$ (4,676)
Balances at June 30, 2019	\$ 130,875	\$ 112,908	\$ 17,967
School Plan			
Balances at June 30, 2018	\$ 362,843	\$ 245,077	\$ 117,766
Changes for the year:			
Service cost	\$ 6,533	\$ -	\$ 6,533
Interest	24,841	-	24,841
Differences between expected and actual experience	(14,146)	-	(14,146)
Assumption changes	8,319	-	8,319
Contributions - employer	-	14,822	(14,822)
Net investment income	-	15,700	(15,700)
Benefit payments	(15,930)	(15,930)	-
Administrative expenses	-	(342)	342
Other changes	-	(18)	18
Net changes	\$ 9,617	\$ 14,232	\$ (4,615)
Balances at June 30, 2019	\$ 372,460	\$ 259,309	\$ 113,151

The total net HIC OPEB Liability for the County Plan is allocated between the County (\$16,566) and LCWA (\$1,401).

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 16—Health Insurance Credit (HIC) Plan: (Continued)

Sensitivity of the HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the County and School Nonprofessional HIC Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (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%)
Net HIC OPEB Liability:			
County Plan:			
County	\$ 30,125	\$ 16,566	\$ 5,126
LCWA	2,548	1,401	434
Total County Plan	32,673	17,967	5,560
School Nonprofessional	149,726	113,151	81,616

HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB

For the year ended June 30, 2020, the County recognized HIC Plan OPEB expense of \$4,601 (comprised of \$4,242 and \$359 for the County and LCWA respectively). The School Nonprofessional plan recognized HIC Plan OPEB expense of \$6,907. At June 30, 2020, the County and School Nonprofessional plans reported deferred outflows of resources and deferred inflows of resources related to their HIC Plan from the following sources:

	County Plan					
	Primary Government		LCWA		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 10,888	\$ -	\$ 921	\$ -	\$ 11,809
Net difference between projected and actual earnings on HIC OPEB plan investments	-	1,072	-	91	-	1,163
Change in assumptions	2,622	3,056	222	259	2,844	3,315
Employer contributions subsequent to the measurement date	8,708	-	744	-	9,452	-
Total	\$ 11,330	\$ 15,016	\$ 966	\$ 1,271	\$ 12,296	\$ 16,287

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 16—Health Insurance Credit (HIC) Plan: (Continued)

HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB: (Continued)

	<u>School Nonprofessional</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 20,787
Net difference between projected and actual earnings on HIC OPEB plan investments	-	2,729
Change in assumptions	6,621	3,818
Employer contributions subsequent to the measurement date	14,735	-
Total	<u>\$ 21,356</u>	<u>\$ 27,334</u>

\$8,708, \$744, and \$14,735 reported by the County, LCWA, and School Nonprofessional plan as deferred outflows of resources related to the HIC OPEB resulting from the contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>County Plan</u>			<u>School Nonprofessional</u>
	<u>County</u>	<u>LCWA</u>	<u>Total</u>	
2021	\$ (2,700)	(228)	(2,928)	\$ (7,723)
2022	(2,699)	(228)	(2,927)	(7,722)
2022	(2,010)	(170)	(2,180)	(4,291)
2023	(1,992)	(168)	(2,160)	(977)
2024	(1,778)	(150)	(1,928)	-
Thereafter	(1,215)	(105)	(1,320)	-

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 17—Medical, Dental, and Life Insurance – Pay-as-you-Go (OPEB Plan):

Plan Description

In addition to the pension and OPEB benefits described in Note 8, 15, 16, and 17 the County and School Board provide post-retirement healthcare benefits for employees who are eligible under a single-employer defined benefit plan. Louisa County and Louisa County Public Schools offer eligible retirees post-retirement medical coverage if they retire directly from the County or Schools with at least fifteen years of continuous County of Louisa or Louisa County Public School, service and are eligible to receive an early or regular retirement benefit from the Virginia Retirement System (VRS). The retirees' dependents can receive benefits under the plan with the premium to be paid by the retiree. Health benefits include medical and dental coverage. The Louisa County and Louisa County Public School retirees are responsible for 100% of the premium that is paid directly to the subscriber. Benefits end at the age of 65 or when retirees become eligible for medicare for both the County and the School System. The OPEB Plan does not issue separate audited financial statements.

Benefits Provided

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

Plan Membership

At June 30, 2018 (valuation date), the following employees were covered by the benefit terms:

	<u>County</u>	<u>School Board</u>	<u>LCWA</u>
Retirees & spouses	\$ 5	\$ 29	\$ -
Active employees	<u>203</u>	<u>582</u>	<u>16</u>
Total	<u>\$ 208</u>	<u>\$ 611</u>	<u>\$ 16</u>

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Plan Board. The amount paid by the County, School Board, and LCWA for OPEB as the benefits came due during the year ended June 30, 2020 were \$11,168, \$105,045, and \$0, respectively.

Total OPEB Liability

The total OPEB liability was measured as of June 30, 2020.

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 17—Medical, Dental, and Life Insurance – Pay-as-you-Go (OPEB Plan): (Continued)

Actuarial Assumptions

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	2.50%
Discount Rate	2.45%
Investment Rate of Return	N/A

Mortality rates for Active employees and healthy retirees were based on a Pub2010G and Pub20107 Mortality Tables Projected with Scale 55A18 while mortality rates for disabled retirees were based on a RP-2000 Disabled Life Mortality Tables and with general improvements.

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

Discount Rate

As the Plan is not pre-funded and no OPEB Plan Fiduciary Net Position exists, GASB 75 requires that the discount rate reflect the yield for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The 2.45% rate used in the valuation is based on indices published by Bond Buyer and Fidelity for 20-year general obligation bonds as of June 30, 2018. The final equivalent single discount rate used for this year's valuation is 2.45% as of the end of the fiscal year with the expectation that the entity will continue contributing the Actuarially Determined Contribution and paying the pay-go cost from the OPEB Trust.

Changes in Total OPEB Liability

	Changes in Total OPEB Liability		
	Primary Government Total OPEB Liability	School Board Total OPEB Liability	LCWA Total OPEB Liability
Balances at June 30, 2019	\$ 1,602,097	\$ 4,567,433	\$ 70,275
Changes for the year:			
Service cost	73,500	183,787	3,309
Interest	52,273	147,082	2,303
Changes in assumptions	122,886	343,348	5,430
Benefit payments	(11,168)	(105,045)	-
Net changes	237,491	569,172	11,042
Balances at June 30, 2020	\$ 1,839,588	\$ 5,136,605	\$ 81,317

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 17—Medical, Dental, and Life Insurance – Pay-as-you-Go (OPEB Plan): (Continued)***Sensitivity of the Total OPEB Liability to Changes in the Discount Rate***

The following amounts present the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.45%) or one percentage point higher (3.45%) than the current discount rate:

		Rate		
		1% Decrease (1.45%)	Current Discount Rate (2.45%)	1% Increase (3.45%)
County	\$	2,025,731	\$ 1,839,588	\$ 1,671,578
School Board		5,656,364	5,136,605	4,667,478
LCWA		89,545	81,317	73,890

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

The following presents the total OPEB liability of the, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (3.50% decreasing to an ultimate rate of 3.25%) or one percentage point higher (5.50% decreasing to an ultimate rate of 5.25%) than the current healthcare cost trend rates:

		Rates		
		1% Decrease (3.50% decreasing to 3.25%)	Healthcare Cost Trend (4.50% decreasing to 4.25%)	1% Increase (5.50% decreasing to 5.25%)
County	\$	1,607,814	\$ 1,839,588	\$ 2,118,952
School Board		4,489,431	5,136,605	5,916,664
LCWA		71,072	81,317	93,666

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 17—Medical, Dental, and Life Insurance – Pay-as-you-Go (OPEB Plan): (Continued)

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

For the year ended June 30, 2020, the County, School Board, and LCWA recognized OPEB expense in the amount of \$176,038, \$433,267, and \$7,603, respectively.

At June 30, 2020, the deferred outflows of resources and deferred inflows of resources related to the Pay-as-you-Go plan were as follows:

	County		School Board		LCWA	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 388,111	\$ -	\$ 950,766	\$ -	\$ 17,430	\$ -
Changes in assumptions	174,253	-	316,937	114,916	5,012	119
Total	<u>\$ 562,364</u>	<u>\$ -</u>	<u>\$ 1,267,703</u>	<u>\$ 114,916</u>	<u>\$ 22,442</u>	<u>\$ 119</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pay—as-you-Go plan will be recognized in the OPEB expense in future reporting periods as follows:

Year Ended June 30	County	School Board	LCWA
2021	\$ 50,265	\$ 102,398	\$ 1,991
2022	50,265	102,398	1,991
2023	50,265	102,398	1,991
2024	50,265	102,398	1,991
Thereafter	361,304	743,195	14,359

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

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 17—Medical, Dental, and Life Insurance – Pay-as-you-Go (OPEB Plan): (Continued)**Summary of OPEB Liability, Deferred Outflows of Resources and Deferred Inflows of Resources:**

	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Primary Government				
Pay-as-you-go (Note 18)	\$ 1,839,588	\$ 562,364	\$ -	\$ 176,038
Group Life - County (Note 15)	980,172	222,813	62,404	28,888
HIC Program (Note 17)	16,566	11,330	15,016	4,242
Total	<u>\$ 2,836,326</u>	<u>\$ 796,507</u>	<u>\$ 77,420</u>	<u>\$ 209,168</u>
Component Unit School Board				
Pay-as-you-go (Note 18)	\$ 5,136,605	\$ 1,152,787	\$ 114,916	\$ 433,267
Group Life:				
- School Professional (Note 15)	2,430,322	519,471	171,805	63,103
- School Nonprofessional (Note 15)	307,391	59,006	40,652	2,830
Teacher HIC Program (Note 16)	4,567,571	580,247	137,913	380,490
HIC Program (Note 17)	113,151	21,356	27,334	6,907
Total	<u>\$ 12,555,040</u>	<u>\$ 2,332,867</u>	<u>\$ 492,620</u>	<u>\$ 886,597</u>
Component Unit LCWA				
Pay-as-you-go (Note 18)	\$ 81,317	\$ 22,323	\$ 119	\$ 7,603
Group Life - City (Note 15)	82,921	18,904	5,279	2,444
HIC Program (Note 17)	1,401	966	1,271	359
Total	<u>\$ 165,639</u>	<u>\$ 42,193</u>	<u>\$ 6,669</u>	<u>\$ 10,406</u>

Note 18—Construction Commitments:

As of June 30, 2020, the County has the following construction commitments:

Project	Contract Amounts	Expenditures as of June 30, 2020	Contract Balance	Retainage Payable
James River Water Project	\$ 41,112,194	\$ 41,112,194	\$ -	\$ 868,452
Total	<u>\$ 41,112,194</u>	<u>\$ 41,112,194</u>	<u>\$ -</u>	<u>\$ 868,452</u>

Note 19—New Accounting Standards:

Statement No. 84, Fiduciary Activities, establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 19—New Accounting Standards: (Continued)

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. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*, provides guidance for reporting a government's majority equity interest in a legally separate organization and for reporting financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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. 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.

COUNTY OF LOUISA, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 20—COVID-19 Pandemic Subsequent Event:

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency stemming from a new strain of coronavirus that was spreading globally (the “COVID-19 outbreak”). On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, triggering volatility in financial markets and a significant negative impact on the global economy. The COVID-19 pandemic has developed rapidly in 2020 and remains a quickly evolving situation. As a result of the spread of COVID-19, economic uncertainties have arisen which are likely to negatively impact economic activity. County of Louisa, Virginia is not able to estimate the effects of the COVID-19 pandemic for fiscal year 2021.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by the federal government to alleviate some of the effects of the sharp economic downturn due to the COVID-19 pandemic. Among the CARES Act key provisions was \$339.8 billion designated for programs for state and local government, which included \$150 billion in direct aid for state and local governments from the federal Coronavirus Relief Fund (CRF), pursuant to the federal CARES Act, to address spending shortages related to the COVID-19 pandemic.

The Commonwealth of Virginia received approximately \$3.1 billion from the CRF, of which \$1.3 billion was allocated for localities with fewer than 500,000 people. Localities with populations greater than 500,000 could apply to receive funds directly. All other CRF funds were distributed to the states to determine the allocations to localities.

On May 12, 2020, the first round of the allocations to local governments was authorized by the Commonwealth. On June 1, 2020, each locality received its share of the first half, or fifty (50) percent, of the locally based allocations. Unspent funds at June 30 from the initial allocation are reported as unearned revenue. Like the first round, the second round of allocations was based on population and was for the same total amount distributed in the first round. County of Louisa, Virginia, received the second round of CRF funds in the amount of \$3,279,670 in August 2020.

The federal guidance for the CARES Act states that the CRF funds can be used only for the direct costs associated with the response to the COVID-19 pandemic and cannot be used to address revenue shortfalls. CRF funds are considered one-time funds and should not be used for ongoing services or base operations. As a condition of receiving CRF funds, any funds unexpended as of December 30, 2020 will be returned to the federal government.

REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

Presented budgets were prepared in accordance with accounting principles generally accepted in the United States of America.

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General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 62,410,239	\$ 62,417,559	\$ 63,583,869	\$ 1,166,310
Other local taxes	6,875,000	6,875,000	7,898,287	1,023,287
Permits, privilege fees, and regulatory licenses	530,000	530,000	688,088	158,088
Fines and forfeitures	60,000	60,000	83,809	23,809
Revenue from the use of money and property	671,000	671,000	922,027	251,027
Charges for services	2,427,000	2,466,790	2,323,246	(143,544)
Miscellaneous	125,000	366,163	361,860	(4,303)
Recovered costs	55,000	550,387	723,064	172,677
Intergovernmental:				
Commonwealth	7,905,061	8,653,005	8,231,614	(421,391)
Federal	2,213,372	5,787,149	3,816,655	(1,970,494)
Total revenues	\$ 83,271,672	\$ 88,377,053	\$ 88,632,519	\$ 255,466
EXPENDITURES				
General government administration:				
Legislative:				
Board of supervisors	\$ 167,120	\$ 167,120	\$ 161,321	\$ 5,799
General and financial administration:				
County administrator	\$ 522,472	\$ 538,074	\$ 511,467	\$ 26,607
County attorney	507,023	365,412	272,520	92,892
Administrative and human resources	173,608	185,817	149,906	35,911
Commissioner of revenue	438,183	438,433	396,576	41,857
Reassessment	483,979	492,997	481,999	10,998
Treasurer	423,535	423,787	410,127	13,660
Finance	431,003	460,271	424,131	36,140
Network administration	461,538	712,326	483,681	228,645
Total general and financial administration	\$ 3,441,341	\$ 3,617,117	\$ 3,130,407	\$ 486,710
Board of elections:				
Electoral board and officials	\$ 266,967	\$ 315,791	\$ 232,603	\$ 83,188
Total general government administration	\$ 3,875,428	\$ 4,100,028	\$ 3,524,331	\$ 575,697
Judicial administration:				
Courts:				
Circuit court	\$ 103,723	\$ 105,484	\$ 84,916	\$ 20,568
General district court	8,075	8,075	5,421	2,654
Juvenile domestic court	11,350	11,826	5,531	6,295
Clerk of the circuit court	490,077	490,361	469,461	20,900
Sheriff - courts	833,710	847,565	735,611	111,954
Total courts	\$ 1,446,935	\$ 1,463,311	\$ 1,300,940	\$ 162,371

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2020 (Continued)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
EXPENDITURES: (Continued)				
Judicial administration: (Continued)				
Commonwealth's attorney:				
Commonwealth's attorney	\$ 748,883	\$ 864,507	\$ 844,737	\$ 19,770
Total judicial administration	\$ 2,195,818	\$ 2,327,818	\$ 2,145,677	\$ 182,141
Public safety:				
Law enforcement and traffic control:				
Sheriff - law enforcement	\$ 4,291,816	\$ 4,475,263	\$ 4,454,451	\$ 20,812
Communications center	984,590	975,967	954,368	21,599
Emergency 911 system	200,477	218,161	213,042	5,119
Total law enforcement and traffic control	\$ 5,476,883	\$ 5,669,391	\$ 5,621,861	\$ 47,530
Fire and rescue services:				
Office of emergency services	\$ 495,172	\$ 585,616	\$ 515,962	\$ 69,654
Fire & rescue assistance	1,339,885	1,880,465	1,365,569	514,896
Revenue recovery	273,626	308,640	279,001	29,639
Emergency services	3,284,710	3,486,346	2,645,577	840,769
Total fire and rescue services	\$ 5,393,393	\$ 6,261,067	\$ 4,806,109	\$ 1,454,958
Correction and detention:				
Sheriff - correction and detention	\$ 2,874,352	\$ 3,048,684	\$ 3,045,692	\$ 2,992
Other protection:				
Animal control	\$ 253,932	\$ 251,253	\$ 231,645	\$ 19,608
Animal shelter	277,027	345,274	298,077	47,197
COVID-19 emergency acts	-	3,279,670	1,011,221	2,268,449
Emergency services (civil defense)	17,965	17,965	17,965	-
Forest fire prevention and extinction	33,660	33,660	26,621	7,039
Transportation safety commission	1,200	1,200	55	1,145
Transportation department	281,500	335,795	337,269	(1,474)
Total other protection	\$ 865,284	\$ 4,264,817	\$ 1,922,853	\$ 2,341,964
Total public safety	\$ 14,609,912	\$ 19,243,959	\$ 15,396,515	\$ 3,847,444

General Fund

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

For the Year Ended June 30, 2020 (Continued)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
EXPENDITURES: (Continued)				
Public works:				
Sanitation and waste removal:				
Refuse collection-solid waste control	\$ 1,219,663	\$ 1,314,626	\$ 1,252,307	\$ 62,319
Litter control	-	8,069	8,069	-
Total sanitation and waste removal	\$ 1,219,663	\$ 1,322,695	\$ 1,260,376	\$ 62,319
Maintenance of general buildings and grounds:				
General properties	\$ 1,860,539	\$ 2,101,044	\$ 1,814,905	\$ 286,139
Water and wastewater	503,732	503,732	492,266	11,466
Total maintenance of general buildings and grounds	\$ 2,364,271	\$ 2,604,776	\$ 2,307,171	\$ 297,605
Total public works	\$ 3,583,934	\$ 3,927,471	\$ 3,567,547	\$ 359,924
Health and human services:				
Health:				
Supplement of local health department	\$ 688,343	\$ 688,343	\$ 688,343	\$ -
Total health	\$ 688,343	\$ 688,343	\$ 688,343	\$ -
Mental health and mental retardation:				
Region 10	\$ 135,000	\$ 135,000	\$ 135,000	\$ -
Human services:				
Administration and public assistance	\$ 5,138,804	\$ 5,495,453	\$ 4,878,537	\$ 616,916
At risk youth	2,983,899	3,667,916	3,640,167	27,749
Monticello Area Community Action Agency	35,424	35,424	35,424	-
Jefferson Area Board for Aging	273,610	273,610	273,610	-
Housing assistance	31,650	31,650	31,650	-
Human service agency donations	412,044	450,794	450,794	-
Total human services	\$ 8,875,431	\$ 9,954,847	\$ 9,310,182	\$ 644,665
Total health and human services	\$ 9,698,774	\$ 10,778,190	\$ 10,133,525	\$ 644,665
Education:				
Other instructional costs:				
Contribution to Louisa County school board	\$ 36,464,247	\$ 37,064,247	\$ 32,662,179	\$ 4,402,068
Contributions to local community college	56,720	56,720	56,720	-
Total education	\$ 36,520,967	\$ 37,120,967	\$ 32,718,899	\$ 4,402,068
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation	\$ 704,574	\$ 741,162	\$ 705,880	\$ 35,282
Parks and recreation - self supporting	375,762	375,762	316,659	59,103
Swimming pools	109,318	110,746	86,797	23,949
Total parks and recreation	\$ 1,189,654	\$ 1,227,670	\$ 1,109,336	\$ 118,334

General Fund

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

For the Year Ended June 30, 2020 (Continued)

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget - Positive (Negative)
EXPENDITURES: (Continued)				
Parks, recreation, and cultural: (Continued)				
Cultural enrichment:				
Agriculture fair	\$ 3,400	\$ 3,400	\$ 3,400	\$ -
Community organizations	67,500	72,000	72,000	-
Total cultural enrichment	\$ 70,900	\$ 75,400	\$ 75,400	\$ -
Library:				
Contribution to regional library	\$ 382,982	\$ 382,982	\$ 382,832	\$ 150
Total parks, recreation, and cultural	\$ 1,643,536	\$ 1,686,052	\$ 1,567,568	\$ 118,484
Community development:				
Planning and community development:				
Planning	\$ 1,102,418	\$ 1,134,484	\$ 1,038,364	\$ 96,120
Planning District Commission	58,527	58,527	58,527	-
Industrial Development Authority	139,860	193,360	193,360	-
Broadband Authority	21,000	21,000	7,346	13,654
Economic development	162,181	186,252	158,589	27,663
Tourism	44,298	44,298	26,252	18,046
Total planning and community development	\$ 1,528,284	\$ 1,637,921	\$ 1,482,438	\$ 155,483
Environmental management:				
Soil and water conservation	\$ 48,938	\$ 48,938	\$ 48,938	\$ -
Cooperative extension program:				
VPI extension	\$ 139,572	\$ 154,153	\$ 127,972	\$ 26,181
Total community development	\$ 1,716,794	\$ 1,841,012	\$ 1,659,348	\$ 181,664
Nondepartmental:				
Miscellaneous	\$ 825,406	\$ 80,959	\$ -	\$ 80,959
Debt service:				
Principal retirement	\$ 2,640,442	\$ 2,640,442	\$ 2,640,442	\$ -
Interest and other fiscal charges	2,511,669	2,511,669	2,504,575	7,094
Total debt service	\$ 5,152,111	\$ 5,152,111	\$ 5,145,017	\$ 7,094
Total Expenditures	\$ 79,822,680	\$ 86,258,567	\$ 75,858,427	\$ 10,400,140
Excess (deficiency) of revenues over (under) expenditures	\$ 3,448,992	\$ 2,118,486	\$ 12,774,092	\$ 10,655,606
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 34,505	\$ 34,505	\$ -
Transfers out	(3,448,992)	(5,727,263)	(6,227,264)	(500,001)
Total other financing sources (uses)	\$ (3,448,992)	\$ (5,692,758)	\$ (6,192,759)	\$ (500,001)
Net change in fund balances	\$ -	\$ (3,574,272)	\$ 6,581,333	\$ 10,155,605
Fund balances - beginning	-	3,574,272	55,067,907	51,493,635
Fund balances - ending	\$ -	\$ -	\$ 61,649,240	\$ 61,649,240

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Primary Government
Pension Plans
For the Measurement Dates of June 30, 2014 through June 30, 2019

	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	\$ 1,282,379	\$ 1,297,792	\$ 1,264,184	\$ 1,188,987	\$ 1,199,717	\$ 1,192,189
Interest	2,424,069	2,226,166	2,151,814	2,013,571	1,926,333	1,807,709
Changes in benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	(613,250)	851,825	(698,869)	99,738	(560,194)	-
Impact of change in proportion	(26,931)	(70,518)	(71,283)	(82,531)	(66,793)	-
Changes of assumptions	1,163,145	-	(253,486)	-	-	-
Benefit payments	(1,630,139)	(1,413,194)	(1,248,719)	(1,263,487)	(1,210,657)	(1,266,461)
Net change in total pension liability	\$ 2,599,273	\$ 2,892,071	\$ 1,143,641	\$ 1,956,278	\$ 1,288,406	\$ 1,733,437
Total pension liability - beginning	35,471,560	32,579,489	31,435,848	29,479,570	28,191,164	26,457,727
Total pension liability - ending (a)	\$ 38,070,833	\$ 35,471,560	\$ 32,579,489	\$ 31,435,848	\$ 29,479,570	\$ 28,191,164
Plan fiduciary net position						
Contributions - employer	\$ 858,438	\$ 699,454	\$ 740,275	\$ 969,141	\$ 931,445	\$ 1,273,042
Contributions - employee	568,215	542,419	528,473	512,607	505,307	490,304
Impact of change in proportion	(27,301)	(73,025)	(68,309)	(82,526)	(66,443)	-
Net investment income	2,404,924	2,490,104	3,685,703	529,237	1,291,796	3,795,835
Benefit payments	(1,630,139)	(1,413,194)	(1,248,719)	(1,263,487)	(1,210,657)	(1,266,461)
Administrator charges	(23,381)	(21,181)	(20,846)	(17,993)	(17,180)	(19,837)
Other	(1,521)	(2,231)	(3,297)	(222)	(274)	199
Net change in plan fiduciary net position	\$ 2,149,235	\$ 2,222,346	\$ 3,613,280	\$ 646,757	\$ 1,433,994	\$ 4,273,082
Plan fiduciary net position - beginning	35,959,864	33,737,518	30,124,238	29,477,481	28,043,487	23,770,405
Plan fiduciary net position - ending (b)	\$ 38,109,099	\$ 35,959,864	\$ 33,737,518	\$ 30,124,238	\$ 29,477,481	\$ 28,043,487
County's net pension liability (asset) - ending (a) - (b)	\$ (38,266)	\$ (488,304)	\$ (1,158,029)	\$ 1,311,610	\$ 2,089	\$ 147,677
Plan fiduciary net position as a percentage of the total pension liability	100.10%	101.38%	103.55%	95.83%	99.99%	99.48%
Covered payroll	\$ 11,807,196	\$ 11,180,438	\$ 10,790,355	\$ 10,446,153	\$ 9,848,937	\$ 10,447,235
County's net pension liability (asset) as a percentage of covered payroll	-0.32%	-4.37%	-10.73%	12.56%	0.02%	1.41%

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

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
 Component Unit School Board (nonprofessional)
 Pension Plans
 For the Measurement Dates of June 30, 2014 through June 30, 2019

	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	\$ 342,311	356,903	\$ 359,891	\$ 374,789	\$ 385,090	\$ 389,308
Interest	988,452	941,538	912,259	869,625	815,270	764,024
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	(433,233)	(110,460)	(122,684)	(104,174)	41,954	-
Changes in assumptions	398,169	-	(191,733)	-	-	-
Benefit payments, including refunds of employee contributions	(511,922)	(523,627)	(555,289)	(507,083)	(424,544)	(417,952)
Net change in total pension liability	\$ 783,777	664,354	\$ 402,444	\$ 633,157	\$ 817,770	\$ 735,380
Total pension liability - beginning	14,376,708	13,712,354	13,309,910	12,676,753	11,858,983	11,123,603
Total pension liability - ending (a)	<u>\$ 15,160,485</u>	<u>14,376,708</u>	<u>13,712,354</u>	<u>13,309,910</u>	<u>12,676,753</u>	<u>11,858,983</u>
Plan fiduciary net position						
Contributions - employer	\$ 146,148	178,758	\$ 185,122	\$ 259,053	\$ 258,841	\$ 323,654
Contributions - employee	174,972	179,128	182,471	178,558	179,082	180,165
Net investment income	1,011,864	1,053,482	1,568,784	222,861	560,686	1,660,301
Benefit payments, including refunds of employee contributions	(511,922)	(523,627)	(555,289)	(507,083)	(424,544)	(417,952)
Administrative expense	(9,931)	(9,043)	(9,049)	(7,878)	(7,549)	(8,790)
Other	(638)	(942)	(1,399)	(95)	(119)	87
Net change in plan fiduciary net position	\$ 810,493	877,756	\$ 1,370,640	\$ 145,416	\$ 566,397	\$ 1,737,465
Plan fiduciary net position - beginning	15,179,688	14,301,932	12,931,292	12,785,876	12,219,479	10,482,014
Plan fiduciary net position - ending (b)	<u>\$ 15,990,181</u>	<u>15,179,688</u>	<u>14,301,932</u>	<u>12,931,292</u>	<u>12,785,876</u>	<u>12,219,479</u>
School Division's net pension liability/(asset) - ending (a) - (b)	\$ (829,696)	(802,980)	\$ (589,578)	\$ 378,618	\$ (109,123)	\$ (360,496)
Plan fiduciary net position as a percentage of the total pension liability	105.47%	105.59%	104.30%	97.16%	100.86%	103.04%
Covered payroll	\$ 3,702,839	3,775,794	\$ 3,797,949	\$ 3,662,431	\$ 3,625,558	\$ 3,601,258
School Division's net pension liability as a percentage of covered payroll	-22.41%	-21.27%	-15.52%	10.34%	(9.94%)	(10.01%)

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

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
Pension Plans
For the Measurement Dates of June 30, 2014 through June 30, 2019

	2019	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	0.34893%	0.35104%	0.34301%	0.34631%	0.34524%	0.34084%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 45,921,171	41,282,000	\$ 42,184,000	\$ 48,532,000	\$ 43,453,000	\$ 41,190,000
Employer's Covered Payroll	29,278,106	28,641,191	27,076,954	26,396,654	27,016,456	27,382,926
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	156.84%	144.14%	155.79%	183.86%	160.84%	150.42%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.51%	74.81%	72.92%	68.28%	70.86%	70.88%

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

Schedule of Employer Contributions

Pension Plans

For the Years Ended June 30, 2011 through June 30, 2020

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					
2020	\$ 915,354	\$ 915,354	-	\$ 12,696,708	7.21%
2019	861,968	861,968	-	11,807,196	7.30%
2018	764,920	764,920	-	11,180,438	6.84%
2017	759,641	759,641	-	10,790,355	7.04%
2016	982,983	982,983	-	10,446,153	9.41%
2015	926,785	926,785	-	9,848,937	9.41%
2014	1,348,738	1,348,738	-	10,447,235	12.91%
2013	1,312,986	1,312,986	-	10,170,304	12.91%
2012	1,833,951	1,833,951	-	10,076,081	18.20%
2011	856,878	856,878	-	10,021,970	8.55%
Component Unit School Board (nonprofessional)					
2020	\$ 141,407	\$ 141,407	-	\$ 3,683,807	3.84%
2019	146,016	146,016	-	3,702,839	3.94%
2018	179,470	179,470	-	3,775,794	4.75%
2017	194,075	194,075	-	3,797,949	5.11%
2016	263,695	263,695	-	3,662,431	7.20%
2015	261,040	261,040	-	3,625,558	7.20%
2014	323,393	323,393	-	3,601,258	8.98%
2013	316,299	316,299	-	3,522,265	8.98%
2012	212,384	212,384	-	3,487,418	6.09%
2011	209,427	209,427	-	3,438,859	6.09%
Component Unit School Board (professional) (1)					
2020	\$ 4,683,607	\$ 4,683,607	-	\$ 30,853,962	15.18%
2019	4,407,086	4,407,086	-	29,278,106	15.05%
2018	4,536,723	4,536,723	-	28,641,191	15.84%
2017	3,965,868	3,965,868	-	27,076,954	14.65%
2016	3,669,249	3,669,249	-	26,396,654	13.90%
2015	3,917,386	3,917,386	-	27,016,456	14.50%
Component Unit LCWA (1)					
2020	78,192	78,192	-	1,084,588	7.21%
2019	72,921	72,921	-	998,873	7.30%
2018	62,916	62,916	-	919,603	6.84%
2017	60,617	60,617	-	861,033	7.04%
2016	75,077	75,077	-	797,847	9.41%
2015	81,481	81,481	-	865,895	9.41%

(1) Schedule is intended to show information for 10 years. Information prior to 2015 is not available. However, additional years will be included as they become available.

Notes to Required Supplementary Information
Pension Plans
For the Year Ended June 30, 2020

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, 2018 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:

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%

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%

Component Unit School Board - Professional Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Schedule of County of Louisa, Virginia and Component Unit School Board's Share of Net OPEB Liability
 Group Life Insurance (GLI) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2019

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government					
2019	0.06023% \$	980,172 \$	11,807,196	8.30%	52.00%
2018	0.05879%	892,584	11,180,438	7.98%	51.22%
2017	0.05853%	880,721	10,790,355	8.16%	48.86%
Component Unit School Board (nonprofessional)					
2019	0.01889% \$	307,391 \$	3,702,839	8.30%	52.00%
2018	0.01986%	301,000	3,775,794	7.97%	51.22%
2017	0.02060%	310,000	3,800,074	8.16%	48.86%
Component Unit School Board (professional)					
2019	0.14935% \$	2,430,322 \$	29,278,106	8.30%	52.00%
2018	0.15063%	2,288,000	28,641,191	7.99%	51.22%
2017	0.14677%	2,209,000	27,071,164	8.16%	48.86%
Component Unit LCWA					
2019	0.00510% \$	82,921 \$	998,873	8.30%	52.00%
2018	0.00484%	73,416	919,603	7.98%	51.22%
2017	0.00467%	70,279	861,033	8.16%	48.86%

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

Schedule of Employer Contributions

Group Life Insurance (GLI) Plan

For the Years Ended June 30, 2011 through June 30, 2020

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					
2020	\$ 66,040	\$ 66,040	\$ -	\$ 12,696,708	0.52%
2019	61,774	61,774	-	11,807,196	0.52%
2018	58,212	58,212	-	11,180,438	0.52%
2017	55,722	55,722	-	10,790,355	0.52%
2016	54,017	54,017	-	10,446,153	0.52%
2015	51,444	51,444	-	9,848,937	0.52%
2014	50,260	50,260	-	10,447,235	0.48%
2013	48,865	48,865	-	10,170,304	0.48%
2012	28,336	28,336	-	10,076,081	0.28%
2011	28,123	28,123	-	10,021,970	0.28%
Component Unit School Board (nonprofessional)					
2020	\$ 19,156	\$ 19,156	\$ -	\$ 3,683,807	0.52%
2019	19,255	19,255	-	3,702,839	0.52%
2018	19,634	19,634	-	3,775,794	0.52%
2017	19,760	19,760	-	3,800,074	0.52%
2016	17,631	17,631	-	3,673,054	0.48%
2015	17,449	17,449	-	3,635,118	0.48%
2014	17,286	17,286	-	3,601,258	0.48%
2013	16,925	16,925	-	3,525,972	0.48%
2012	9,765	9,765	-	3,487,418	0.28%
2011	9,629	9,629	-	3,438,859	0.28%
Component Unit School Board (professional)					
2020	\$ 160,441	\$ 160,441	\$ -	\$ 30,853,962	0.52%
2019	152,246	152,246	-	29,278,106	0.52%
2018	148,934	148,934	-	28,641,191	0.52%
2017	140,770	140,770	-	27,071,164	0.52%
2016	126,744	126,744	-	26,404,973	0.48%
2015	123,264	123,264	-	25,679,905	0.48%
2014	119,990	119,990	-	24,997,865	0.48%
2013	115,953	115,953	-	24,156,868	0.48%
2012	67,192	67,192	-	23,997,030	0.28%
2011	67,042	67,042	-	23,943,724	0.28%
Component Unit LCWA (1)					
2020	\$ 5,641	\$ 5,641	\$ -	\$ 1,084,588	0.52%
2019	5,226	5,226	-	998,873	0.52%
2018	4,788	4,788	-	919,603	0.52%
2017	4,477	4,477	-	861,033	0.52%
2016	4,149	4,149	-	797,847	0.52%
2015	4,503	4,503	-	865,895	0.52%

(1) Schedule is intended to show information for 10 years. Information prior to 2015 is not available. However, additional years will be included as they become available.

Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2020

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, 2018 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:

Teachers

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

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	Decreased 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 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%

Schedule of Louisa School Board's Share of Net OPEB Liability
Teacher Employee Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2019

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2019	0.34891%	\$ 4,567,571	\$ 29,278,106	15.60%	8.97%
2018	0.35382%	4,492,000	28,614,923	15.70%	8.08%
2017	0.34290%	4,351,000	27,061,875	16.08%	7.04%

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

Schedule of Employer Contributions
Teacher Employee Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2011 through June 30, 2020

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)
2020	\$ 370,248	\$ 370,248	\$ -	\$ 30,853,962	1.20%
2019	351,183	351,183	-	29,278,106	1.20%
2018	351,964	351,964	-	28,614,923	1.23%
2017	300,387	300,387	-	27,061,875	1.11%
2016	279,893	279,893	-	26,404,973	1.06%
2015	272,083	272,083	-	25,668,214	1.06%
2014	276,675	276,675	-	24,925,690	1.11%
2013	267,658	267,658	-	24,113,350	1.11%
2012	143,959	143,959	-	23,994,868	0.60%
2011	143,662	143,662	-	23,943,724	0.60%

Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2020

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, 2018 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:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Schedule of Changes in the Net OPEB Liability and Related Ratios
 Health Insurance Credit (HIC) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2019

	Primary Government and LCWA 2019	School Nonprofessional 2019	Primary Government and LCWA 2018	School Nonprofessional 2018	Primary Government and LCWA 2017	School Nonprofessional 2017
Total HIC OPEB Liability						
Service cost	\$ 6,081	\$ 6,533	\$ 6,532	\$ 7,186	\$ 5,975	\$ 7,405
Interest	8,629	24,841	8,529	24,934	7,594	24,414
Differences between expected and actual experience	(7,381)	(14,146)	(7,377)	(15,756)	-	-
Impact of change in proportion	-	-	-	-	(106)	-
Changes of assumptions	3,298	8,319	-	-	(5,095)	(9,218)
Benefit payments	(6,037)	(15,930)	(6,475)	(19,442)	(2,249)	(10,895)
Net change in total HIC OPEB liability	\$ 4,590	\$ 9,617	\$ 1,209	\$ (3,078)	\$ 6,119	\$ 11,706
Total HIC OPEB Liability - beginning	<u>126,285</u>	<u>362,843</u>	<u>125,076</u>	<u>365,921</u>	<u>109,915</u>	<u>354,215</u>
Total HIC OPEB Liability - ending (a)	<u>\$ 130,875</u>	<u>\$ 372,460</u>	<u>\$ 126,285</u>	<u>\$ 362,843</u>	<u>\$ 116,034</u>	<u>\$ 365,921</u>
Plan fiduciary net position						
Contributions - employer	\$ 8,616	\$ 14,822	\$ 9,726	\$ 16,552	\$ 8,645	\$ 16,711
Net investment income	6,846	15,700	6,785	16,413	8,736	23,683
Benefit payments	(6,037)	(15,930)	(6,475)	(19,442)	(2,249)	(10,895)
Administrator charges	(151)	(342)	(164)	(385)	(152)	(389)
Other	(8)	(18)	(452)	(1,178)	419	1,178
Net change in plan fiduciary net position	\$ 9,266	\$ 14,232	\$ 9,420	\$ 11,960	\$ 15,399	\$ 30,288
Plan fiduciary net position - beginning	<u>103,642</u>	<u>245,077</u>	<u>94,222</u>	<u>233,117</u>	<u>72,061</u>	<u>202,829</u>
Plan fiduciary net position - ending (b)	<u>\$ 112,908</u>	<u>\$ 259,309</u>	<u>\$ 103,642</u>	<u>\$ 245,077</u>	<u>\$ 87,460</u>	<u>\$ 233,117</u>
Net HIC OPEB liability - ending (a) - (b)	\$ 17,967	\$ 113,151	\$ 22,643	\$ 117,766	\$ 28,574	\$ 132,804
Plan fiduciary net position as a percentage of the total HIC OPEB liability	86.27%	69.62%	82.07%	67.54%	75.37%	63.71%
Covered payroll	\$ 5,673,969	\$ 3,702,839	\$ 5,287,237	\$ 3,775,794	\$ 5,099,411	\$ 3,797,949
Net HIC OPEB liability as a percentage of covered payroll	0.32%	3.06%	0.43%	3.12%	0.56%	3.50%

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

Schedule of Employer Contributions
Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2011 through June 30, 2020

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					
2020	\$ 8,708	\$ 8,708	-	\$ 6,220,139	0.14%
2019	7,944	7,944	-	5,673,969	0.14%
2018	8,989	8,989	-	5,287,237	0.17%
2017	8,669	8,669	-	5,099,411	0.17%
2016	8,829	8,829	-	5,193,409	0.17%
2015	8,069	8,069	-	4,746,288	0.17%
2014	3,715	3,715	-	4,643,962	0.08%
2013	8,133	8,133	-	10,165,938	0.08%
2012	7,083	7,083	-	10,119,019	0.07%
2011	7,031	7,031	-	10,043,875	0.07%
Component Unit School Board (nonprofessional)					
2020	\$ 14,735	\$ 14,735	-	\$ 3,683,807	0.40%
2019	14,811	14,811	-	3,702,839	0.40%
2018	16,613	16,613	-	3,775,794	0.44%
2017	16,711	16,711	-	3,797,949	0.44%
2016	16,481	16,481	-	3,662,431	0.45%
2015	16,315	16,315	-	3,625,558	0.45%
2014	19,807	19,807	-	3,601,258	0.55%
2013	19,359	19,359	-	3,519,873	0.55%
2012	20,227	20,227	-	3,487,418	0.58%
2011	19,945	19,945	-	3,438,859	0.58%
Component Unit LCWA (1)					
2020	\$ 744	\$ 744	-	\$ 531,341	0.14%
2019	672	672	-	480,010	0.14%
2018	717	717	-	421,906	0.17%
2017	666	666	-	391,502	0.17%

(1) Schedule is intended to show information for 10 years. Information prior to 2015 is not available. However, additional years will be included as they become available.

Notes to Required Supplementary Information
Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2020

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, 2018, 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	Decreased 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 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%

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
Pay-As-You-Go Plan
For the Measurement Dates of June 30, 2018 through June 30, 2020

	Primary Government 2020	School Nonprofessional 2020	Primary Government 2019	School Nonprofessional 2019	Primary Government 2018	School Nonprofessional 2018
Total OPEB liability						
Service cost	\$ 73,500	\$ 183,787	\$ 71,707	\$ 179,304	\$ 69,958	\$ 174,931
Interest	52,273	147,082	37,643	127,223	32,201	116,168
Changes in assumptions	122,886	343,348	71,878	(135,810)	-	-
Differences between expected and actual experience	-	-	458,677	1,123,634		
Benefit payments	(11,168)	(105,045)	(37,241)	(242,612)	(19,606)	(95,487)
Net change in total OPEB liability	\$ 237,491	\$ 569,172	\$ 602,664	\$ 1,051,739	\$ 82,553	\$ 195,612
Total OPEB liability - beginning	1,602,097	4,567,433	999,433	3,515,694	916,880	3,320,082
Total OPEB liability - ending	\$ 1,839,588	\$ 5,136,605	\$ 1,602,097	\$ 4,567,433	\$ 999,433	\$ 3,515,694
Covered payroll	\$ 13,006,546	\$ 35,362,952	\$ 11,585,132	\$ 24,314,340	\$ 12,109,574	\$ 33,572,727
Total OPEB liability (asset) as a percentage of covered payroll	14.14%	14.53%	13.83%	18.78%	8.25%	10.47%

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

Notes to Required Supplementary Information
 Pay-As-You-Go Plan
 For the Year Ended June 30, 2020

Valuation Date: 6/30/2018
 Measurement Date: 6/30/2020

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	2.45%
Inflation	2.50%
Healthcare Trend Rate	6.25% initially, grading down to 4.50% (HDHP plan) or 4.25% (KA 500 and KA1000 plans) ultimate.
Salary Increase Rates	2.50%
Retirement Age	15 years of service and VRS eligibility
Mortality Rates	The mortality rates are based on the Pub2010G and Pub2010T Tables.

OTHER SUPPLEMENTARY INFORMATION

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Combining and Individual Fund Statements and Schedules

Capital Projects Fund

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

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Other local taxes	\$ 1,260,000	\$ 1,260,000	\$ 1,208,373	\$ (51,627)
Revenue from the use of money and property	320,000	320,000	294,775	(25,225)
Miscellaneous	100,000	123,316	50,417	(72,899)
Recovered costs	-	-	17,107	17,107
Intergovernmental:				
Commonwealth	150,000	768,850	442,683	(326,167)
Total revenues	<u>\$ 1,830,000</u>	<u>\$ 2,472,166</u>	<u>\$ 2,013,355</u>	<u>\$ (458,811)</u>
EXPENDITURES				
Current:				
Economic development projects	\$ 814,000	\$ 4,589,908	\$ 1,876,833	\$ 2,713,075
Emergency services projects	715,000	5,269,797	3,149,100	2,120,697
Judicial administration	-	127,400	38,400	89,000
County administration	16,000	1,333,724	484,187	849,537
Parks and recreation	-	333,685	28,445	305,240
Sheriff's department	365,000	460,650	391,376	69,274
School capital projects	1,583,562	2,797,100	1,451,474	1,345,626
Public works	1,285,430	3,220,147	785,838	2,434,309
Total expenditures	<u>\$ 4,778,992</u>	<u>\$ 18,132,411</u>	<u>\$ 8,205,653</u>	<u>\$ 9,926,758</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,948,992)</u>	<u>\$ (15,660,245)</u>	<u>\$ (6,192,298)</u>	<u>\$ 9,467,947</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 3,448,992	\$ 6,227,264	\$ 6,227,264	\$ -
Transfers out	-	(34,505)	(34,505)	-
Insurance proceeds	-	81,324	81,324	-
Total other financing sources (uses)	<u>\$ 3,448,992</u>	<u>\$ 6,274,083</u>	<u>\$ 6,274,083</u>	<u>\$ -</u>
Net change in fund balances	\$ 500,000	\$ (9,386,162)	\$ 81,785	\$ 9,467,947
Fund balances - beginning	(500,000)	9,386,162	19,993,112	10,606,950
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,074,897</u>	<u>\$ 20,074,897</u>

Combining Statement of Fiduciary Net Position
 Agency Funds
 June 30, 2020

	Agency Funds			
	Special Welfare Fund	Bond Escrow Fund	Spencer Scholarship Fund	Total
ASSETS				
Cash and cash equivalents	\$ 24,817	\$ 926,695	\$ 52,597	\$ 1,004,109
LIABILITIES				
Amounts held for social services clients	\$ 24,817	\$ -	\$ -	\$ 24,817
Amounts held for projects	-	926,695	-	926,695
Amounts held for others	-	-	52,597	52,597
Total liabilities	\$ 24,817	\$ 926,695	\$ 52,597	\$ 1,004,109

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 For the Year Ended June 30, 2020

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
Special Welfare Fund:				
ASSETS				
Cash and cash equivalents	\$ 3,214	\$ 42,768	\$ 21,165	\$ 24,817
Total assets	<u>\$ 3,214</u>	<u>\$ 42,768</u>	<u>\$ 21,165</u>	<u>\$ 24,817</u>
LIABILITIES				
Amounts held for social services clients	\$ 3,214	\$ 42,768	\$ 21,165	\$ 24,817
Total liabilities	<u>\$ 3,214</u>	<u>\$ 42,768</u>	<u>\$ 21,165</u>	<u>\$ 24,817</u>
Bond Escrow Fund:				
ASSETS				
Cash and cash equivalents	\$ 3,914,773	\$ -	\$ 2,988,078	\$ 926,695
Total assets	<u>\$ 3,914,773</u>	<u>\$ -</u>	<u>\$ 2,988,078</u>	<u>\$ 926,695</u>
LIABILITIES				
Amounts held for projects	\$ 3,914,773	\$ -	\$ 2,988,078	\$ 926,695
Total liabilities	<u>\$ 3,914,773</u>	<u>\$ -</u>	<u>\$ 2,988,078</u>	<u>\$ 926,695</u>
Spencer Scholarship Fund:				
ASSETS				
Cash and cash equivalents	\$ 53,472	\$ -	\$ 875	\$ 52,597
Total assets	<u>\$ 53,472</u>	<u>\$ -</u>	<u>\$ 875</u>	<u>\$ 52,597</u>
LIABILITIES				
Amounts held for others	\$ 53,472	\$ -	\$ 875	\$ 52,597
Total liabilities	<u>\$ 53,472</u>	<u>\$ -</u>	<u>\$ 875</u>	<u>\$ 52,597</u>
Totals - All Agency Funds:				
ASSETS				
Cash and cash equivalents	\$ 3,971,459	\$ 42,768	\$ 3,010,118	\$ 1,004,109
Total assets	<u>\$ 3,971,459</u>	<u>\$ 42,768</u>	<u>\$ 3,010,118</u>	<u>\$ 1,004,109</u>
LIABILITIES				
Amounts held for social services clients	\$ 3,214	\$ 42,768	\$ 21,165	\$ 24,817
Amounts held for projects	3,914,773	-	2,988,078	926,695
Amounts held for others	53,472	-	875	52,597
Total liabilities	<u>\$ 3,971,459</u>	<u>\$ 42,768</u>	<u>\$ 3,010,118</u>	<u>\$ 1,004,109</u>

Discretely Presented Component Unit-School Board

Balance Sheet
 Governmental Funds - Discretely Presented Component Unit - School Board
 June 30, 2020

	School Operating Fund
ASSETS	
Cash and cash equivalents	\$ 4,912,853
Receivables (net of allowance for uncollectibles):	
Accounts receivable	175,889
Due from primary government	166,278
Due from other governmental units	2,140,782
Total assets	<u>\$ 7,395,802</u>
LIABILITIES	
Liabilities:	
Accounts payable	\$ 1,535,124
Accrued liabilities	5,860,678
Total liabilities	<u>\$ 7,395,802</u>
FUND BALANCE:	
Unassigned	\$ -
Total fund balances	\$ -
Total liabilities and fund balances	<u>\$ 7,395,802</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:	
Total fund balances per above	\$ -
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	78,445,867
The net pension asset is not an available resource and, therefore is not reported in the funds.	829,696
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	12,748,664
Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the funds.	(59,164,753)
Deferred inflows of resources are not due and payable in the current-period and, therefore, are not reported in the funds.	<u>(5,364,243)</u>
Net position of governmental activities	<u>\$ 27,495,231</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2020

	School Operating Fund
REVENUES	
Revenue from the use of money and property	\$ 1,405
Charges for services	2,158,187
Miscellaneous	349,059
Recovered costs	87,951
Intergovernmental:	
Local government	32,662,179
Commonwealth	23,664,265
Federal	4,494,418
Total revenues	<u>\$ 63,417,464</u>
EXPENDITURES	
Current:	
Education	\$ 63,417,464
Total expenditures	<u>\$ 63,417,464</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -
Net change in fund balances	\$ -
Fund balances - beginning	-
Fund balances - ending	<u><u>\$ -</u></u>
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:	
Net change in fund balances - total governmental funds - per above	\$ -
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. Details supporting this adjustment are as follows:	
Capital outlay	\$ 144,399
Depreciation expense	(3,694,945)
Assets contributed by Primary Government	1,247,370
Transfer of joint tenancy assets from Primary Government to the Component Unit	<u>1,663,567</u>
	\$ (639,609)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. Details supporting this adjustment are as follows:	
Change in compensated absences	\$ (83,379)
Pension expense	(252,484)
OPEB expense	<u>(332,229)</u>
	\$ (668,092)
Change in net position of governmental activities	<u><u>\$ (1,307,701)</u></u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2020

School Operating Fund					Variance with Final Budget Positive (Negative)
Budgeted Amounts					
	Original	Final	Actual		
REVENUES					
Revenue from the use of money and property	\$ 20,938	\$ 20,938	\$ 1,405	\$ (19,533)	
Charges for services	1,290,300	1,290,300	2,158,187	867,887	
Miscellaneous	134,000	134,000	349,059	215,059	
Recovered costs	135,000	135,000	87,951	(47,049)	
Intergovernmental:					
Local government	36,464,247	36,564,247	32,662,179	(3,902,068)	
Commonwealth	23,425,309	23,425,309	23,664,265	238,956	
Federal	4,288,433	4,288,433	4,494,418	205,985	
Total revenues	<u>\$ 65,758,227</u>	<u>\$ 65,858,227</u>	<u>\$ 63,417,464</u>	<u>\$ (2,440,763)</u>	
EXPENDITURES					
Current:					
Education:					
Instruction	\$ 45,872,539	\$ 46,050,794	\$ 44,802,729	\$ 1,248,065	
Administration, attendance and health	3,178,102	3,581,236	3,736,805	(155,569)	
Pupil transportation	5,454,945	5,448,049	4,411,585	1,036,464	
Operation and maintenance services	5,308,894	5,173,355	4,958,564	214,791	
Technology	3,273,746	3,195,977	3,030,135	165,842	
School food services	2,648,116	2,648,116	2,477,646	170,470	
Total expenditures	<u>\$ 65,736,342</u>	<u>\$ 66,097,527</u>	<u>\$ 63,417,464</u>	<u>\$ 2,680,063</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 21,885</u>	<u>\$ (239,300)</u>	<u>\$ -</u>	<u>\$ 239,300</u>	
Net change in fund balances	\$ 21,885	\$ (239,300)	\$ -	\$ 239,300	
Fund balances - beginning	(21,885)	239,300	-	(239,300)	
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

Supporting Schedules

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2020

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 35,512,491	\$ 35,512,491	\$ 36,171,390	\$ 658,899
Real and personal public service corporation taxes	17,000,000	17,000,000	16,643,034	(356,966)
Personal property taxes	8,212,748	8,220,068	9,006,810	786,742
Mobile home taxes	65,000	65,000	67,461	2,461
Machinery and tools taxes	320,000	320,000	308,414	(11,586)
Other taxes	525,000	525,000	499,825	(25,175)
Penalties	375,000	375,000	438,385	63,385
Interest	400,000	400,000	448,550	48,550
Total general property taxes	\$ 62,410,239	\$ 62,417,559	\$ 63,583,869	\$ 1,166,310
Other local taxes:				
Local sales and use taxes	\$ 3,800,000	\$ 3,800,000	\$ 4,557,042	\$ 757,042
Consumers' utility taxes	630,000	630,000	657,398	27,398
Business license taxes	200,000	200,000	257,345	57,345
Utility license taxes	20,000	20,000	23,717	3,717
Motor vehicle licenses	1,400,000	1,400,000	1,438,729	38,729
Taxes on recordation and wills	650,000	650,000	774,923	124,923
Hotel and motel room taxes	175,000	175,000	189,133	14,133
Total other local taxes	\$ 6,875,000	\$ 6,875,000	\$ 7,898,287	\$ 1,023,287
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 14,500	\$ 14,500	\$ 10,678	\$ (3,822)
Land use application fees	1,000	1,000	2,370	1,370
Transfer fees	1,500	1,500	1,904	404
Building and other related permits	360,000	360,000	451,939	91,939
Zoning and use permits	110,000	110,000	111,663	1,663
Erosion and sediment control	40,000	40,000	106,304	66,304
Permits and other licenses	3,000	3,000	3,230	230
Total permits, privilege fees, and regulatory licenses	\$ 530,000	\$ 530,000	\$ 688,088	\$ 158,088
Fines and forfeitures:				
Court fines and forfeitures	\$ 60,000	\$ 60,000	\$ 83,809	\$ 23,809
Revenue from use of money and property:				
Revenue from use of money	\$ 470,000	\$ 470,000	\$ 740,290	\$ 270,290
Revenue from use of property	201,000	201,000	181,737	(19,263)
Total revenue from use of money and property	\$ 671,000	\$ 671,000	\$ 922,027	\$ 251,027
Charges for services:				
Excess fees of clerk	\$ 15,000	\$ 15,000	\$ 24,039	\$ 9,039
Charges for law enforcement and traffic control	5,000	5,000	3,113	(1,887)
Charges for courthouse maintenance	12,000	12,000	9,748	(2,252)
Charges for Commonwealth's Attorney	2,500	2,500	2,092	(408)
Ambulance services	1,404,500	1,439,500	1,425,331	(14,169)
Charges for sanitation and waste removal	340,000	340,000	331,664	(8,336)
Charges for parks and recreation	560,000	560,000	459,013	(100,987)
Charges for telecommunication review	25,000	25,000	4,250	(20,750)

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2020 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Other court charges	\$ 59,000	\$ 59,000	\$ 39,437	\$ (19,563)
Other charges for services	4,000	8,790	21,416	12,626
Court fees law library	-	-	3,143	3,143
Total charges for services	\$ 2,427,000	\$ 2,466,790	\$ 2,323,246	\$ (143,544)
Miscellaneous:				
Miscellaneous	\$ 125,000	\$ 366,163	\$ 361,860	\$ (4,303)
Recovered costs:				
Juvenile and domestic relations court costs	\$ 24,000	\$ 24,000	\$ 27,240	\$ 3,240
Expenditure refunds	-	-	44,964	44,964
Other recovered costs	31,000	526,387	650,860	124,473
Total recovered costs	\$ 55,000	\$ 550,387	\$ 723,064	\$ 172,677
Total revenue from local sources	\$ 73,153,239	\$ 73,936,899	\$ 76,584,250	\$ 2,647,351
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 20,000	\$ 20,000	\$ 22,031	\$ 2,031
Mobile home titling tax	15,000	15,000	83,021	68,021
Motor vehicle rental tax	10,000	10,000	9,787	(213)
Communication sales tax	330,000	330,000	286,884	(43,116)
Personal property tax relief funds	1,620,227	1,620,227	1,620,227	-
Total noncategorical aid	\$ 1,995,227	\$ 1,995,227	\$ 2,021,950	\$ 26,723
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 369,248	\$ 369,248	\$ 430,085	\$ 60,837
Sheriff	1,338,341	1,338,341	1,332,859	(5,482)
Commissioner of revenue	137,529	137,529	128,224	(9,305)
Treasurer	132,466	132,466	139,191	6,725
Registrar/electoral board	59,600	83,064	69,589	(13,475)
Clerk of the Circuit Court	314,503	314,503	319,760	5,257
Total shared expenses	\$ 2,351,687	\$ 2,375,151	\$ 2,419,708	\$ 44,557
Other categorical aid:				
Welfare administration and assistance	\$ 2,133,147	\$ 2,245,621	\$ 1,799,888	\$ (445,733)
Wireless E-911 grant	-	-	118,897	118,897
Juvenile justice - crime control	-	9,905	9,905	-
At risk youth - children's services act	1,425,000	1,827,335	1,655,556	(171,779)
Four 4 life grant	-	43,269	43,269	-
Litter control grant	-	8,069	8,069	-
Radiological preparedness grant	-	12,000	12,000	-
Fire programs fund	-	113,384	113,384	-
Victim-witness grant	-	17,329	14,443	(2,886)

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2020 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Other categorical aid: (Continued)				
Other categorical aid	\$ -	\$ 5,715	\$ 14,545	\$ 8,830
Total other categorical aid	\$ 3,558,147	\$ 4,282,627	\$ 3,789,956	\$ (492,671)
Total categorical aid	\$ 5,909,834	\$ 6,657,778	\$ 6,209,664	\$ (448,114)
Total revenue from the Commonwealth	\$ 7,905,061	\$ 8,653,005	\$ 8,231,614	\$ (421,391)
Revenue from the federal government:				
Noncategorical aid:				
Coronavirus relief fund	-	3,279,670	977,480	(2,302,190)
Total noncategorical aid	-	3,279,670	977,480	(2,302,190)
Categorical aid:				
Welfare public assistance	\$ 2,006,022	\$ 2,155,454	\$ 2,432,237	\$ 276,783
Victim witness	-	51,987	43,330	(8,657)
Federal DMV grants	-	-	784	784
Local law enforcement grant	-	2,309	2,309	-
Bulletproof vest partnership program	-	4,109	6,449	2,340
Violence against women	-	27,350	27,350	-
Federal interest subsidy	207,350	207,350	223,771	16,421
FEMA grants	-	-	26,418	26,418
CARES provider relief funds	-	58,920	58,920	-
Emergency management preparedness	-	-	17,607	17,607
Total categorical aid	\$ 2,213,372	\$ 2,507,479	\$ 2,839,175	\$ 331,696
Total revenue from the federal government	\$ 2,213,372	\$ 5,787,149	\$ 3,816,655	\$ (1,970,494)
Total General Fund	\$ 83,271,672	\$ 88,377,053	\$ 88,632,519	\$ 255,466
Capital Projects Fund:				
County Capital Improvements Fund:				
Revenue from local sources:				
Other local taxes:				
Meals tax	\$ 1,260,000	\$ 1,260,000	\$ 1,208,373	\$ (51,627)
Revenue from use of money and property:				
Revenue from the use of money	\$ 320,000	\$ 320,000	\$ 294,775	\$ (25,225)
Miscellaneous revenue:				
Other miscellaneous	\$ 100,000	\$ 123,316	\$ 50,417	\$ (72,899)
Total miscellaneous revenue	\$ 100,000	\$ 123,316	\$ 50,417	\$ (72,899)
Recovered costs:				
Other recovered costs	\$ -	\$ -	\$ 17,107	\$ 17,107
Total recovered costs	-	-	17,107	17,107
Total revenue from local sources	\$ 1,680,000	\$ 1,703,316	\$ 1,570,672	\$ (132,644)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Recordation taxes	\$ 150,000	\$ 150,000	\$ 121,933	\$ (28,067)
Other categorical aid	-	618,850	320,750	(298,100)
Total categorical aid	\$ 150,000	\$ 768,850	\$ 442,683	\$ (326,167)
Total revenue from the Commonwealth	\$ 150,000	\$ 768,850	\$ 442,683	\$ (326,167)
Total County Capital Improvements Fund	\$ 1,830,000	\$ 2,472,166	\$ 2,013,355	\$ (458,811)
Total Primary Government	\$ 85,101,672	\$ 90,849,219	\$ 90,645,874	\$ (203,345)

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2020 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 2,500	\$ 2,500	\$ 1,405	\$ (1,095)
Revenue from the use of property	18,438	18,438	-	(18,438)
Total revenue from use of money and property	<u>\$ 20,938</u>	<u>\$ 20,938</u>	<u>\$ 1,405</u>	<u>\$ (19,533)</u>
Charges for services:				
Tuition	\$ 375,300	\$ 375,300	\$ 1,531,803	\$ 1,156,503
Cafeteria sales	915,000	915,000	626,384	(288,616)
Total charges for services	<u>\$ 1,290,300</u>	<u>\$ 1,290,300</u>	<u>\$ 2,158,187</u>	<u>\$ 867,887</u>
Miscellaneous revenue:				
Other miscellaneous	<u>\$ 134,000</u>	<u>\$ 134,000</u>	<u>\$ 349,059</u>	<u>\$ 215,059</u>
Recovered costs:				
Other recovered costs	<u>\$ 135,000</u>	<u>\$ 135,000</u>	<u>\$ 87,951</u>	<u>\$ (47,049)</u>
Total revenue from local sources	<u>\$ 1,580,238</u>	<u>\$ 1,580,238</u>	<u>\$ 2,596,602</u>	<u>\$ 1,016,364</u>
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Louisa, Virginia	<u>\$ 36,464,247</u>	<u>\$ 36,564,247</u>	<u>\$ 32,662,179</u>	<u>\$ (3,902,068)</u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2020 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 5,461,791	\$ 5,461,791	\$ 5,842,847	\$ 381,056
Basic school aid	10,036,439	10,036,439	10,119,391	82,952
Remedial education	339,176	339,176	341,460	2,284
Special education	1,368,196	1,368,196	1,402,581	34,385
Textbook payment	216,149	216,149	217,605	1,456
Vocational SOQ payments	165,294	165,294	166,408	1,114
Social security fringe benefits	613,951	613,951	620,248	6,297
Retirement fringe benefits	1,331,703	1,331,703	1,370,164	38,461
At risk payments	276,280	276,280	315,296	39,016
Special education - regional tuition	709,959	709,959	460,381	(249,578)
Primary class size	441,465	441,465	432,782	(8,683)
Technology	206,000	206,000	-	(206,000)
At risk four-year olds	284,670	284,670	284,670	-
Other state funds	1,974,236	1,974,236	2,090,432	116,196
Total categorical aid	\$ 23,425,309	\$ 23,425,309	\$ 23,664,265	\$ 238,956
Total revenue from the Commonwealth	\$ 23,425,309	\$ 23,425,309	\$ 23,664,265	\$ 238,956
Revenue from the federal government:				
Categorical aid:				
Title II, part D: Education technology state grants	\$ 15,000	\$ 15,000	\$ -	\$ (15,000)
Title I: Grants to local educational agencies	923,081	923,081	1,169,661	246,580
Title VI-B: Special education grants	1,673,745	1,673,745	1,395,218	(278,527)
Title VI-B: Special education preschool grants	19,309	19,309	39,439	20,130
Vocational education	82,483	82,483	41,280	(41,203)
Safe and drug free schools and communities	2,500	2,500	-	(2,500)
Title II, part A: Improving teacher quality	152,315	152,315	140,864	(11,451)
School lunch and breakfast program	1,348,000	1,348,000	1,655,173	307,173
Title IV Part A	65,000	65,000	52,783	(12,217)
Language acquisition grant - refugee children	7,000	7,000	-	(7,000)
Total categorical aid	\$ 4,288,433	\$ 4,288,433	\$ 4,494,418	\$ 205,985
Total revenue from the federal government	\$ 4,288,433	\$ 4,288,433	\$ 4,494,418	\$ 205,985
Total School Operating Fund	\$ 65,758,227	\$ 65,858,227	\$ 63,417,464	\$ (2,440,763)
Total Discretely Presented Component Unit - School Board	\$ 65,758,227	\$ 65,858,227	\$ 63,417,464	\$ (2,440,763)

Statistical Section

Contents

Tables

Financial Trends

These tables contain trend information to help the reader understand how the the County's financial performance and well-being have changed over time.

1 - 6

Revenue Capacity

These tables contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.

7 - 10

Debt Capacity

These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue debt in the future.

11-12

Demographic and Economic Information

These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.

13-14

Operating Information

These tables contain information about the County's operations and resources to help the reader understand how the County's financial information relate to the services the County provides and the activities it performs.

15-17

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

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets	\$ 18,143,105	\$ 17,833,603	\$ 16,354,996	\$ 18,464,264	\$ 24,664,433	\$ 23,278,507	\$ 25,809,816	\$ 30,809,285	\$ 36,910,984	\$ 40,859,610
Restricted	-	-	-	1,571,038	1,527,892	1,483,266	-	1,016,602	-	-
Unrestricted	<u>56,273,869</u>	<u>58,590,814</u>	<u>59,139,278</u>	<u>51,610,080</u>	<u>47,904,898</u>	<u>53,460,871</u>	<u>61,946,226</u>	<u>63,190,810</u>	<u>64,993,131</u>	<u>71,999,854</u>
Total governmental activities net position	<u>\$ 74,416,974</u>	<u>\$ 76,424,417</u>	<u>\$ 75,494,274</u>	<u>\$ 71,645,382</u>	<u>\$ 74,097,223</u>	<u>\$ 78,222,644</u>	<u>\$ 87,756,042</u>	<u>\$ 95,016,697</u>	<u>\$ 101,904,115</u>	<u>\$ 112,859,464</u>
Primary government										
Net investment in capital assets	\$ 18,143,105	\$ 17,833,603	\$ 16,354,996	\$ 18,464,264	\$ 24,664,433	\$ 23,278,507	\$ 25,809,816	\$ 30,809,285	\$ 36,910,984	\$ 40,859,610
Restricted	-	-	-	1,571,038	1,527,892	1,483,266	-	1,016,602	-	-
Unrestricted	<u>56,273,869</u>	<u>58,590,814</u>	<u>59,139,278</u>	<u>51,610,080</u>	<u>47,904,898</u>	<u>53,460,871</u>	<u>61,946,226</u>	<u>63,190,810</u>	<u>64,993,131</u>	<u>71,999,854</u>
Total primary government net position	<u>\$ 74,416,974</u>	<u>\$ 76,424,417</u>	<u>\$ 75,494,274</u>	<u>\$ 71,645,382</u>	<u>\$ 74,097,223</u>	<u>\$ 78,222,644</u>	<u>\$ 87,756,042</u>	<u>\$ 95,016,697</u>	<u>\$ 101,904,115</u>	<u>\$ 112,859,464</u>

COUNTY OF LOUISA, VIRGINIA

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

Table 2
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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities:										
General government administration	\$ 3,677,873	\$ 3,315,349	\$ 3,397,777	\$ 3,506,219	\$ 3,435,934	\$ 3,478,169	\$ 3,542,581	\$ 3,464,123	\$ 3,627,043	\$ 2,558,510
Judicial administration	2,102,860	2,009,183	2,058,528	2,064,058	1,880,796	1,979,935	1,938,254	1,972,016	1,928,527	1,689,088
Public safety	11,613,566	12,377,094	12,406,368	13,522,591	12,293,528	12,929,011	14,179,090	14,740,930	15,682,242	17,549,237
Public works	3,785,930	3,618,145	4,396,747	5,705,451	4,910,275	4,764,676	3,754,577	4,361,917	4,492,282	3,661,377
Health and welfare	7,190,521	7,556,166	7,728,749	7,310,884	7,594,943	7,838,939	8,593,657	8,525,097	9,078,677	10,114,054
Education	27,275,972	30,226,555	35,300,357	48,664,735	55,404,276	35,829,452	32,406,304	36,222,607	36,505,174	36,063,565
Parks, recreation and cultural	1,496,928	1,495,615	1,488,418	1,551,528	1,480,517	1,090,803	1,549,298	1,662,120	1,705,534	1,711,390
Community development	12,482,752	2,487,347	3,573,642	2,616,432	3,194,504	3,897,447	1,453,747	1,446,422	2,739,172	3,405,258
Interest on long-term debt	971,342	876,571	1,089,251	1,198,401	1,168,271	1,848,496	2,577,258	2,218,932	2,102,816	2,011,892
Total governmental activities expenses	\$ 70,597,744	\$ 63,962,025	\$ 71,439,837	\$ 86,140,299	\$ 91,363,044	\$ 73,656,928	\$ 69,994,766	\$ 74,614,164	\$ 77,861,467	\$ 78,764,371
Total primary government expenses	\$ 70,597,744	\$ 63,962,025	\$ 71,439,837	\$ 86,140,299	\$ 91,363,044	\$ 73,656,928	\$ 69,994,766	\$ 74,614,164	\$ 77,861,467	\$ 78,764,371
Program Revenues										
Governmental activities:										
Charges for services:										
General government administration	\$ 77,620	\$ 21,176	\$ 7,197	\$ 41,008	\$ 7,797	\$ 15,870	\$ 7,134	\$ 5,418	\$ 3,801	\$ 4,274
Judicial administration	125,991	83,893	108,028	165,625	119,779	97,417	108,997	134,358	171,191	162,268
Public safety	1,458,471	1,472,152	1,509,182	1,389,958	1,354,341	1,792,809	1,607,597	1,729,000	1,855,654	2,024,140
Public works	390,488	173,593	144,159	211,043	230,633	338,143	323,192	347,972	373,771	441,198
Parks, recreation and cultural	474,411	446,390	380,593	405,649	399,985	405,900	497,948	472,316	549,782	459,013
Community development	-	-	92,000	24,000	27,250	20,270	12,400	35,770	6,300	4,250
Operating grants and contributions	6,661,424	7,304,734	6,398,089	7,020,212	7,282,136	7,291,389	7,856,460	8,130,118	8,391,214	9,170,772
Capital grants and contributions	312,468	1,678,212	4,061,482	13,772,275	25,227,045	2,795,787	103,629	53,472	290,840	320,750
Total governmental activities program revenues	\$ 9,500,873	\$ 11,180,150	\$ 12,700,730	\$ 23,029,770	\$ 34,648,966	\$ 12,757,585	\$ 10,517,357	\$ 10,908,424	\$ 11,642,553	\$ 12,586,665
Total primary government program revenues	\$ 9,500,873	\$ 11,180,150	\$ 12,700,730	\$ 23,029,770	\$ 34,648,966	\$ 12,757,585	\$ 10,517,357	\$ 10,908,424	\$ 11,642,553	\$ 12,586,665
Net (expense) / revenue										
Governmental activities	\$ (61,096,871)	\$ (52,781,875)	\$ (58,739,107)	\$ (63,110,529)	\$ (56,714,078)	\$ (60,899,343)	\$ (59,477,409)	\$ (63,705,740)	\$ (66,218,914)	\$ (66,177,706)
Total primary government net expense	\$ (61,096,871)	\$ (52,781,875)	\$ (58,739,107)	\$ (63,110,529)	\$ (56,714,078)	\$ (60,899,343)	\$ (59,477,409)	\$ (63,705,740)	\$ (66,218,914)	\$ (66,177,706)

COUNTY OF LOUISA, VIRGINIA

Table 2

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 46,946,443	\$ 47,362,574	\$ 48,819,978	\$ 48,680,852	\$ 52,232,855	\$ 55,134,815	\$ 58,183,294	\$ 60,114,485	\$ 61,193,152	\$ 63,397,886
Local sales and use taxes	2,604,059	2,952,991	2,743,049	3,020,623	2,879,726	3,309,977	3,673,209	3,622,340	3,859,107	4,557,042
Taxes on recordation and wills	410,873	427,573	512,023	444,333	476,414	559,854	579,547	644,987	667,383	774,923
Motor vehicle licenses taxes	556,974	597,817	616,661	647,134	674,854	1,193,414	1,329,437	1,376,881	1,439,736	1,438,729
Consumer utility taxes	591,476	590,706	598,718	604,328	613,142	609,137	610,599	679,384	652,128	657,398
E-911 / Communication taxes	362,146	-	-	-	-	-	-	-	-	-
Meals taxes	-	270,164	783,656	794,167	853,460	971,798	1,094,835	1,159,976	1,225,806	1,208,373
Other local taxes	246,305	228,194	227,083	333,699	259,704	329,019	355,113	416,936	414,725	470,195
Unrestricted grants and contributions	1,529,514	1,831,432	1,892,641	2,021,312	1,944,776	1,995,279	2,000,254	2,015,325	1,986,575	2,999,430
Unrestricted revenues from use of money and property	356,548	286,590	323,760	305,361	320,025	399,957	741,813	938,195	1,317,159	1,216,802
Miscellaneous	184,434	241,277	194,732	335,198	325,243	510,160	442,706	448,079	350,561	412,277
Insurance proceeds	-	-	1,096,663	2,074,630	-	-	-	-	-	-
Gain Sale of Assets	1,701	-	-	-	-	-	-	-	-	-
Total governmental activities	\$ 53,790,473	\$ 54,789,318	\$ 57,808,964	\$ 59,261,637	\$ 60,580,199	\$ 65,013,410	\$ 69,010,807	\$ 71,416,588	\$ 73,106,332	\$ 77,133,055
Total primary government	\$ 53,790,473	\$ 54,789,318	\$ 57,808,964	\$ 59,261,637	\$ 60,580,199	\$ 65,013,410	\$ 69,010,807	\$ 71,416,588	\$ 73,106,332	\$ 77,133,055
Change in Net Position										
Governmental activities	\$ (7,306,398)	\$ 2,007,443	\$ (930,143)	\$ (3,848,892)	\$ 3,866,121	\$ 4,114,067	\$ 9,533,398	\$ 7,710,848	\$ 6,887,418	\$ 10,955,349
Total primary government	\$ (7,306,398)	\$ 2,007,443	\$ (930,143)	\$ (3,848,892)	\$ 3,866,121	\$ 4,114,067	\$ 9,533,398	\$ 7,710,848	\$ 6,887,418	\$ 10,955,349

COUNTY OF LOUISA, VIRGINIA

Table 3

Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Motor Vehicle License Tax	Record-ation and Wills Tax	E-911 Tax	Meals Tax	Other Local Taxes	Total
2020	\$ 63,397,886	\$ 4,557,042	\$ 657,398	\$ 1,438,729	\$ 774,923	\$ -	\$ 1,208,373	\$ 470,195	\$ 72,504,546
2019	61,193,152	3,859,107	652,128	1,439,736	667,383	-	1,225,806	414,725	69,452,037
2018	60,114,485	3,622,340	644,987	1,376,881	679,384	-	1,159,976	416,936	68,014,989
2017	58,183,294	3,673,209	610,599	1,329,437	579,547	-	1,094,835	355,113	65,826,034
2016	55,134,815	3,309,977	609,137	1,193,414	559,854	-	971,798	329,019	62,108,014
2015	52,232,855	2,879,726	613,142	674,854	476,414	-	853,460	259,704	57,990,155
2014	48,680,852	3,020,623	604,328	647,134	444,333	-	794,167	333,699	54,525,136
2013	48,819,978	2,743,049	598,718	616,661	512,023	-	783,656	227,083	54,301,168
2012	47,362,574	2,952,991	590,706	597,817	427,573	-	270,164	228,194	52,430,019
2011	46,946,443	2,604,059	591,476	556,974	410,873	362,146	-	246,305	51,718,276

COUNTY OF LOUISA, VIRGINIA

Table 4

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General fund										
Nonspendable	\$ -	\$ 13,729	\$ 12,639	\$ 13,173	\$ 16,298	\$ 47,160	\$ 255,671	\$ 260,902	\$ 248,433	\$ 249,202
Restricted	-	-	-	1,571,038	1,527,892	1,483,266	-	1,016,602	-	-
Committed	15,800,000	15,800,000	15,800,000	16,127,572	16,043,455	16,065,184	15,800,000	15,800,000	15,800,000	15,800,000
Assigned	4,085,570	4,219,865	2,696,787	3,142,020	1,319,725	1,368,802	1,653,829	477,488	14,148,558	15,920,066
Unassigned	<u>28,944,536</u>	<u>28,623,070</u>	<u>37,528,191</u>	<u>31,808,588</u>	<u>29,559,129</u>	<u>26,063,587</u>	<u>28,887,913</u>	<u>40,296,734</u>	<u>24,870,916</u>	<u>29,679,972</u>
Total general fund	<u>\$ 48,830,106</u>	<u>\$ 48,656,664</u>	<u>\$ 56,037,617</u>	<u>\$ 52,662,391</u>	<u>\$ 48,466,499</u>	<u>\$ 45,027,999</u>	<u>\$ 46,597,413</u>	<u>\$ 57,851,726</u>	<u>\$ 55,067,907</u>	<u>\$ 61,649,240</u>
All other governmental funds										
Committed for capital projects funds	\$ -	\$ -	\$ 15,269,509	\$ 14,116,425	\$ 7,922,833	\$ 49,899,791	\$ 33,238,865	\$ 7,893,548	\$ 1,095,139	\$ -
Assigned for capital projects funds	<u>7,890,912</u>	<u>9,731,381</u>	<u>3,324,472</u>	<u>99,583</u>	<u>-</u>	<u>11,264,363</u>	<u>18,317,409</u>	<u>16,490,602</u>	<u>18,897,973</u>	<u>20,074,897</u>
Total all other governmental funds	<u>\$ 7,890,912</u>	<u>\$ 9,731,381</u>	<u>\$ 18,593,981</u>	<u>\$ 14,216,008</u>	<u>\$ 7,922,833</u>	<u>\$ 61,164,154</u>	<u>\$ 51,556,274</u>	<u>\$ 24,384,150</u>	<u>\$ 19,993,112</u>	<u>\$ 20,074,897</u>

COUNTY OF LOUISA, VIRGINIA

Table 5

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues											
General property taxes	\$ 47,712,558	\$ 46,990,688	\$ 47,020,171	\$ 48,787,578	\$ 48,994,477	\$ 52,205,038	\$ 55,027,281	\$ 58,357,514	\$ 60,518,750	\$ 60,874,073	\$ 63,583,869
Other local taxes	4,465,562	4,771,833	5,067,445	5,481,190	5,844,284	5,757,300	6,973,199	7,642,740	7,900,504	8,258,885	9,106,660
Permits, privilege fees and regulatory licenses	830,171	590,423	435,796	401,691	428,901	444,544	645,658	506,821	523,651	560,491	688,088
Fines and forfeitures	196,601	239,817	169,536	136,111	85,254	48,357	37,974	29,299	59,530	89,689	83,809
Revenue from use of money and property	553,396	356,548	286,590	323,760	305,361	320,025	399,957	741,813	938,195	1,317,159	1,216,802
Charges for services	1,718,061	1,696,861	1,591,872	1,703,357	1,723,128	1,646,884	1,986,777	2,021,148	2,141,653	2,310,319	2,323,246
Miscellaneous	300,189	216,759	517,356	205,981	335,198	325,243	510,160	442,706	497,660	350,561	412,277
Recovered costs	150,493	163,522	99,459	71,213	93,425	181,956	231,852	578,182	190,225	293,081	740,171
Intergovernmental revenues:											
Contribution from School Board	-	-	-	-	-	1,167,485	-	-	-	-	-
Commonwealth	6,226,703	6,372,522	7,419,266	7,142,426	9,745,431	11,605,371	7,779,886	7,585,218	7,877,912	8,265,913	8,674,297
Federal	1,850,393	2,130,884	3,395,112	5,209,786	13,068,368	22,848,586	4,302,569	2,375,125	2,321,003	2,402,716	3,816,655
Total revenues	\$ 64,004,127	\$ 63,529,857	\$ 66,002,603	\$ 69,463,093	\$ 80,623,827	\$ 96,550,789	\$ 77,895,313	\$ 80,280,566	\$ 82,969,083	\$ 84,722,887	\$ 90,645,874
Expenditures											
General government administration	\$ 3,248,317	\$ 3,201,991	\$ 3,153,551	\$ 3,214,437	\$ 3,295,339	\$ 3,259,357	\$ 3,318,595	\$ 3,272,417	\$ 3,346,110	\$ 3,552,047	\$ 3,524,331
Judicial administration	2,000,848	1,891,250	1,882,501	1,902,864	1,926,261	1,886,765	1,971,782	1,952,842	2,022,300	2,102,555	2,145,677
Public safety	10,029,853	10,495,034	11,535,345	10,846,906	11,797,370	11,747,197	12,274,568	13,054,257	13,784,687	14,398,973	15,396,515
Public works	3,752,836	4,703,428	3,479,533	3,658,635	3,789,408	6,243,301	3,028,924	3,089,009	3,247,038	3,443,670	3,567,547
Health and welfare	7,433,326	7,298,075	7,555,697	7,732,699	7,298,502	7,629,321	8,025,122	8,678,611	8,641,127	9,143,686	10,133,525
Education	23,299,928	25,047,755	24,803,778	26,721,637	29,382,401	28,287,198	30,915,671	29,057,136	32,174,796	32,225,642	32,718,899
Parks, recreation and cultural	1,607,570	1,393,472	1,385,529	1,380,311	1,432,249	1,409,646	1,467,662	1,471,176	1,530,342	1,586,661	1,567,568
Community development	1,591,805	1,525,489	1,449,634	1,469,817	1,384,468	1,434,971	1,361,644	1,305,182	1,391,126	2,555,026	1,659,348
Capital projects	13,192,002	14,827,245	6,083,921	16,971,127	34,433,009	43,222,067	11,612,022	13,319,089	26,391,734	17,673,080	8,205,653
Debt service:											
Principal retirement	1,190,000	1,940,000	1,955,000	1,960,000	2,220,442	1,885,442	2,204,441	10,490,358	3,594,820	2,600,442	2,640,442
Interest and other fiscal charges	887,517	1,156,368	1,051,087	1,173,830	1,331,414	1,434,105	1,951,423	2,843,615	2,762,814	2,615,962	2,504,575
Total expenditures	\$ 68,234,002	\$ 73,480,107	\$ 64,335,576	\$ 77,032,263	\$ 98,290,863	\$ 108,439,370	\$ 78,131,854	\$ 88,533,692	\$ 98,886,894	\$ 91,897,744	\$ 84,064,080
Excess of revenues over (under) expenditure	\$ (4,229,875)	\$ (9,950,250)	\$ 1,667,027	\$ (7,569,170)	\$ (17,667,036)	\$ (11,888,581)	\$ (236,541)	\$ (8,253,126)	\$ (15,917,811)	\$ (7,174,857)	\$ 6,581,794
Other financing sources (uses)											
Transfers in	\$ 4,854,860	\$ 3,092,633	\$ 5,557,683	\$ 5,646,828	\$ 5,445,273	\$ 8,892,894	\$ 15,083,118	\$ 17,465,439	\$ 11,613,465	\$ 11,306,259	\$ 6,261,769
Transfers out	(4,854,860)	(3,092,633)	(5,557,683)	(5,646,828)	(5,445,273)	(8,892,894)	(15,083,118)	(17,465,439)	(11,613,465)	(11,306,259)	(6,261,769)
Debt issued	-	-	-	15,024,716	-	500,000	44,830,000	-	-	-	-
Premium on bonds issued	-	-	-	1,379,051	-	-	5,209,362	-	-	-	-
Insurance proceeds	-	-	-	-	-	-	-	-	-	-	81,324
Issuance of capital leases	-	-	-	-	-	899,514	-	214,660	-	-	-
Sale of capital assets	1,825	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	\$ 1,825	\$ -	\$ -	\$ 16,403,767	\$ -	\$ 1,399,514	\$ 50,039,362	\$ 214,660	\$ -	\$ -	\$ 81,324
Extraordinary items:											
Insurance proceeds	\$ -	\$ -	\$ -	\$ 7,408,956	\$ 9,913,837	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ (4,228,050)	\$ (9,950,250)	\$ 1,667,027	\$ 16,243,553	\$ (7,753,199)	\$ (10,489,067)	\$ 49,802,821	\$ (8,038,466)	\$ (15,917,811)	\$ (7,174,857)	\$ 6,663,118
Debt service as a percentage of noncapital expenditures	3.49%	4.35%	4.97%	4.14%	3.90%	3.63%	5.11%	16.74%	8.47%	6.75%	6.61%

COUNTY OF LOUISA, VIRGINIA

Table 6

General Governmental Tax Revenues by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Motor Vehicle License Tax	Recordation and Wills Tax	E-911 Tax	Meals Tax	Other Local Taxes	Total
2020	\$ 63,583,869	\$ 4,557,042	\$ 657,398	\$ 1,438,729	\$ 774,923	\$ -	\$ 1,208,373	\$ 470,195	\$ 72,690,529
2019	60,874,073	3,859,107	652,128	1,439,736	667,383	-	1,225,806	414,725	69,132,958
2018	60,518,750	3,622,340	679,384	1,376,881	644,987	-	1,159,976	416,936	68,419,254
2017	58,357,514	3,673,209	610,599	1,329,437	579,547	-	1,094,835	355,113	66,000,254
2016	55,027,281	3,309,977	609,137	1,193,414	559,854	-	971,798	329,019	62,000,480
2015	52,205,038	2,879,726	613,142	674,854	476,414	-	853,460	259,704	57,962,338
2014	48,994,477	3,020,623	604,328	647,134	444,333	-	794,167	333,699	54,838,761
2013	48,787,578	2,743,049	598,718	616,661	512,023	-	783,656	227,083	54,268,768
2012	47,020,171	2,952,991	590,706	597,817	427,573	-	270,164	228,194	52,087,616
2011	46,990,688	2,604,059	591,476	556,974	410,873	362,146	-	246,305	51,762,521

COUNTY OF LOUISA, VIRGINIA

Table 7

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

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital	Public Service	Total Taxable Assessed Value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value	Total Direct Tax Rate
2020	\$ 5,580,091,000	\$ 451,392,200	\$ 10,472,400	\$ 16,737,000	\$ 76,954,080	\$ 2,310,302,210	\$ 8,445,948,890	\$ 8,445,948,890	100.00%	0.81
2019	5,302,153,400	423,329,290	10,539,000	16,435,030	74,972,600	2,341,951,920	8,169,381,240	8,169,381,240	100.00%	0.81
2018	5,089,628,000	399,966,165	10,552,700	16,563,700	80,726,020	2,450,619,920	8,048,056,505	8,048,056,505	100.00%	0.81
2017	4,941,166,100	382,171,780	10,733,900	17,240,925	78,425,865	2,449,442,640	7,879,181,210	7,879,181,210	100.00%	0.78
2016	4,837,891,500	357,158,820	10,267,300	16,405,760	80,784,420	2,511,655,800	7,814,163,600	7,814,163,600	100.00%	0.78
2015	4,777,630,500	341,372,490	10,600,100	19,422,485	71,385,195	2,617,150,420	7,837,561,190	7,837,561,190	100.00%	0.76
2014	4,684,098,800	322,098,985	10,774,500	18,075,150	73,809,620	2,550,898,590	7,659,755,645	7,659,755,645	100.00%	0.73
2013	4,634,596,700	315,079,250	10,659,640	18,079,660	74,028,685	2,563,851,550	7,616,295,485	7,616,295,485	100.00%	0.73
2012	4,809,878,400	306,112,590	10,800,535	16,843,835	68,920,580	2,510,888,670	7,723,444,610	7,723,444,610	100.00%	0.70
2011	4,999,035,800	305,658,145	11,150,300	14,582,815	66,171,075	2,403,301,540	7,799,899,675	7,799,899,675	100.00%	0.70

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

Source: Commissioner of Revenue

COUNTY OF LOUISA, VIRGINIA

Table 8

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

Fiscal Years	Direct Rates						Total Direct Tax Rate	Overlapping Rates Town of Louisa		Overlapping Rates Town of Mineral	
	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital			Real Estate	Personal Property	Real Estate	Personal Property
2020	0.72	2.43 (2)	0.72	1.90	0.65		0.81	0.1635	0.71	0.24	0.48
2019	0.72	2.43 (2)	0.72	1.90	0.65		0.81	0.1635	0.71	0.24	0.48
2018	0.72	2.43 (2)	0.72	1.90	0.65		0.81	0.1635	0.71	0.24	0.48
2017	0.72	2.43 (2)	0.72	1.90	0.65		0.78	0.1635	0.71	0.24	0.48
2016	0.72	1.90	0.72	1.90	0.65		0.78	0.1635	0.71	0.24	0.48
2015	0.68	1.90	0.65	1.90	0.65		0.76	0.1635	0.71	0.24	0.48
2014	0.65	1.90	0.65	1.90	0.65		0.73	0.1635	0.71	0.24	0.48
2013	0.65	1.90	0.65	1.90	0.65		0.73	0.166	0.71	0.25	0.60
2012	0.62	1.90	0.62	1.90	0.65		0.70	0.166	0.71	0.25	0.60
2011	0.62	1.90	0.62	1.90	0.65		0.70	0.166	0.71	0.25	0.60

(1) Per \$100 of assessed value

(2) Business personal property is \$1.90

COUNTY OF LOUISA, VIRGINIA

Table 9

Principal Property Taxpayers
Current Year and the Period Nine Years Prior

Taxpayer	Type Business	Fiscal Year 2020		Fiscal Year 2011	
		2019 Assessed Valuation	% of Total Assessed Valuation	2010 Assessed Valuation	% of Total Assessed Valuation
Dominion Virginia Power	Electric	1,758,675,740	0.21527649	1,816,738,610	0.23291820
Old Dominion	Electric	400,653,890	0.04904336	454,982,200	0.05833180
Walmart	Retailer	109,591,840	0.01341495	107,408,865	0.01377054
Rappahannock Electric Co-op	Electric	51,740,040	0.00633341	47,200,810	0.00605146
Klockner Pentaplast	Manufacturing	24,868,650	0.00304413	29,293,310	0.00375560
Columbia Gas	Pipeline	24,402,060	0.00298701	21,232,510	0.00272215
Spring Creek	Land Developer/Realtor	18,578,920	0.00227421	25,076,355	0.00321496
Lowes	Retailer	18,068,960	0.00221179	19,291,460	0.00247330
Central Virginia Electric	Electric	17,349,650	0.00212374	12,203,230	0.00156454
Colonial Pipeline	Pipeline	15,726,000	0.00192499	12,238,510	0.00156906
William A. Cooke Inc.	Land Developer/Realtor	N/A	N/A	21,885,700	0.00280590
		<u>2,439,655,750</u>	<u>29.86%</u>	<u>2,567,551,560</u>	<u>32.36%</u>

Source: Commissioner of Revenue

COUNTY OF LOUISA, VIRGINIA

Table 10

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax (1) Levy for Fiscal Year		Collected within the Fiscal Year of the Levy (1,3)		Collections in Subsequent Years (1, 2)	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2020	\$	66,150,170	\$ 60,669,902	91.72%	\$ -	\$ 60,669,902	91.72%
2019		63,405,273	58,005,777	91.48%	1,310,614	59,316,391	93.55%
2018		61,369,990	57,203,734	93.21%	1,570,660	58,505,377	95.33%
2017		60,264,469	55,623,701	92.30%	1,711,695	57,219,657	94.95%
2016		55,928,868	52,909,359	94.60%	1,487,021	54,378,903	97.23%
2015		53,108,367	51,638,365	97.23%	1,624,707	51,627,990	97.21%
2014		50,373,700	48,270,091	95.82%	1,370,995	49,641,086	98.55%
2013		50,042,782	48,241,955	96.40%	1,269,208	49,511,163	98.94%
2012		47,825,382	46,403,601	97.03%	1,352,008	47,755,609	99.85%
2011		48,176,866	46,472,902	96.46%	1,578,224	48,051,126	99.74%

Source: Commissioner of Revenue, County Treasurer's office

(1) Exclusive of penalties & interest.

(2) Does not include land rollbacks.

(3) Includes revenue from the Commonwealth for Personal Property Tax Relief Act.

COUNTY OF LOUISA, VIRGINIA

Table 11

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Years	Governmental Activities					Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Lease Revenue Bonds	Bond Premium	Revenue Anticipation Notes	Capital Leases			
2020	\$ 19,586,622	\$ 35,120,000	\$ 5,027,766	\$ -	\$ -	59,734,388	3823.78%	\$ 1,589
2019	21,532,064	35,815,000	5,476,004	-	-	62,823,068	4317.00%	1,752
2018	23,467,506	36,480,000	5,943,897	-	-	65,891,403	4527.84%	1,837
2017	25,392,948	37,115,000	6,430,908	-	1,034,378	69,973,234	5076.28%	1,986
2016	27,303,390	37,830,000	6,916,922	7,500,000	1,184,634	80,734,946	5996.37%	2,333
2015	29,198,832	-	1,932,473	500,000	899,514	32,530,819	2580.24%	948
2014	31,084,274	-	2,168,822	-	-	33,253,096	2769.98%	978
2013	33,304,716	-	2,372,944	-	-	35,677,660	2977.46%	1,064
2012	20,240,000	-	1,115,749	-	-	21,355,749	1817.87%	637
2011	22,195,000	-	1,243,824	-	-	23,438,824	2025.44%	702

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics - Table 13

COUNTY OF LOUISA, VIRGINIA

Table 12

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

Fiscal Year		Gross Bonded Debt		Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)		Net Bonded Debt per Capita (1)
2020	\$	20,526,651	\$	20,526,651	0.24%	\$	546
2019		22,643,345		22,643,345	0.28%		616
2018		24,763,900		24,763,900	0.31%		691
2017		26,888,225		26,888,225	0.34%		763
2016		29,010,950		29,010,950	0.37%		838
2015		31,131,305		31,131,305	0.40%		907
2014		33,253,096		33,253,096	0.43%		978
2013		35,677,660		35,677,660	0.47%		1,064
2012		21,355,749		21,355,749	0.28%		637
2011		23,438,824		23,438,824	0.30%		702

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

COUNTY OF LOUISA, VIRGINIA

Table 13

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Personal Income (2)	Median Age (3)	School Enrollment (4)	Unemploy- ment Rate (5)
2020	37,591	\$ 1,562,180	\$ 42,476		4,775	6.90%
2019	36,778	1,562,180	42,476		4,716	2.70%
2018	35,860	1,455,249	40,581	44	4,853	3.00%
2017	35,236	1,378,434	39,076		4,795	3.50%
2016	34,602	1,346,397	38,893		4,833	3.60%
2015	34,312	1,260,768	36,737		4,817	4.80%
2014	33,984	1,200,483	35,316	43.6	4,595	5.80%
2013	33,517	1,198,259	35,770		4,699	6.30%
2012	33,514	1,174,767	35,109		4,687	6.80%
2011	33,410	1,157,219	34,741		4,577	6.90%

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

COUNTY OF LOUISA, VIRGINIA

Table 14

Principal Employers
Current Year and the Period Nine Years Prior

Employer	Fiscal Year 2020			Fiscal Year 2011	
	Employees	Rank	% of Total County Employment	Employees	Rank
Walmart, Inc.	1,551	1	16.02%	Walmart, Inc.	1
Dominion Energy	850	2	8.78%	Dominion Virginia Power	2
Louisa County Public Schools	832	3	8.59%	Louisa County Public Schools	3
Klockner- Pentaplast of America	400	4	4.13%	Klockner - Pentaplast of America	4
County of Louisa	416	5	4.30%	County of Louisa	5
Tri-Dim Filter Corporation	302	6	3.12%	Shenandoah Crossings Resort*	6
Shenandoah Crossings Resort*	216	7	2.23%	Tri-Dim Filter Corporation	7
Food Lion	200	8	2.07%	Lowes	8
Lowes	160	9	1.65%	Louisa Health Care Center	9
McDonalds	97	10	1.00%	McDonalds	10
Cavalier Produce	84	11	0.87%	Food Lion	11
Louisa Health Care Center	81	12	0.84%	Piedmont Metals	12
Totals	9,683		50.68%		

Source: Virginia Employment Commission, Individual Companies HR Depts.

*Seasonal

COUNTY OF LOUISA, VIRGINIA

Table 15

Full-time Equivalent County Government Employees by Function
Last Ten Fiscal Years

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government	32	32	29	32	32	32	34	34	36	34
Judicial administration	16	16	16	15	15	15	15	16	17	18
Public safety										
Sheriffs department	63	59	59	62	60	57	62	62	66	69
Fire & rescue	33	32	34	35	41	43	46	46	48	51
Building inspections	5.5	6	6	6	6	6	5	5	6	6
Animal control	2	4	4	4	3	3	3	6	6	6
Public works										
General maintenance	11	11	11	11	11	12	12	12	14	15
Landfill	1	1	1	1	1	5	5	6	6	6
Health and welfare										
Department of social services	39	42	41	41	38	42	41	43	46	47
Culture and recreation										
Parks and recreation	5	5	5	5	5	5	5	5	6	6
Community development										
Planning	8.5	8	8	8	8	9	10	9	9	10
Totals	216	216	214	220	220	229	238	244	260	268

Source: Payroll Records

Operating Indicators by Function
Last Ten Fiscal Years

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public safety										
Sheriffs department:										
Physical arrests	2,227	2,155	1,974	1,751	1,850	1,764	1,822	1,701	1,914	1,830
Traffic violations	4,249	2,757	1,893	1,277	937	920	1,025	1,419	1,902	1,816
Civil papers	10,371	10,176	9,791	11,187	9,443	10,640	8,718	8,558	8,941	8,809
Fire and rescue:										
Fire	3,153	3,382	3,175	4,723	4,565	4,723	7,289	4,441	4,411	3,874
Rescue	5,220	5,234	5,491	5,553	5,133	6,554	6,735	6,337	7,359	6,868
Total Number of calls answered	8,373	8,616	8,666	10,276	9,698	11,277	14,024	10,778	11,770	10,742
Total Number of actual rescue transports	2,620	3,001	3,320	3,464	3,374	3,630	3,504	3,299	3,543	3,601
Building inspections:										
Permits issued	1,263	1,491	1,322	1,245	1,099	1,386	1,571	1,460	1,417	1,609
Animal control:										
Number of calls answered	*	*	3,177	3,521	3,400	3,362	3,570	3,399	3,095	2,998
Public works										
General maintenance:										
Trucks/vehicles	13	10	11	12	10	11	11	11	12	10
Landfill:										
Refuse collected (tons/day)	59.04	63.02	82.40	109.43	55.11	61.64	64.09	68.08	77.10	77.10
Recycling (tons/day)	*	*	*	*	*	*	*	*	2.46	2.39
Health and welfare										
Department of Social Services:										
Caseload:										
Food Stamps	1,977	2,107	2,201	2,269	1,992	1,786	1,769	1,609	1,530	1,609
Medicaid	2,454	2,556	2,737	2,845	3,018	2,946	2,917	3,039	4,767	4,237
Temporary Asst. Needy Families	127	113	123	118	100	91	83	71	66	64
Culture and recreation										
Parks and recreation:										
Recreation hall permits issued	210	193	159	167	206	198	179	251	223	119
After-school program participants	160	210	204	225	229	253	250	256	343	302
Aquatic Facility Participants	12,196	10,008	9,277	9,170	9,329	11,734	13,027	11,071	10,712	4,729
Youth sports participants	6,175	5,725	5,044	6,051	4,956	5,676	5,972	7,034	7,556	4,164
Community development										
Planning:										
Zoning permits issued	590	942	658	566	926	870	979	878	1,045	1,250
Component Unit - School Board										
Education:										
School age population	6,204			6,124	6,056	6,059	6,148	6,012	6,014	6,087
Av. Daily Membership (March)	4,577	4,687	4,699	4,595	4,817	4,833	4,795	4,853	4,716	4,775
Number of teachers	375	391	375	374	379	374	405	393	417	419
Local expenditures per pupil	5,649	6,477	5,796	5,810	6,652	6,593	6,195	7,016	7,644	7,309
Total expenditures per pupil	10,108	11,646	11,410	11,628	11,469	11,324	11,428	12,325	13,074	12,667

Source: Individual County departments

NOTE: School Age Population Based on Actual School Census done every three years until 2011 and now provided by Weldon Cooper.

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government administration										
Administration buildings	9	9	9	9	9	9	9	10	10	10
Vehicles	9	9	12	10	10	10	10	10	10	10
Public safety										
Sheriffs department:										
Total vehicles	73	79	76	77	77	80	80	82	86	83
Animal control:										
Vehicles	4	5	5	5	5	4	6	7	7	5
Emergency Services:										
Vehicles	6	6	8	7	7	6	5	6	5	5
Ambulances	4	5	5	6	6	6	5	5	6	6
Fire Truck	0	0	0	0	0	0	0	1	1	1
Public works										
General maintenance:										
Trucks/vehicles	13	13	12	12	11	8	10	10	10	10
Landfill:										
Vehicles	0	0	0	0	0	3	4	5	6	10
Sites	1	1	1	1	1	1	1	1	1	1
Refuse & Recycling Sites	9	9	9	9	9	9	9	9	9	9
Health and welfare										
Department of Social Services:										
Vehicles	8	7	7	8	8	9	9	9	9	9
Culture and recreation										
Parks and recreation:										
Community centers	2	2	2	2	2	2	2	2	2	2
Vehicles	6	6	8	8	9	9	8	8	6	6
Aquatic facilities	1	1	1	1	1	1	1	1	1	1
Parks acreage	35.22	35.22	104.62	104.62	104.62	104.62	104.62	104.62	104.62	104.62
Community development										
Planning:										
Vehicles	9	8	7	7	10	6	5	5	6	8
Component Unit - School Board										
Education:										
Schools	6	6	6	6	6	6	6	6	6	6
School buses	117	117	122	126	119	127	128	135	133	143

Source: Insurance Renewal Schedules

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Louisa, Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County of Louisa, Virginia's basic financial statements, and have issued our report thereon dated November 24, 2020.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 the County of Louisa, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

A handwritten signature in black ink that reads "Robinson, Farmer, Cox Associates". The script is cursive and fluid.

Charlottesville, Virginia
November 24, 2020

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

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

Report on Compliance for Each Major Federal Program

We have audited the County of Louisa, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Louisa, Virginia's major federal programs for the year ended June 30, 2020. County of Louisa, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the County of Louisa, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

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

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

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

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

Robinson, Farmer Cox Associates

Charlottesville, Virginia
November 24, 2020

COUNTY OF LOUISA, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Direct Payments:			
Provider Relief Fund	93.498	N/A	\$ 58,920
Pass Through Payments:			
Department of Social Services:			
TANF Cluster:			
Temporary assistance for needy families	93.558	0400119/0400120	\$ 217,312
Total TANF cluster			\$ 217,312
CCDF Cluster:			
Child care mandatory and matching funds of the child care and development fund	93.596	0760119/0760120	\$ 41,975
Total CCDF cluster			\$ 41,975
Medicaid Cluster:			
Medical assistance program	93.778	1200119/1200120	\$ 444,846
Total medicaid cluster			\$ 444,846
MaryLee Allen promoting safe and stable families program	93.556	0950119/0950120	\$ 10,940
Refugee and entrant assistance state/replacement designee administered programs	93.566	0500119/0500120	373
Low-income home energy assistance	93.568	0600419/0600420	41,738
Chafee education and training vouchers program (ETV)	93.599	9160119/9160120	2,253
Stephanie Tubbs Jones child welfare services program	93.645	0900119	404
Foster care - Title IV-E	93.658	1100119/1100120	450,352
Adoption assistance	93.659	1120119/1120120	424,387
Social services block grant	93.667	1000119/1000120	354,459
John H. Chafee foster care program for successful transition to adulthood	93.674	9150119	5,129
Children's health insurance program (CHIP)	93.767	0540119/0540120	7,081
Total Department of Health and Human Services			\$ 2,060,169
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
Disaster grants - public assistance (presidentially declared disasters)	97.036	DEM0016799	\$ 26,418
Emergency management performance grants	97.042	114363	17,607
Total Department of Homeland Security			\$ 44,025
Department of Agriculture:			
Child Nutrition Cluster:			
Pass Through Payments:			
Department of Agriculture:			
Food distribution	10.555	APE402540000	\$ 163,366
Department of Education:			
National school lunch program	10.555	APE402540000	719,554
COVID-19 - National school lunch program	10.555	APE402640000	52,958
Total 10.555			\$ 935,878
School breakfast program	10.553	APE402530000	256,732
COVID-19 - School breakfast program	10.553	APE402630000	19,013
Total 10.553			\$ 275,745
Summer food service program for children	10.559	APE603020000/APE603030000	125,785
COVID-19 - Summer food service program for children	10.559	APE601750000/APE601760000	300,650
Food distribution	10.559	APE603020000/APE603030000	1,562
Total 10.559			\$ 427,997
Total child nutrition cluster			\$ 1,639,620
Child and adult care food program	10.558	APE700270000/APE700280000	11,451
COVID-19 - Child and adult care food program	10.558	APE700350000	4,102
Total 10.558			\$ 15,553

COUNTY OF LOUISA, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2020

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Agriculture: (Continued)			
Department of Social Services:			
SNAP Cluster:			
State administrative matching grants for the supplemental nutrition assistance program	10.561	0010119/0010120/ 0040119/0040120	\$ 430,988
Total SNAP cluster			\$ 430,988
Total Department of Agriculture			\$ 2,086,161
Department of Justice:			
Direct payments:			
Bulletproof vest partnership program	16.607	N/A	\$ 6,449
Pass Through Payments:			
Department of Criminal Justice Services:			
Crime victim assistance	16.575	CJS7601701	\$ 43,330
Violence against women formula grants	16.588	CJS5651701	27,350
Edward Byrne memorial justice assistance grant program	16.738	Unavailable	2,309
Total Department of Justice			\$ 79,438
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
Highway Safety Cluster:			
State and community highway safety	20.600	FSC-20-50115	\$ 784
Total highway safety cluster			
Total Department of Transportation			\$ 784
Department of Treasury:			
Pass Through Payments:			
Department of Accounts:			
Coronavirus Relief Fund	21.019	Unavailable	\$ 977,480
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I grants to local educational agencies	84.010	S010A170046/S010A180046	\$ 1,169,661
Special Education Cluster (IDEA):			
Special education - grants to states	84.027	H027A180107/H027A190107	1,395,218
Special education - preschool grants	84.173	H173A180112/H173A190112	39,439
Total special education cluster (IDEA)			\$ 1,434,657
Career and technical education - basic grants to states (Perkins IV)	84.048	V048A180046/V048A190046	41,280
Supporting effective instruction state grants	84.367	S367A190044	140,864
Student support and academic enrichment program	84.424	S424A180048/S424A190048	52,783
Total Department of Education			\$ 3,816,725
Total Expenditures of Federal Awards			\$ 8,087,302

See accompanying notes to Schedule of Expenditures of Federal Awards.

COUNTY OF LOUISA, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2020

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Louisa, Virginia under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Louisa, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Louisa, Virginia.

Note 2 - Summary of Significant Accounting Policies

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

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

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

(4) The County did not pass any federal awards through to subrecipients during the year ended June 30, 2020.

Note 3 - Food Distribution

Nonmonetary assistance is reported in the schedule at fair market value of the commodities received and disbursed.

Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:	
General Fund	\$ <u>3,816,655</u>
Component Unit School Board:	
School Operating Fund	\$ <u>4,494,418</u>
Total federal expenditures per basic financial statements	\$ <u>8,311,073</u>
Less federal interest subsidy	<u>(223,771)</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ <u><u>8,087,302</u></u>

COUNTY OF LOUISA, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

SECTION I - SUMMARY OF AUDITORS' RESULTS:

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516 (a)?	No

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
84.027/84.173	Special Education Cluster (IDEA)
10.555/10.553/10.559	Child Nutrition Cluster
21.019	Coronavirus Relief Fund

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

SECTION II – FINANCIAL STATEMENT FINDINGS:

There are no financial statement findings to report.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:

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

SECTION IV – PRIOR AUDIT FINDINGS:

There are no prior audit findings.