County of Louisa, Virginia

Comprehensive Annual Financial Report

Year Ended June 30, 2019

County of Louisa, Virginia

Comprehensive Annual Financial Report

For the Year Ended June 30, 2019

Prepared By:

Wanda H. Colvin, Finance Director
Faye Stewart, Accountant

COUNTY OF LOUISA, VIRGINIA

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For the Fiscal Year Ended June 30, 2019

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November 29, 2019

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, 2019.

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, 2019. 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 2017, Virginia ranked 8th in Domestic Traveler Spending among 50 states and Washington D.C. Louisa County saw the largest increase of 8.6% when compared to the previous year. Major regional commercial development continues in Zion Crossroads, 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 continues to trend positively with local unemployment at 2.7% as of June 2019, down from 3.0% in the prior year[1]. Louisa County's population continues to increase. Since the 2010 census, Louisa County's population is estimated to have increased by 10.9%. The increase in population has brought additional demands for services such as fire and rescue 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 2019 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, 2019, 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:

- Zion Crossroads continues to expand with new commercial and residential development. In 2019, several developers expressed interest in developing new mixed use (residential/ commercial) developments at Zion Crossroads. So far one mixed use project has been approved that includes 600 new residential units, single, town and multi-family housing, as well as 300,000 square feet of new commercial space. 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.

- The Spring Creek Business Park continues to see growth in the medical service area. In 2019, Crossroads Animal Hospital expanded their operations, doubling the size of the practice. Also in 2019, 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.

- 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. Louisa County purchased 700 acres to develop the Shannon Hill Regional Business Park. To date, the county has completed initial site due diligence and has been awarded $600,000 from Go Virginia to perform phase site due diligence on the 700 acres. This due diligence will increase the site tiered readiness from tier 2 to tier 3, making the property much more marketable. Since the County purchased the property, it has been rezoned to I-2 (Industrial Medium). The project is intended to 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 could include a Regional Industrial Facilities Act Revenue Sharing Agreement among the participating localities.

- Dominion Energy announced the development of Belcher Solar, an 82 megawatt, utility scale solar power facility located on 800 acres in Louisa County. Dominion will sell a portion of the power production to the Commonwealth of Virginia, reducing the Commonwealth's power supply carbon footprint. This is Dominion Energy's second utility scale solar power facility in Louisa.

- The current landfill has been in operation for 6 years. It has approximately .5 years of usable space remaining. Construction of two new permitted cells has been completed. These new cells will provide approximately 16 additional years of available space.

- The Broadband Authority has completed four towers on Louisa County school properties. All are connected by fiber funded by an eRate grant as well as microwave backhaul radios. Two additional towers have been constructed for the County's public safety radio system and the Authority's backhaul radios are on them as well, completing a bi-directional connectivity loop in the western half of the County. Construction has begun on an additional Authority tower in the southeast (Holly Grove) area and is expected to be complete with wireless internet service provider (WISP) service by April 2020.

- One WISP (who has signed a site-wide leasing agreement to provide service on all Authority towers) has completed installation of equipment to serve citizens and businesses on the four school towers and will add service to the public safety towers before the end of 2019. One additional privately-owned tower is connected by radio and leases and plans are in place to connect to a private cell tower to be constructed in the south central (Yanceyville) area of Louisa County. This WISP worked with the County to obtain Virginia Telecomm Initiative (VATI) funds to partially fund their service equipment on two Authority towers and two privately-owned towers.

- By adding funding to the eRate dark fiber project that the Schools have completed, the County and Broadband Authority now have access to 32 miles of fiber along several main roads in Louisa. Efforts are underway to find an internet service provider (ISP) to begin connecting homes and businesses for internet service.

- Central Virginia Electric Cooperative (CVEC) and their wholly owned subsidiary, CVSI, have begun work on a fourteen (14) county service area to install fiber optic cable to provide broadband internet for CVEC residential and commercial customers. Construction has commenced in the south-western portion of Louisa County and this substation's service area is expected to be completed by the end of 2019. The completion of this project in Louisa County will provide access to fiber internet service for 3,500 residences and businesses. The completion date of the entire project is estimated to be no later than 2024.

- The Public Safety Radio/Communications System Replacement project is in the implementation phase. This project includes a regional partnership with Fluvanna County to share core infrastructure and associated costs. Construction has been completed for the new tower sites, Portertown Road and Zion Crossroads, and equipment has been located on the new and existing sites. Lease agreements and related documents have been completed. Evaluation of options is underway for one site to ensure effective communications in the southeastern portion of the county. FCC licenses have been obtained and evaluation of noise floor levels for available frequencies is currently in process. Projected completion of the project is estimated to be June 2020.

Awards and Achievements

The County received its 17th consecutive Certificate of Achievement on its fiscal year 2018 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 2020, the Board of Supervisors has approved a General Fund Operating Budget of $109,405,960. The approved CIP Budget is $5,278,992. The real estate tax rate was set at $0.72 per $100 of assessed value. The FY2019 Budget is a balanced budget with no reserves required to support operations or capital improvement projects. Fund balance reserves were anticipated to remain the same due as the prior fiscal year.

The County faces continued financial pressures in FY2020 from increased federal and state mandates that are not always funded by federal or state revenues. With limited funding sources of revenue, these unfunded or partially funded mandates place the burden on local funding streams. Healthcare costs continue to rise, required services for public safety and human services continue to increase and the federal and state political landscapes are continually changing. Additional financial pressures can be expected in costs associated with the Children's Services Act, mental health care and incarceration.

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

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

Louisa County real estate values increased in FY2019. This increase will likely generate additional tax revenues in future years. Construction and home improvements have increased in the County and modest, steady growth has been realized over the last several years. This growth is expected to continue, but begin to slow in the next few years.

The County is in the process of updating its Comprehensive Plan. In Fiscal Year 2019, in conjunction with updating this plan, the County began developing a 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.

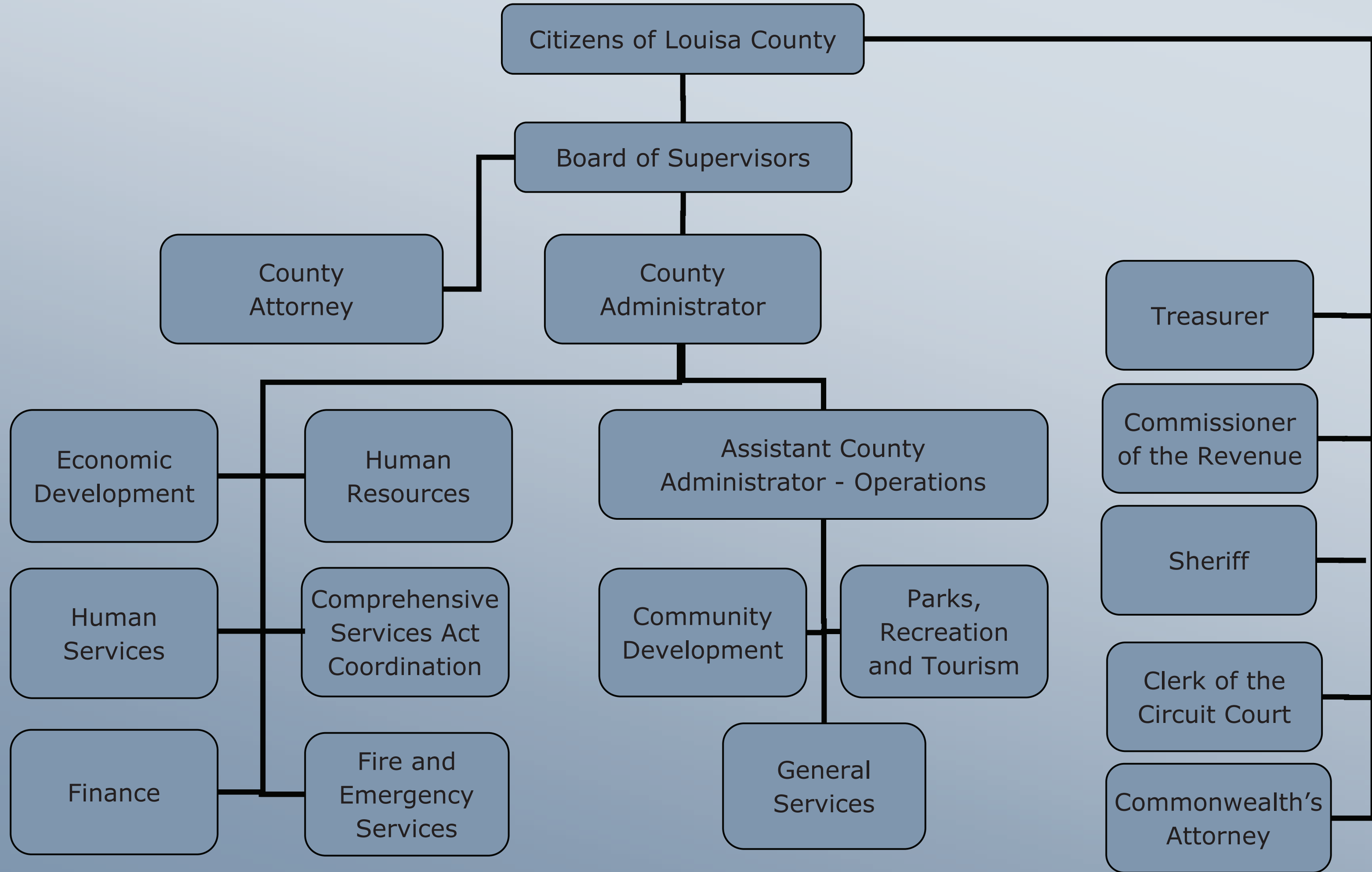
Acknowledgments

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,

Christian R. Goodwin
County Administrator

County of Louisa
Organizational Structure



Board of Supervisors

R.T. Williams Jr., Chairman
Duane A. Adams, Vice-Chairman

Robert F. Babyok
Tommy J. Barlow
Fitzgerald A. Barnes
Willie L. Gentry, Jr.
Troy J. Wade

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

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, 2018

Christopher P. Morrill

Executive Director/CEO

ROBINSON, FARMER, COX ASSOCIATES, PLLC
Certified Public Accountants
CPAs | Consultants

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, 2019 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, 2019, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2019, the County adopted new accounting guidance, GASB Statement 88 *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 5-15, 103-106, and 107-122 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

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

Other Matters

Supplementary and Other Information: (Continued)

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2019, on our consideration of the County of Louisa, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Louisa, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Louisa, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates
Fredericksburg, Virginia
November 29, 2019

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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, 2019. 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 2019[1]

- The general fund balance decreased $2,783,819.

- Revenues exceeded the original budget estimate by $4,239,191 and revenues exceeded the amended budget by $3,210,964.

- Expenditures were less than the original budget estimate by $1,480,016 and expenditures were less than the amended budget by $3,717,161.

- 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 $101,904,115, (net position). Of this amount, $64,993,131 (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 $75,061,019, a decrease of $7,174,857 in comparison with the prior year. Approximately 33% of this total amount, or $24,870,916, is available for spending at the County's discretion (unassigned fund balance), and 67%, or $50,190,103, is nonspendable, restricted, committed, or assigned for specific projects. The overall decrease in fund balance is largely attributable to the decrease in the capital projects fund and payment of expenses related to the James River Water project and the purchase of land for the Regional Business Park project.

- Unassigned fund balance comprised 33.5% of total general fund expenditures.

- The County of Louisa, Virginia's total long-term obligations decreased by $1,902,518, mostly from payments made on general obligation and lease revenue bonds. Obligations for Other Post Retirement Benefits (OBEP) and Landfill Closure and Post Closure Care 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.

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

[1] Fiscal Year ended June 30, 2019.

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

<u>Government-wide financial statements</u> - 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.

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

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

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

The County maintains 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 $101,904,115 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 2019	Governmental Activities 2018
Current and other assets	$ 145,047,478	$ 151,967,464
Capital assets	95,665,700	85,006,669
Total assets	$ 240,713,178	$ 236,974,133
Deferred outflows of resources	$ 2,098,673	$ 884,596
Long-term liabilities outstanding	$ 72,854,700	$ 74,757,218
Current liabilities	3,628,677	4,856,524
Total liabilities	$ 76,483,377	$ 79,613,742
Deferred inflows of resources	$ 64,424,359	$ 63,228,290
Net position:		
Net investment in capital assets	$ 36,910,984	$ 30,809,285
Restricted	-	1,016,602
Unrestricted	64,993,131	63,190,810
Total net position	$ 101,904,115	$ 95,016,697

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 2019, the County's net position increased by $6,887,418. Key elements of this increase are as follows:

County of Louisa, Virginia's Changes in Net Position		
	Governmental Activities	
	2019	2018
Revenues:		
Program revenues:		
Charges for services	$ 2,960,499	$ 2,724,834
Operating grants and contributions	8,391,214	8,130,118
Capital grants and contributions	290,840	53,472
General revenues:		
Property taxes	61,193,152	60,114,485
Other local taxes	8,258,885	7,900,504
Other	3,654,295	3,401,599
Total revenues	$ 84,748,885	$ 82,325,012
Expenses:		
General government	$ 3,627,043	$ 3,464,123
Judicial administration	1,928,527	1,972,016
Public safety	15,682,242	14,740,930
Public works	4,492,282	4,361,917
Health and welfare	9,078,677	8,525,097
Education	36,505,174	36,222,607
Parks, recreation and culture	1,705,534	1,662,120
Community development	2,739,172	1,446,422
Interest	2,102,816	2,218,932
Total expenses	$ 77,861,467	$ 74,614,164
Increase (decrease) in net position	$ 6,887,418	$ 7,710,848
Net position – beginning	95,016,697	87,305,849
Net position - ending	$ 101,904,115	$ 95,016,697

- Local revenues increased by $1,689,744 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 5%.

- Charges for services increased by $235,665 primarily as a result of an increase in collections for Parks and Recreation programs and increased state funding for the wireless E-911 system.

- Operating grants and contributions increased by $261,096 as a result of increased state and federal cost recoveries collected which were higher than projected due to increased expenditures in 2019 for health and human services, such as CSA and other public assistance programs.

- Capital grants and contributions increased by $237,368 as a result of receipt of state pass-through funding for broadband services from a Virginia Telecom Initiative (VATI) grant.

Government-wide Financial Analysis: (Continued)

- Education related costs increased by $282,567, primarily as a result of an increase in personnel costs. These included costs associated with salary and step increases and adding additional teachers and instructional assistants.

- Health & welfare related costs increased $553,580. 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 $941,312 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.

- Community development related costs increased $1,292,750, primarily as a result of paying off a loan for the Louisa County Industrial Authority (IDA) and providing funding for a grant match to the IDA. Also, increased for additional costs related to compensation increases for personnel and increased costs for operations at the Louisa County Water Authority.

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 $75,061,019, which represents a decrease of $7,174,857 in comparison with the prior year. Approximately 33% of this total amount, ($24,870,916), constitutes unassigned general fund balance, which is available for spending at the County's discretion. $248,433 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
- Earthquake repairs
- 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 74.2% of the total general fund expenditures.

The general fund balance decreased $2,783,819 during the current fiscal year. The change is linked to a combination of increased operating costs, land purchase for the School CTE program, land purchase for the Regional Business Park project, payoff of IDA loan, additional revenues collected, and the transfer of federal/state reimbursements (related to expenses incurred in the 2011 earthquake) into the general fund from the Natural Disaster operating fund.

Financial Analysis of the County's Funds (Continued)

The fund balance for the capital projects fund decreased by $4,391,038 due to a combination of transferring of funds into the Long-Term Capital Projects Reserve from the general fund less the costs associated with the James River Water Project and the Emergency Management Radio Replacement Project progressing as planned.

General Fund Budgetary Highlights

Differences between the original expenditure budget and the final amended budget totaled an increase of $2,237,145. The increase in appropriations can be briefly summarized as follows:

- $219,715 increase in general government administration results from proceeds received for a Virginia Telecom Initiative (VATI) grant. These funds will be passed through to SCS Broadband to be used towards providing broadband services to underserved areas of the County.

- $58,622 increase in judicial administration expenditures are the expenses related to funds received from the Victim Witness and the VSTOP Assistant Attorney grants.

- $1,479,675 increase in public safety expenditures results from insurance proceeds received for accident repairs, increased maintenance costs on fire & rescue response vehicles, 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 FY18 funding.

- $387,631 increase in public works expenditures is primarily the result of re-appropriation of FY2018 carryover for completion of the earthquake repairs and other facilities upgrades, and increased expenses at the Louisa Regional Wastewater Treatment Plant regarding maintaining compliance and implementing safety improvement initiatives.

- $476,497 increase in Human Services expenditures was primarily due to funding received to cover costs associated with additional administrative duties related to Medicaid expansion and an increase in caseloads handled by CSA.

- $664,070 decrease in education expenditures was primarily due to transfer of unused funds back to the County from the Earthquake Natural Disaster Operating Fund netted against the carryover of funds from FY 2018 into FY2019 for outstanding purchases of computers, equipment, and supplies.

- $1,082,606 increase in Community Development was primary due to the payoff of a loan for the Louisa County Industrial Authority (IDA), providing funding for a grant match to the IDA, and expenses for the Broadband Authority related to the addition of the new towers.

- $471,621 decrease in miscellaneous expenditures due to the allocation of the non-departmental budget to actual functions that occurred during the year.

- $359,530 decrease in debt service due to the deobligation and transfer of funds that had been budgeted and approved, but no longer needed due to the repayment of capital equipment leases at the end of FY2019.

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 $4,239,191 and actual revenues exceeded the amended budget by $3,210,964. Expenditures were less than the original budget estimate by $1,480,016 and less than the amended budget by $3,717,161. Savings in school operating expenditures accounted for 37%, savings in public safety expenditures accounted for 22%, savings in general government accounted for 12%, savings in health and human services accounted for 11%, savings in public works operating expenditures accounted for 8%, and savings in community development accounted for 4% 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

- $1,169,300 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.
- $679,079 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.
- $60,491 increase in permit, fees, and license revenue is primarily attributed in an increase in collection of building and zoning permits.
- $534,679 increase in interest on bank deposits and use of money is attributed to higher general fund cash balances. All Earthquake expenses have been reimbursed, revenues were higher than expected, and expenditures were less than expected during FY 2019.
- $338,196 increase is attributed to an additional collection of ambulance fees, landfill collections, and other charges for services over the amended budget. The recovered ambulance fees help support the expenses of our fire and emergency management departments.
- $238,081 increase in recovered costs is primarily attributed to recoveries from surplus funds from judicial sales.

Expenditures:

- $452,813 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.
- $77,095 under budget in Judicial Administration is attributable to savings in unfilled positions for a portion of the year as a result of staff turnover and reduced supply and contractual expenses.
- $800,356 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 Rappahannock Juvenile Detention Center expenses that are unspent and are being carried over into FY20.
- $285,579 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.

General Fund Budgetary Highlights: (Continued)

- $426,866 under budget in Health and Human Services is attributed to savings associated with staff turnover, operational savings in supplies and postage, special needs adoptions and other assistance program costs were less than expected, and CSA program costs were less than projected.

- $1,390,666 under budget in Education expenses. Conservative budgeting coupled with savings associated with staff turnover and vacancies and savings in contractual services and supplies produced this positive variance.

- $151,945 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, 2019 amounts to $95,665,700 (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 $10,659,031 and is largely associated with the James River Water Project, Emergency Services Radio System replacement, the Regional Business Park land purchase, new vehicles, and building renovations.

County of Louisa, Virginia's Capital Assets

	Governmental Activities 2019	Governmental Activities 2018
Land	$ 5,042,364	$ 2,328,523
Buildings and improvements	27,196,789	26,622,790
Equipment	13,183,730	11,911,428
Construction in progress	55,303,028	45,358,083
Tenancy in common	18,933,074	20,868,516
Total	$ 119,658,985	$ 107,089,340
Less: accumulated depreciation	(23,993,285)	(22,082,671)
Net capital assets	$ 95,665,700	$ 85,006,669

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

Long-term debt - At the end of the current fiscal year, General Obligation Bonds, Revenue Bonds and premium on bonds payable outstanding totaled $62,823,068. During the current fiscal year, the County's long-term obligations decreased by $3,068,335 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 decreased to 2.7%[2] for June 2019.

- Zion Crossroads continues to expand with new commercial and residential development. In 2019, several developers expressed interest in developing new mixed use (residential/ commercial) developments at Zion Crossroads. So far one mixed use project has been approved that includes 600 new residential units, single, town and multi-family housing, as well as 300,000 square feet of new commercial space. 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.

- The Spring Creek Business Park continues to see growth in the medical service area. In 2019, Crossroads Animal Hospital expanded their operations, doubling the size of the practice. Also in 2019, 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.

- 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. Louisa County purchased 700 acres to develop the Shannon Hill Regional Business Park. To date, the county has completed initial site due diligence and has been awarded $600,000 from Go Virginia to perform phase site due diligence on the 700 acres. This due diligence will increase the site tiered readiness from tier 2 to tier 3, making the property much more marketable. Since the County purchased the property, it has been rezoned to I-2 (Industrial Medium). The project is intended to 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 could include a Regional Industrial Facilities Act Revenue Sharing Agreement among the participating localities.

- Dominion Energy announced the development of Belcher Solar, an 82 megawatt, utility scale solar power facility located on 800 acres in Louisa County. Dominion will sell a portion of the power production to the Commonwealth of Virginia, reducing the Commonwealth's power supply carbon footprint. This is Dominion Energy's second utility scale solar power facility in Louisa.

- The current landfill has been in operation for 6 years. It has approximately .5 years of usable space remaining. Construction of two new permitted cells has been completed. These new cells will provide approximately 16 additional years of available space.

- The Broadband Authority has completed four towers on Louisa County school properties. All are connected by fiber funded by an eRate grant as well as microwave backhaul radios. Two additional towers have been constructed for the County's public safety radio system and the Authority's backhaul radios are on them as well, completing a bi-directional connectivity loop in the western half of the County. Construction has begun on an additional Authority tower in the southeast (Holly Grove) area and is expected to be complete with wireless internet service provider (WISP) service by April 2020.

[2] United States Department of Labor, Bureau of Labor Statistics: June 2019 data

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

- One WISP (who has signed a site-wide leasing agreement to provide service on all Authority towers) has completed installation of equipment to serve citizens and businesses on the four school towers and will add service to the public safety towers before the end of 2019. One additional privately-owned tower is connected by radio and leases and plans are in place to connect to a private cell tower to be constructed in the south central (Yanceyville) area of Louisa County. This WISP worked with the County to obtain Virginia Telecomm Initiative (VATI) funds to partially fund their service equipment on two Authority towers and two privately-owned towers.

- By adding funding to the eRate dark fiber project that the Schools have completed, the County and Broadband Authority now have access to 32 miles of fiber along several main roads in Louisa. Efforts are underway to find an internet service provider (ISP) to begin connecting homes and businesses for internet service.

- Central Virginia Electric Cooperative (CVEC) and their wholly owned subsidiary, CVSI, have begun work on a fourteen (14) county service area to install fiber optic cable to provide broadband internet for CVEC residential and commercial customers. Construction has commenced in the south-western portion of Louisa County and this substation's service area is expected to be completed by the end of 2019. The completion of this project in Louisa County will provide access to fiber internet service for 3,500 residences and businesses. The completion date of the entire project is estimated to be no later than 2024.

- The Public Safety Radio/Communications System Replacement project is in the implementation phase. This project includes a regional partnership with Fluvanna County to share core infrastructure and associated costs. Projected completion of the project is estimated to be June 2020.

- The County's population continues to increase. Since the 2010 census, the County's population has increased by over 10.9%. The increase in population has placed additional demands for services, such as career fire and rescue coverage, and demands for increased capacity in the County educational facilities. In addition to increases in County services, the growth has spurred a continued need for water and sewer infrastructure.

- The County faces continued financial pressures in FY2019 from increased federal and state mandates that are not always funded by federal or state revenues. With limited funding sources of revenue, these unfunded or partially funded mandates place the burden on local funding streams.

- Healthcare costs continue to rise, required services for public safety and human services continue to increase and the federal and state political landscapes are continually changing. Additional financial pressures can be expected in costs associated with the Children's Services Act, mental health care and incarceration.

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

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

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

- Louisa County real estate values increased in FY2019. 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 2020 fiscal year.

For fiscal year 2020, the Board of Supervisors has approved a General Fund Operating Budget of $109,405,960. The approved CIP Budget is $5,278,992. The approved FY 2020 budget retained the prior year real estate tax rate at $0.72 per $100 of assessed value, and the budget was balanced and did not require usage of general fund reserves.

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.

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BASIC FINANCIAL STATEMENTS

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Government-wide Financial Statements

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Statement of Net Position
June 30, 2019

	Primary Government	Component Units	
	Governmental Activities	School Board	Louisa County Water Authority
ASSETS			
Cash and cash equivalents	$ 74,806,407	$ 5,995,762	$ 713,436
Receivables (net of allowance for uncollectibles):			
Taxes receivable	67,076,182	-	-
Accounts receivable	773,574	6,833	202,222
Landfill accounts	39,764	-	-
Due from other governmental units	1,849,958	1,479,864	-
Prepaid items	13,289	58,733	288
Net pension asset	488,304	802,980	41,310
Restricted assets:			
Cash and cash equivalents	-	-	174,401
Capital assets (net of accumulated depreciation):			
Land	5,042,364	1,366,127	913,325
Buildings and system	32,056,403	72,902,929	231,347
Machinery and equipment	3,263,905	4,684,908	106,423
Intangible assets	-	-	22,694,568
Infrastructure	-	-	301,992
Construction in progress	55,303,028	131,512	132,183
Total assets	$ 240,713,178	$ 87,429,648	$ 25,511,495
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	$ 1,484,696	$ 6,220,102	$ 125,453
OPEB related items	613,977	1,877,011	29,396
Total deferred outflows of resources	$ 2,098,673	$ 8,097,113	$ 154,849
LIABILITIES			
Accounts payable	$ 1,484,750	$ 1,809,367	$ 39,475
Retainage payable	942,905	-	-
Accrued liabilities	331,915	5,731,825	2,500
Amounts held for future projects	-	-	10,000
Customers' deposits	-	-	67,518
Accrued interest payable	775,875	-	-
Unearned revenue	93,232	-	90,906
Long-term liabilities:			
Due within one year	3,368,677	60,516	85,815
Due in more than one year	69,486,023	53,592,846	145,409
Total liabilities	$ 76,483,377	$ 61,194,554	$ 441,623
DEFERRED INFLOWS OF RESOURCES			
Pension related items	$ 709,588	$ 5,035,899	$ 61,638
OPEB related items	94,047	493,376	7,865
Deferred revenue - property taxes	63,620,724	-	-
Total deferred inflows of resources	$ 64,424,359	$ 5,529,275	$ 69,503
NET POSITION			
Net investment in capital assets	$ 36,910,984	$ 79,085,476	$ 24,379,838
Restricted:			
Future capital expenses	-	-	83,495
Unrestricted (deficit)	64,993,131	(50,282,544)	691,885
Total net position	$ 101,904,115	$ 28,802,932	$ 25,155,218

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, 2019

Functions/Programs		Expenses		Program Revenues: Charges for Services		Program Revenues: Operating Grants and Contributions		Program Revenues: Capital Grants and Contributions
PRIMARY GOVERNMENT:								
Governmental activities:								
General government administration	$	3,627,043	$	3,801	$	479,107	$	-
Judicial administration		1,928,527		171,191		671,173		-
Public safety		15,682,242		1,855,654		1,718,704		9,313
Public works		4,492,282		373,771		14,047		47,622
Health and welfare		9,078,677		-		5,341,952		-
Education		36,505,174		-		-		-
Parks, recreation, and cultural		1,705,534		549,782		4,500		-
Community development		2,739,172		6,300		-		233,905
Interest on long-term debt		2,102,816		-		161,731		-
Total governmental activities	$	77,861,467	$	2,960,499	$	8,391,214	$	290,840
COMPONENT UNITS:								
School Board	$	63,206,832	$	1,423,608	$	26,547,307	$	-
Louisa County Water Authority		3,480,641		2,250,079		-		404,166
Total component units	$	66,687,473	$	3,673,687	$	26,547,307	$	404,166

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	
Governmental Activities	School Board	Louisa County Water Authority
$ (3,144,135)		
(1,086,163)		
(12,098,571)		
(4,056,842)		
(3,736,725)		
(36,505,174)		
(1,151,252)		
(2,498,967)		
(1,941,085)		
$ (66,218,914)		
	$ (35,235,917)	$ -
	-	(826,396)
	$ (35,235,917)	$ (826,396)
$ 61,193,152	$ -	$ -
3,859,107	-	-
667,383	-	-
1,439,736	-	-
652,128	-	-
1,225,806	-	-
414,725	-	-
1,317,159	39,225	30,492
350,561	237,469	-
-	35,454,319	-
1,986,575	-	-
$ 73,106,332	$ 35,731,013	$ 30,492
$ 6,887,418	$ 495,096	$ (795,904)
95,016,697	28,307,836	25,951,122
$ 101,904,115	$ 28,802,932	$ 25,155,218

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Fund Financial Statements

Balance Sheet
Governmental Funds
June 30, 2019

		General		Capital Projects		Total
ASSETS						
Cash and cash equivalents	$	53,602,344	$	21,204,063	$	74,806,407
Receivables (net of allowance for uncollectible):						
Taxes receivable		67,076,182		-		67,076,182
Accounts receivable		573,921		199,653		773,574
Landfill accounts		39,764		-		39,764
Due from other governmental units		1,801,099		48,859		1,849,958
Prepaid items		13,289		-		13,289
Total assets	$	123,106,599	$	21,452,575	$	144,559,174
LIABILITIES						
Accounts payable	$	973,192	$	511,558	$	1,484,750
Accrued liabilities		331,915		-		331,915
Retainage payable		-		942,905		942,905
Unearned revenue		88,232		5,000		93,232
Total liabilities	$	1,393,339	$	1,459,463	$	2,852,802
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	$	66,645,353	$	-	$	66,645,353
Fund balances:						
Nonspendable:						
Prepaids	$	13,289	$	-	$	13,289
JRWA receivable		235,144		-		235,144
Committed:						
NAPS stabilization		15,800,000		-		15,800,000
Capital projects		-		1,095,139		1,095,139
Assigned:						
Earthquake repairs		73,466		-		73,466
Zion Crossroads development debt		357,130		-		357,130
OPEB		12,427,226		-		12,427,226
Leave		1,290,736		-		1,290,736
Capital projects		-		18,897,973		18,897,973
Unassigned		24,870,916		-		24,870,916
Total fund balances	$	55,067,907	$	19,993,112	$	75,061,019
Total liabilities, deferred inflows of resources, and fund balances	$	123,106,599	$	21,452,575	$	144,559,174

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, 2019

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds			$	75,061,019
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.				95,665,700
The net pension asset is not an available resource and, thereforem is not reported in the funds.				488,304
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	$	1,484,696		
OPEB related items		613,977		2,098,673
Interest on long-term debt is not accrued in governmental funds, but rather is recognized when paid.				(775,875)
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets are offset by unavailable revenues in the governmental funds and thus are not included in the fund balance.				3,024,629
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.				(72,854,700)
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	$	(709,588)		
OPEB related items		(94,047)		(803,635)
Net position of governmental activities			$	101,904,115

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, 2019

	General	Capital Projects	Total
REVENUES			
General property taxes	$ 60,874,073	$ -	$ 60,874,073
Other local taxes	7,033,079	1,225,806	8,258,885
Permits, privilege fees, and regulatory licenses	560,491	-	560,491
Fines and forfeitures	89,689	-	89,689
Revenue from the use of money and property	899,179	417,980	1,317,159
Charges for services	2,310,319	-	2,310,319
Miscellaneous	242,756	107,805	350,561
Recovered costs	293,081	-	293,081
Intergovernmental:			
Commonwealth	8,041,721	224,192	8,265,913
Federal	2,402,716	-	2,402,716
Total revenues	$ 82,747,104	$ 1,975,783	$ 84,722,887
EXPENDITURES			
Current:			
General government administration	$ 3,552,047	$ -	$ 3,552,047
Judicial administration	2,102,555	-	2,102,555
Public safety	14,398,973	-	14,398,973
Public works	3,443,670	-	3,443,670
Health and welfare	9,143,686	-	9,143,686
Education	32,225,642	-	32,225,642
Parks, recreation, and cultural	1,586,661	-	1,586,661
Community development	2,555,026	-	2,555,026
Capital projects	-	17,673,080	17,673,080
Debt service:			
Principal retirement	2,600,442	-	2,600,442
Interest and other fiscal charges	2,615,962	-	2,615,962
Total expenditures	$ 74,224,664	$ 17,673,080	$ 91,897,744
Excess (deficiency) of revenues over (under) expenditures	$ 8,522,440	$ (15,697,297)	$ (7,174,857)
OTHER FINANCING SOURCES (USES)			
Transfers in	$ -	$ 11,306,259	$ 11,306,259
Transfers out	(11,306,259)	-	(11,306,259)
Total other financing sources (uses)	$ (11,306,259)	$ 11,306,259	$ -
Net change in fund balances	$ (2,783,819)	$ (4,391,038)	$ (7,174,857)
Fund balances - beginning	57,851,726	24,384,150	82,235,876
Fund balances - ending	$ 55,067,907	$ 19,993,112	$ 75,061,019

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, 2019

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

Net change in fund balances - total governmental funds		$ (7,174,857)
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	$ 14,612,056	
Depreciation expense	(2,273,333)	
Transfer of joint tenancy assets from Primary Government to the Component Unit	(1,679,692)	10,659,031
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes		319,079
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	$ 1,935,442	
Principal retired on lease revenue bonds	665,000	
Amortization of premiums on bonds payable	467,893	3,068,335
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	$ (534,506)	
OPEB expense	(56,169)	
Change in accrued interest payable	45,253	
Pension expense	585,688	
Change in compensated absences	(24,436)	15,830
Change in net position of governmental activities		$ 6,887,418

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

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

		Agency Funds
ASSETS		
Cash and cash equivalents	$	3,971,459
LIABILITIES		
Amounts held for social services clients	$	3,214
Amounts held for projects		3,914,773
Amounts held for others		53,472
Total liabilities	$	3,971,459

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

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

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

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

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*.

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, 2019.

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.

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.

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 Fund, and the Capital Projects Fund.

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

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

F. Investments

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

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

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 $267,723 at June 30, 2019 and is comprised of the following:

Property taxes	$ 260,896
Landfill billings	6,827
Total	$ 267,723

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.

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, 2019.

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

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

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.

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

I. Deferred Outflows/Inflows of Resources: (Continued)

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.

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.

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

L. Long-term Obligations

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

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

M. Fund Balances

Financial Policies

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

The 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.

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

M. Fund Balances: (Continued)

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.

O. Net Position

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

P. Net Position Flow Assumption

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

Q. Prepaid Items

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

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

R. Adoption of Accounting Principles

The County implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* during the fiscal year ended June 30, 2019. This Statement clarifies which liabilities governments should include when disclosing information related to debt. It also requires that additional essential information related to debt be disclosed in notes to financial statements. No restatement was required as a result of this implementation.

S. 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.

Note 2–Deposits and Investments:

Deposits

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

Investments

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

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

Note 2−Deposits and Investments: (Continued)

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2019 were rated by Standard & Poor's and the ratings are presented below using Standard & Poor's rating scale.

County's Rated Debt Investments' Values

Rated Debt Investments	Fair Quality Ratings AAAm
Local Government Investment Pool	$ 18,198,552
State Non-Arbitrage Pool (SNAP)	3,344,133
Total	$ 21,542,685

External Investment Pools

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

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

Interest Rate Risk

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

Note 3−Due From Other Governmental Units:

At June 30, 2019 the County and School Board had receivables from other governments as follows:

	Primary Government	Discretely Presented Component Unit School Board
Commonwealth of Virginia:		
State Sales Taxes	$ -	$ 658,638
Local Sales Taxes	749,417	-
Communication Tax	24,468	-
VPA Funds	150,152	-
Shared Expenses	197,663	-
Children's Services Act Reimbursement	377,774	-
Other State Aid	109,169	277,305
Federal Government:		
School Funds	-	543,921
Public Safety Grants	33,501	-
VPA Funds	163,996	-
Other Federal Aid	43,818	-
Total	$ 1,849,958	$ 1,479,864

Note 4−Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2019:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Government Activities:				
Capital assets, not being depreciated:				
Land	$ 2,328,523	$ 2,713,841	$ -	$ 5,042,364
Construction in Progress	45,358,083	10,593,624	648,679	55,303,028
Total capital assets not being depreciated	$ 47,686,606	$ 13,307,465	$ 648,679	$ 60,345,392
Capital assets being depreciated:				
Buildings and improvements	$ 47,491,306	$ 573,999	$ 1,935,442	$ 46,129,863
Machinery and equipment	11,911,428	1,379,271	106,969	13,183,730
Total capital assets being depreciated	$ 59,402,734	$ 1,953,270	$ 2,042,411	$ 59,313,593
Accumulated depreciation:				
Buildings and improvements	$ 13,232,644	$ 1,096,566	$ 255,750	$ 14,073,460
Machinery and equipment	8,850,027	1,176,767	106,969	9,919,825
Total accumulated depreciation	$ 22,082,671	$ 2,273,333	$ 362,719	$ 23,993,285
Total capital assets being depreciated, net	$ 37,320,063	$ (320,063)	$ 1,679,692	$ 35,320,308
Governmental activities capital assets, net	$ 85,006,669	$ 12,987,402	$ 2,328,371	$ 95,665,700

Note 4−Capital Assets: (Continued)

The following is a summary of changes in School Board capital assets for the fiscal year ended June 30, 2019:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Capital assets, not being depreciated:				
Land	$ 866,127	$ 500,000	$ -	$ 1,366,127
Construction in progress	-	131,512	-	131,512
Total capital assets not being depreciated	$ 866,127	$ 631,512	$ -	$ 1,497,639
Capital assets being depreciated:				
Buildings and improvements	$ 103,565,249	$ 1,995,561	$ -	$ 105,560,810
Machinery and equipment	15,953,497	1,249,571	-	17,203,068
Total capital assets being depreciated	$ 119,518,746	$ 3,245,132	$ -	$ 122,763,878
Accumulated depreciation:				
Buildings and improvements	$ 29,419,907	$ 3,237,974	$ -	$ 32,657,881
Machinery and equipment	11,836,970	681,190	-	12,518,160
Total accumulated depreciation	$ 41,256,877	$ 3,919,164	$ -	$ 45,176,041
Total capital assets being depreciated, net	$ 78,261,869	$ (674,032)	$ -	$ 77,587,837
School Board capital assets, net	$ 79,127,996	$ (42,520)	$ -	$ 79,085,476

Assets acquired under capital leases:

	Cost	Depreciation Expense	Accumulated Drepreciation
Equipment:			
Governmental activities	$ 1,820,255	$ 257,709	$ 1,255,766

Capital asset activity for the School Board for the year ended June 30, 2019 was as follows:

Depreciation expense	$ 3,663,414
Depreciation on joint tenancy assets-transferred to School Board	255,750
Net increases in accumulated depreciation	$ 3,919,164

(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, 2019, is that school financed assets in the amount of $18,933,074 are reported in the Primary Government for financial reporting purposes.

Note 4−Capital Assets: (Continued)

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

Governmental activities:		
General Government Administration	$	315,123
Judicial Administration		152,585
Public Safety		818,694
Public Works		406,992
Health and Welfare		35,706
Education		260,125
Parks, Recreation and Cultural		134,480
Community Development		149,628
Total	$	2,273,333
Component Unit School Board	$	3,663,414

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, 2019:

	Balance July 1, 2018	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2019	Amounts Due Within One Year
Compensated absences	$ 651,535	$ 89,590	$ 65,154	$ 675,971	$ 67,597
Direct Borrowings and Direct Placements:					
General obligation bonds	23,467,506	-	1,935,442	21,532,064	1,945,442
Lease revenue bonds	36,480,000	-	665,000	35,815,000	695,000
Premium on bonds payable	5,943,897	-	467,893	5,476,004	448,238
Net OPEB liability	1,908,728	816,091	209,216	2,515,603	-
Landfill closure and postclosure care	6,305,552	534,506	-	6,840,058	212,400
Total	$ 74,757,218	$ 1,440,187	$ 3,342,705	$ 72,854,700	$ 3,368,677

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.

Note 5−Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Year Ending June 30,	Direct Borrowings and Direct Placements General Obligation Bonds Principal	Direct Borrowings and Direct Placements General Obligation Bonds Interest	Premium on Bonds Payable Principal	Premium on Bonds Payable Interest
2020	$ 1,945,442	$ 988,760	$ 448,238	$ -
2021	1,965,442	905,832	427,161	-
2022	1,650,442	826,752	404,888	-
2023	1,650,442	756,417	382,314	-
2024	1,650,442	686,081	359,341	-
2025	1,650,442	615,034	335,872	-
2026	1,650,442	547,661	312,897	-
2027	1,650,442	480,288	289,789	-
2028	1,650,441	411,997	266,413	-
2029	1,460,441	350,951	244,523	-
2030	1,460,441	299,091	224,544	-
2031	725,441	266,989	207,486	-
2032	725,441	249,949	192,122	-
2033	725,441	232,909	177,129	-
2034	725,441	215,870	162,565	-
2035	245,441	103,675	150,354	-
2036	-	-	140,482	-
2037	-	-	130,227	-
2038	-	-	119,584	-
2039	-	-	108,538	-
2040	-	-	97,062	-
2041	-	-	85,136	-
2042	-	-	72,751	-
2043	-	-	58,683	-
2044	-	-	42,812	-
2045	-	-	26,220	-
2046	-	-	8,873	-
Total	$ 21,532,064	$ 7,938,256	$ 5,476,004	$ -

Note 5−Long-Term Obligations: (Continued)

Primary Government: (Continued)

Year Ending June 30,	Direct Borrowings and Direct Placements Lease Revenue Bonds Principal	Direct Borrowings and Direct Placements Lease Revenue Bonds Interest
2020	$ 695,000	$ 1,512,909
2021	730,000	1,477,494
2022	770,000	1,439,056
2023	810,000	1,398,569
2024	855,000	1,355,903
2025	900,000	1,310,931
2026	945,000	1,265,153
2027	990,000	1,218,644
2028	1,040,000	1,171,550
2029	1,085,000	1,125,622
2030	1,130,000	1,079,438
2031	1,180,000	1,029,394
2032	1,235,000	975,159
2033	1,285,000	922,959
2034	1,335,000	873,097
2035	1,390,000	821,244
2036	1,445,000	767,322
2037	1,500,000	711,306
2038	1,555,000	653,172
2039	1,615,000	592,841
2040	1,680,000	530,156
2041	1,745,000	465,016
2042	1,810,000	397,369
2043	1,890,000	320,531
2044	1,975,000	233,841
2045	2,065,000	143,216
2046	2,160,000	48,449
Total	$ 35,815,000	$ 23,840,341

Note 5−Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of Long-Term Obligations

		Amount Outstanding		Due Within One Year
General Obligation Bonds:				
$3,800,000 Series 2007A issued November 8, 2007 in annual installments ranging from $194,845 to $413,333 beginning July 15, 2008 through July 15, 2028, interest ranging from 4.35% to 5.10%	$	1,710,000	$	190,000
$14,705,000 Series 2009A issued May 7, 2009, due in annual installments ranging from $475,262 to $1,411,211 beginning January 15, 2010 through January 15, 2030, interest ranging from 4.05% to 5.05%		8,085,000		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%		610,000		295,000
$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%		3,927,064		245,442
$9,625,000 Series 2013A issued May 9, 2013, due in annual installments ranging from $480,000 to $485,000 beginning July 15, 2014 through July 15, 2033, interest ranging from 3.05% to 5.05%		7,200,000		480,000
Total General Obligation Bonds	$	21,532,064	$	1,945,442
Lease Revenue Bonds:				
$37,830,000 Series 2016A issued May 25, 2016, due in annual installments ranging from $635,000 to $2,160,000 beginning October 1, 2016 through October 1, 2045, interest ranging from 3.804% to 5.125%.	$	35,815,000	$	695,000
Premium on Bonds Payable	$	5,476,004	$	448,238
Compensated absences		675,971		67,597
Net OPEB liability		2,515,603		-
Landfill closure and postclosure care		6,840,058		212,400
Total Long-Term Obligations	$	72,854,700	$	3,368,677

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

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, 2018	Increases	Decreases	Balance June 30, 2019	Amounts Due Within One Year
Compensated absences	$ 639,201	$ 29,882	$ 63,920	$ 605,163	$ 60,516
Net pension liability	42,184,000	9,497,000	10,399,000	41,282,000	-
Net OPEB liabilities	10,518,498	2,542,844	1,295,143	11,766,199	-
Total	$ 53,341,699	$ 12,069,726	$ 11,758,063	$ 53,653,362	$ 60,516

Note 6−Summary of Pension Related Items:

VRS Pension Plans:

	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
Primary Government				
Primary Government	$ 1,484,696	$ 709,588	$ (488,304)	$ 215,017
Totals	$ 1,484,696	$ 709,588	$ (488,304)	$ 215,017
Component Unit School Board				
School Board Nonprofessional	$ 146,016	$ 341,899	$ (802,980)	$ (154,185)
School Board Professional	6,074,086	4,694,000	41,282,000	2,940,000
Totals	$ 6,220,102	$ 5,035,899	$ 40,479,020	$ 2,785,815

Note 7−Deferred/Unavailable/Unearned Revenue:

Deferred/Unavailable/Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Deferred/Unavailable/Unearned revenue totaling $69,579,255 is comprised of the following:

A. Primary Government–Unearned Revenue: Unavailable revenue representing amounts collected prior to June 30 not available for funding of current expenditures totaled $93,232 at June 30, 2019.

B. Primary Government– Unavailable Property Taxes – revenue representing deferred/unavailable property tax revenues totaled $63,620,724 June 30, 2019.

Note 8−Pension Plan:

Plan Description

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

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 creditable service or age 50 with at least 30 years of creditable service. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of creditable service or age 50 with at least 10 years of creditable service. 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 creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.

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 creditable service 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 creditable service. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.

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 creditable service, or when the sum of their age and service equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Note 8−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 creditable service. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.7% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% 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 1.7% 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 creditable service 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 creditable service 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, 2017 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	126	95
Inactive members:		
Vested inactive members	52	18
Non-vested inactive members	66	39
Inactive members active elsewhere in VRS	132	27
Total inactive members	250	84
Active members	255	187
Total covered employees	631	366

Note 8−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, 2019 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 $861,968 and $764,920 for the years ended June 30, 2019 and June 30, 2018, respectively. Contributions to the pension plan from the Component Unit Louisa County Water Authority were $72,921 and $62,916 for the years ended June 30, 2019 and June 30, 2018, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2019 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 $146,016 and $179,470 for the years ended June 30, 2019 and June 30, 2018, 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, 2018. The total pension liabilities used to calculate the net pension liabilities (assets) were determined by an actuarial valuation performed as of June 30, 2017, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Note 8−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, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

All Others (Non 10 Largest) – Non-Hazardous Duty: 15% of deaths are assumed to be service related

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Note 8−Pension Plan: (Continued)

Actuarial Assumptions – General Employees: (Continued)

Mortality rates: (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Non-Hazardous Duty:

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

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

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

Note 8−Pension Plan: (Continued)

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Note 8−Pension Plan: (Continued)

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Hazardous Duty:

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

All Others (Non 10 Largest) – Hazardous Duty:

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

Note 8−Pension Plan: (Continued)

Long-Term Expected Rate of Return

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. 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, 2018, the alternate rate was the employer contribution rate used in FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2018, 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, 2018 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Note 8−Pension Plan: (Continued)

Changes in Net Pension Liability (Asset)

	Primary Government Increase (Decrease)			Component Unit Louisa County Water Authority Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2017	$ 32,579,489	$ 33,737,518	$ (1,158,029)	$ 2,679,696	$ 2,774,945	$ (95,249)
Changes for the year:						
Service cost	$ 1,297,792	$ -	$ 1,297,792	$ 109,791	$ -	$ 109,791
Interest	2,226,166	-	2,226,166	188,331	-	188,331
Change in assumptions	-	-	-	-	-	-
Differences between expected and actual experience	851,825	-	851,825	72,063	-	72,063
Impact of change in proportion	(70,518)	(73,025)	2,507	70,518	73,025	(2,507)
Contributions - employer	-	699,454	(699,454)	-	59,173	(59,173)
Contributions - employee	-	542,419	(542,419)	-	45,888	(45,888)
Net investment income	-	2,490,104	(2,490,104)	-	210,660	(210,660)
Benefit payments, including refunds of employee contributions	(1,413,194)	(1,413,194)	-	(119,554)	(119,554)	-
Administrative expenses	-	(21,181)	21,181	-	(1,792)	1,792
Other changes	-	(2,231)	2,231	-	(190)	190
Net changes	$ 2,892,071	$ 2,222,346	$ 669,725	$ 321,149	$ 267,210	$ 53,939
Balances at June 30, 2018	$ 35,471,560	$ 35,959,864	$ (488,304)	$ 3,000,845	$ 3,042,155	$ (41,310)

Note 8−Pension Plan: (Continued)

Changes in Net Pension Liability (Asset)

	Component School Board (nonprofessional) Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2017	$ 13,712,354	$ 14,301,932	$ (589,578)
Changes for the year:			
Service cost	$ 356,903	$ -	$ 356,903
Interest	941,538	-	941,538
Change of assumptions	-	-	-
Differences between expected and actual experience	(110,460)	-	(110,460)
Contributions - employer	-	178,758	(178,758)
Contributions - employee	-	179,128	(179,128)
Net investment income	-	1,053,482	(1,053,482)
Benefit payments, including refunds of employee contributions	(523,627)	(523,627)	-
Administrative expenses	-	(9,043)	9,043
Other changes	-	(942)	942
Net changes	$ 664,354	$ 877,756	$ (213,402)
Balances at June 30, 2018	$ 14,376,708	$ 15,179,688	$ (802,980)

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

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
County Net Pension Liability (Asset)	$ 4,372,342	$ (488,304)	$ (4,489,932)
Component Unit Louisa County Water Authority Net Pension Liability (Asset)	369,894	(41,310)	(379,842)
Component Unit School Board (nonprofessional) Net Pension Liability (Asset)	908,899	(802,980)	(2,245,916)

Note 8−Pension Plan: (Continued)

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

For the year ended June 30, 2019 the County, Component Unit Louisa County Water Authority and Component Unit School Board (nonprofessional) recognized pension expense of $215,017, $18,190 and ($154,185), respectively. At June 30, 2019, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (Nonprofessional)		Component Unit Louisa County Water Authority	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 621,963	$ 291,365	$ -	$ 143,650	$ 52,532	$ 23,965
Change in assumptions	-	105,682	-	75,883	-	8,692
Changes in proportion and differences between employer contribuions and proprotionate share of contributions	765	-	-	-	-	765
Net difference between projected and actual earnings on pension plan investments	-	312,541	-	122,366	-	28,216
Employer contributions subsequent to the measurement date	861,968	-	146,016	-	72,921	-
Total	$ 1,484,696	$ 709,588	$ 146,016	$ 341,899	$ 125,453	$ 61,638

$861,968, $72,921, and $146,016 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board (Nonprofessional)	Component Unit Louisa County Water Authority
2020	$ 85,194	$ (102,259)	$ 5,913
2021	90,916	(76,210)	7,165
2022	(234,889)	(151,729)	(19,808)
2023	(28,081)	(11,701)	(2,376)
Thereafter	-	-	-

Note 8−Pension Plan: (Continued)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at http:www.varetire.org/Pdf/Publications/2018-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, 2019 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 $4,407,086 and $4,536,723 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the school division reported a liability of $41,282,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion was .35104% as compared to .34301% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized pension expense of $2,940,000. Since there was a change in proportionate share between June 30, 2017 and June 30, 2018, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

Note 8−Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

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

At June 30, 2019, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 3,530,000
Change in assumptions	493,000	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,174,000	289,000
Net difference between projected and actual earnings on pension plan investments	-	875,000
Employer contributions subsequent to the measurement date	4,407,086	-
Total	$ 6,074,086	$ 4,694,000

$4,407,086 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, 2020. 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	
2020	$ (175,000)
2021	(731,000)
2022	(1,700,000)
2023	(375,000)
Thereafter	(46,000)

Note 8−Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

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

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

Mortality rates:

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

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

Note 8−Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions: (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2018, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		Teacher Employee Retirement Plan
Total Pension Liability	$	46,679,555
Plan Fiduciary Net Position		34,919,563
Employers' Net Pension Liability (Asset)	$	11,759,992
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		74.81%

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.

Note 8−Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

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

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
School division's proportinate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	$ 63,059,000	$ 41,282,000	$ 23,256,000

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 9−Contingent Liabilities:

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

Note 10–Landfill Closure and Postclosure Care Cost:

The County of Louisa, Virginia owns and operates a landfill site which includes two permitted cells. The original cell (#194) accepts no further solid waste after December, 2013, while the newer cell (#567) came online in early 2013. At current fill rates, cell # 1 at cell 567 has a life expectancy of approximately .75 years, at which point another cell which bridges the existing pair will be opened pending necessary permitting. State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used at each balance sheet date. The liability in the amount of $6,840,058 reported as landfill closure, postclosure and corrective action liability on the June 30, 2019 Statement of Net Position is equal to the expected closure and postclosure costs. The landfill is closed as of June 30, 2019. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County has demonstrated financial assurance requirements for closure, postclosure care and corrective action costs through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC20-70 of the Virginia Administrative Code. Also, the County intends to fund these costs from funds accumulated for this purpose in the General Fund.

Note 11–Risk Management:

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

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

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

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

Note 12–Litigation:

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

Note 13–Interfund Transfers:

Interfund transfers for the year ended June 30, 2019, consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	$ -	$ 11,306,259
Capital Projects Fund	11,306,259	-
Total	$ 11,306,259	$ 11,306,259

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

Note 14–Surety Bonds:

	Amount
Public Officers Liability Insurance:	
All employees and volunteers, including Board of Supervisors	$ 5,000,000
Henry B. Wash, Treasurer	400,000
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 15−Group Life Insurance (GLI) Program (OPEB Plan):

Plan Description

The Group Life Insurance (GLI) Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Program upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

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

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

Eligible Employees

The GLI Program 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 Program 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 program 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 creditable service, the minimum benefit payable was set at $8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to $8,279 effective July 1, 2018.

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

Contributions

The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 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 Program from the County were $67,000 (made up of $61,774 and $5,226 for the County and LCWA respectively) and $60,000 (made up of $58,212 and $4,788 for the County and LCWA respectively) for the years ended June 30, 2019 and June 30, 2018, respectively. Contributions to School Professional Plan were $152,000 and $149,000 for the years ended June 30, 2019 and June 30, 2018, respectively. Contributions to the School Nonprofessional Plan were $19,000 and $20,000 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the County, School Board (Professional) and School Board (Nonprofessional) reported a liabilities of $966,000 (made up of $892,584 and $73,416 for the County and LCWA respectively), $2,288,000, and $301,000, for their proportionate share of the Net GLI OPEB Liability, respectively. The Net GLI OPEB Liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, County, School Board (Professional) and School Board (Nonprofessional)'s proportion were .06363%, .15063% and .01986% respectively, as compared to .06320% .14677% and .02060% at June 30, 2017.

For the year ended June 30, 2019, the County, School Board (Professional) and School Board (Non-professional) recognized GLI OPEB expense of $10,000 (made up of $9,240 and $760 for the County and LCWA respectively), $26,000, and $0 respectively. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

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

At June 30, 2019, 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	$ 43,428	$ 16,632	$ 3,572	$ 1,368	$ 47,000	$ 18,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	28,644	-	2,356	-	31,000
Change in assumptions	-	36,960	-	3,040	-	40,000
Changes in proportion	11,088	-	912	-	12,000	-
Employer contributions subsequent to the measurement date	61,774	-	5,226	-	67,000	-
Total	$ 116,290	$ 82,236	$ 9,710	$ 6,764	$ 126,000	$ 89,000

	School Professional		School Nonprofessional	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 112,000	$ 42,000	$ 15,000	$ 5,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	74,000	-	10,000
Change in assumptions	-	95,000	-	13,000
Changes in proportion	54,000	-	-	10,000
Employer contributions subsequent to the measurement date	152,000	-	19,000	-
Total	$ 318,000	$ 211,000	$ 34,000	$ 38,000

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

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

$67,000, $152,000, and $19,000 reported as deferred outflows of resources related to the GLI OPEB resulting from the respective County, School Board (Professional) and School Board (Nonprofessional)'s contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2020. 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
2020	$ (11,000)	$ (24,000)	$ (6,000)
2021	(11,000)	(24,000)	(6,000)
2022	(11,000)	(24,000)	(6,000)
2023	(4,000)	(2,000)	(4,000)
2024	4,000	17,000	(1,000)
Thereafter	3,000	12,000	-

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018. The assumptions include several employer groups as noted below. Mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

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

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

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

Actuarial Assumptions: (Continued)

Mortality Rates – Teachers

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

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

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

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

Actuarial Assumptions: (Continued)

Mortality Rates – 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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

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

Actuarial Assumptions: (Continued)

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

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

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

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

Mortality Rates – Largest Ten Locality Employers – Hazardous Duty Employees

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

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

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

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

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

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

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

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

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

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

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Program 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, 2018, NOL amounts for the GLI Program is as follows (amounts expressed in thousands):

		Group Life Insurance OPEB Program
Total GLI OPEB Liability	$	3,113,508
Plan Fiduciary Net Position		1,594,773
Employers' Net GLI OPEB Liability (Asset)	$	1,518,735
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		51.22%

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

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

Long-Term Expected Rate of Return

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

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

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2018, 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, 2018 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.

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

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

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Proportionate share of the Group Life Insurance Program Net OPEB Liability:			
County Plan	$ 1,263,000	$ 966,000	$ 725,000
School Professional	2,990,000	2,288,000	1,718,000
School Nonprofessional	394,000	301,000	226,000

GLI Program Fiduciary Net Position

Detailed information about the GLI Program's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

Plan Description

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Program 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 Program. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The 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 for the Teacher HIC Program OPEB, including eligibility, coverage, and benefits is described below:

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

Eligible Employees

The Teacher Employee Retiree HIC Program was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Eligible employees 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 Program 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 Program 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, 2018 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. 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 Program were $351,000 and $352,000 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the school division reported a liability of $4,492,000 for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC Program OPEB Liability was measured as of June 30, 2017 and the total VRS Teacher Employee HIC Program OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net VRS Teacher Employee HIC Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Program OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion of the VRS Teacher Employee HIC Program was .35382% as compared to .34290% at June 30, 2017.

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

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

For the year ended June 30, 2019, the school division recognized VRS Teacher Employee HIC Program OPEB expense of $379,000. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Program Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2019, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Program OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 22,000
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	3,000
Change in assumptions	-	39,000
Change in proportion	122,000	31,000
Employer contributions subsequent to the measurement date	351,000	-
Total	$ 473,000	$ 95,000

$351,000 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2020. 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	
2020	$ 1,000
2021	1,000
2022	1,000
2023	3,000
2024	3,000
Thereafter	18,000

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

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Program was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

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

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

Mortality Rates – Teachers

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

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

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

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

Actuarial Assumptions: (Continued)

Mortality Rates – Teachers: (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2018, NOL amounts for the VRS Teacher Employee HIC Program is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	$	1,381,313
Plan Fiduciary Net Position		111,639
Teacher Employee net HIC OPEB Liability (Asset)	$	1,269,674
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		8.08%

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

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

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

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

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2018, the rate contributed by each school division for the VRS Teacher Employee HIC Program 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, 2018 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.

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

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

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	$ 5,018,000	$ 4,492,000	$ 4,046,000

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Program's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/ Publications/2018-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 17−Health Insurance Credit (HIC) Program:

Plan Description

The Political Subdivision Health Insurance Credit (HIC) Program 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 Program upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The 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 Program OPEB, including eligibility, coverage and benefits is described below:

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

Eligible Employees

The Political Subdivision Retiree HIC Program 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 Program 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 Program 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, 2017 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	County and LCWA Plan	School Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	12	39
Inactive members:		
Vested inactive members	5	-
Non-vested inactive members	-	-
Inactive members active elsewhere in VRS	-	-
Total inactive members	5	-
Active members	122	187
Total covered employees	139	226

Note 17−Health Insurance Credit (HIC) Program: (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, 2019 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 Program were $8,616 (comprised of $7,944 and $672 for the County and LCWA respectively) and $9,706 (comprised of $8.968 and $738 for the County and LCWA respectively) for the years ended June 30, 2019 and June 30, 2018, respectively. Contributions from the School Board for the Nonprofessional plan were $14,811 and $16,613 for the years ended June 30, 2019 and June 30, 2018, respectively.

Net HIC OPEB Liability

The County Plan and School Nonprofessional Plan net HIC OPEB liabilities were measured as of June 30, 2018. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2017, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

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

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

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

Mortality Rates – Largest Ten Locality Employers – General Employees

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

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

Post-Disablement:
RP-2014 Disability 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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

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

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

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

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

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

Actuarial Assumptions: (Continued

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2018. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

Mortality Rates – Largest Ten Locality Employers – Hazardous Duty Employees

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

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

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

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

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

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

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

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

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

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

Long-Term Expected Rate of Return

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

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

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

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2018, 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, 2018 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.

Note 17–Health Insurance Credit (HIC) Program: (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, 2017	$ 125,076	$ 94,222	$ 30,854
Changes for the year:			
Service cost	$ 6,532	$ -	$ 6,532
Interest	8,529	-	8,529
Differences between expected and actual experience	(7,377)	-	(7,377)
Contributions - employer	-	9,726	(9,726)
Net investment income	-	6,785	(6,785)
Benefit payments	(6,475)	(6,475)	-
Administrative expenses	-	(164)	164
Other changes	-	(452)	452
Net changes	$ 1,209	$ 9,420	$ (8,211)
Balances at June 30, 2018	$ 126,285	$ 103,642	$ 22,643
School Plan			
Balances at June 30, 2017	$ 365,921	$ 233,117	$ 132,804
Changes for the year:			
Service cost	$ 7,186	$ -	$ 7,186
Interest	24,934	-	24,934
Differences between expected and actual experience	(15,756)	-	(15,756)
Contributions - employer	-	16,552	(16,552)
Net investment income	-	16,413	(16,413)
Benefit payments	(19,442)	(19,442)	-
Administrative expenses	-	(385)	385
Other changes	-	(1,178)	1,178
Net changes	$ (3,078)	$ 11,960	$ (15,038)
Balances at June 30, 2018	$ 362,843	$ 245,077	$ 117,766

The total net HIC OPEB Liability for the County Plan is allocated between the County ($20,922) and LCWA ($1,721).

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

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

The following presents the County and School Nonprofessional HIC Program net HIC OPEB liability using the discount rate of 7.00%, as well as what the net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
County's Net HIC OPEB Liability	$ 36,826	$ 22,643	$ 10,664
School Nonprofessional's Net HIC OPEB Liability	153,784	117,766	86,706

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

For the year ended June 30, 2019, the County recognized HIC Program OPEB expense of $6,525 (comprised of $6,029 and $496 for the County and LCWA respectively). The School Nonprofessional plan recognized HIC Program OPEB expense of $10,706. At June 30, 2019, the County and School Nonprofessional plans reported deferred outflows of resources and deferred inflows of resources related to their HIC Program from the following sources:

	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	$ -	$ 5,924	$ -	$ 487	$ -	$ 6,411
Net difference between projected and actual earnings on HIC OPEB plan investments	-	3,737	-	307	-	4,044
Change in assumptions	-	2,150	-	177	-	2,327
Employer contributions subsequent to the measurement date	7,944	-	672	-	8,616	-
Total	$ 7,944	$ 11,811	$ 672	$ 971	$ 8,616	$ 12,782

	School Nonprofessional	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 12,642
Net difference between projected and actual earnings on HIC OPEB plan investments	-	5,753
Change in assumptions	-	5,618
Employer contributions subsequent to the measurement date	14,811	-
Total	$ 14,811	$ 24,013

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

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

$7,944, $672, and $14,811 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30	County and LCWA	School Nonprofessional
2020	$ (2,464)	$ (6,815)
2021	(2,464)	(6,815)
2022	(2,463)	(6,814)
2023	(1,716)	(3,383)
2024	(1,695)	(186)
Thereafter	(1,980)	-

HIC Program Plan Data

Information about the VRS Political Subdivision HIC Program is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

Plan Description

In addition to the pension 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.

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

Benefits Provided

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

Plan Membership

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

	County	School Board	LCWA
Retirees & spouses	$ 5	$ 29	$ -
Active employees	203	582	16
Total	$ 208	$ 611	$ 16

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Plan Board. The amount paid by the County, School Board, and LCWA for OPEB as the benefits came due during the year ended June 30, 2018 were $37,241, $242,612 and $250, respectively.

Total OPEB Liability

The total OPEB liability was measured as of June 30, 2019.

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	3.13%
Investment Rate of Return	N/A

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

Actuarial Assumptions: (Continued)

Mortality rates for Active employees and healthy retirees were based on a 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 3.13% 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 3.13% 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, 2018	$ 999,433	$ 3,515,694	$ 45,112
Changes for the year:			
Service cost	71,707	179,304	3,225
Interest	37,643	127,223	1,728
Difference between expected and actual experience	458,677	1,123,634	20,598
Changes in assumptions	71,878	(135,810)	(141)
Benefit payments	(37,241)	(242,612)	(250)
Net changes	602,664	1,051,739	25,160
Balances at June 30, 2019	$ 1,602,097	$ 4,567,433	$ 70,272

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

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

The following amounts present the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.13%) or one percentage point higher (4.13%) than the current discount rate:

	Rate		
	1% Decrease (2.13%)	**Current Discount Rate (3.13%)**	**1% Increase (4.13%)**
County	$ 1,763,948	$ 1,602,097	$ 1,455,561
School Board	5,029,599	4,567,433	4,150,289
LCWA	77,644	70,272	64,070

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 (5.25% decreasing to an ultimate rate of 3.25%) or one percentage point higher (7.25% decreasing to an ultimate rate of 5.25%) than the current healthcare cost trend rates:

	Rates		
	1% Decrease (5.25% decreasing to 3.25%)	**Healthcare Cost Trend (6.25% decreasing to 4.25%)**	**1% Increase (7.25% decreasing to 5.25%)**
County	$ 1,400,037	$ 1,602,097	$ 1,845,121
School Board	3,991,971	4,567,433	5,261,056
LCWA	61,626	70,272	81,218

Note 18−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, 2019, the County, School Board, and LCWA recognized OPEB expense in the amount of $150,162, $382,514, and $6,529, respectively.

At June 30, 2019, 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 Resouces	Deferred Inflows of Resources	Deferred Outflows of Resouces	Deferred Inflows of Resources	Deferred Outflows of Resouces	Deferred Inflows of Resources
Differences between expected and actual experience	$ 423,394	$ -	$ 1,037,200	$ -	$ 19,014	$ -
Changes in assumptions	66,349	-	-	125,363	-	130
Total	$ 489,743	$ -	$ 1,037,200	$ 125,363	$ 19,014	$ 130

A
mounts 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
2020	$ (40,812)	$ (75,987)	$ (1,573)
2021	(40,812)	(75,987)	(1,573)
2022	(40,812)	(75,987)	(1,573)
2023	(40,812)	(75,987)	(1,573)
Thereafter	(326,495)	(607,889)	(12,592)

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

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

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

	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Primary Government				
Pay-as-you-go (Note 18)	$ 1,602,097	$ 489,743	$ -	$ 150,162
Group Life - County (Note 15)	892,584	116,290	82,236	9,240
HIC Program (Note 17)	20,922	7,944	11,811	6,029
Total	$ 2,515,603	$ 613,977	$ 94,047	$ 165,431
Component Unit School Board				
Pay-as-you-go (Note 18)	$ 4,567,433	$ 1,037,200	$ 125,363	$ 382,514
Group Life:				
- School Professional (Note 15)	2,288,000	318,000	211,000	26,000
- School Nonprofessional (Note 15)	301,000	34,000	38,000	-
Teacher HIC Program (Note 16)	4,492,000	473,000	95,000	379,000
HIC Program (Note 17)	117,766	14,811	24,013	10,706
Total	$ 11,766,199	$ 1,877,011	$ 493,376	$ 798,220
Component Unit LCWA				
Pay-as-you-go (Note 18)	$ 70,272	$ 19,014	$ 130	$ 6,529
HIC Program (Note 17)	1,721	672	971	496
Group Life - City (Note 15)	73,416	9,710	6,764	760
Total	$ 145,409	$ 29,396	$ 7,865	$ 7,785

Note 19–Construction Commitments:

As of June 30, 2019, the County has the following construction commitments:

Project	Contract Amounts	Expenditures as of June 30, 2019	Contract Balance
James River Water Project	$ 41,212,205	$ 40,137,196	$ 1,075,009
Landfill Cell 2 Construction	2,484,189	2,464,059	20,130
Total	$ 43,696,394	$ 42,601,255	$ 1,095,139

Note 20–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, 2018.

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 December 15, 2019.

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, 2019.

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, 2018.

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, 2020.

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

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REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

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

General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	$ 59,704,773	$ 59,704,773	$ 60,874,073	$ 1,169,300
Other local taxes	6,354,000	6,354,000	7,033,079	679,079
Permits, privilege fees, and regulatory licenses	500,000	500,000	560,491	60,491
Fines and forfeitures	60,000	60,000	89,689	29,689
Revenue from the use of money and property	364,500	364,500	899,179	534,679
Charges for services	1,959,500	1,972,123	2,310,319	338,196
Miscellaneous	100,000	214,492	242,756	28,264
Recovered costs	55,000	55,000	293,081	238,081
Intergovernmental:				
Commonwealth	7,390,952	8,138,676	8,041,721	(96,955)
Federal	2,019,188	2,172,576	2,402,716	230,140
Total revenues	$ 78,507,913	$ 79,536,140	$ 82,747,104	$ 3,210,964
EXPENDITURES				
General government administration:				
Legislative:				
Board of supervisors	$ 181,313	$ 168,024	$ 165,581	$ 2,443
General and financial administration:				
County administrator	$ 509,649	$ 521,891	$ 502,938	$ 18,953
County attorney	467,724	475,314	444,701	30,613
Administrative and human resources	213,848	190,778	141,493	49,285
Commissioner of revenue	440,105	441,613	394,939	46,674
Reassessment	483,944	494,045	466,970	27,075
Treasurer	434,854	432,404	410,786	21,618
Finance	407,617	410,237	401,737	8,500
Network administration	433,796	666,147	420,923	245,224
Total general and financial administration	$ 3,391,537	$ 3,632,429	$ 3,184,487	$ 447,942
Board of elections:				
Electoral board and officials	$ 212,295	$ 204,407	$ 201,979	$ 2,428
Total general government administration	$ 3,785,145	$ 4,004,860	$ 3,552,047	$ 452,813
Judicial administration:				
Courts:				
Circuit court	$ 101,112	$ 101,814	$ 80,387	$ 21,427
General district court	8,075	8,075	4,715	3,360
Juvenile domestic court	10,310	10,310	5,794	4,516
Clerk of the circuit court	479,858	483,643	470,052	13,591
Sheriff - courts	842,940	775,127	767,455	7,672
Total courts	$ 1,442,295	$ 1,378,969	$ 1,328,403	$ 50,566

General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019 (Continued)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
EXPENDITURES: (Continued)				
Judicial administration: (Continued)				
Commonwealth's attorney:				
Commonwealth's attorney	$ 678,733	$ 800,681	$ 774,152	$ 26,529
Total judicial administration	$ 2,121,028	$ 2,179,650	$ 2,102,555	$ 77,095
Public safety:				
Law enforcement and traffic control:				
Sheriff - law enforcement	$ 4,069,720	$ 4,394,457	$ 4,393,595	$ 862
Communications center	966,890	967,446	943,578	23,868
Emergency 911 system	205,750	278,586	269,497	9,089
Total law enforcement and traffic control	$ 5,242,360	$ 5,640,489	$ 5,606,670	$ 33,819
Fire and rescue services:				
Office of emergency services	$ 381,997	$ 536,968	$ 466,378	$ 70,590
Fire & rescue assistance	1,311,850	1,752,374	1,512,047	240,327
Revenue recovery	185,841	185,854	168,273	17,581
Emergency services	2,935,647	2,971,210	2,724,894	246,316
Total fire and rescue services	$ 4,815,335	$ 5,446,406	$ 4,871,592	$ 574,814
Correction and detention:				
Sheriff - correction and detention	$ 2,855,856	$ 3,174,560	$ 3,099,539	$ 75,021
Other protection:				
Animal control	$ 238,931	$ 246,773	$ 203,632	$ 43,141
Animal shelter	246,159	332,019	265,872	66,147
Forest fire prevention and extinction	33,660	33,660	26,621	7,039
Emergency services (civil defense)	17,965	17,965	17,965	-
Transportation safety commission	1,200	1,200	1,200	-
Transportation department	268,188	306,257	305,882	375
Total other protection	$ 806,103	$ 937,874	$ 821,172	$ 116,702
Total public safety	$ 13,719,654	$ 15,199,329	$ 14,398,973	$ 800,356

General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019 (Continued)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
EXPENDITURES: (Continued)				
Public works:				
Sanitation and waste removal:				
Refuse collection-solid waste control	$ 1,174,929	$ 1,270,637	$ 1,237,132	$ 33,505
Litter control	-	10,114	10,114	-
Total sanitation and waste removal	$ 1,174,929	$ 1,280,751	$ 1,247,246	$ 33,505
Maintenance of general buildings and grounds:				
General properties	$ 1,687,384	$ 1,847,853	$ 1,602,745	$ 245,108
Water and wastewater	479,305	600,645	593,679	6,966
Total maintenance of general buildings and grounds	$ 2,166,689	$ 2,448,498	$ 2,196,424	$ 252,074
Total public works	$ 3,341,618	$ 3,729,249	$ 3,443,670	$ 285,579
Health and human services:				
Health:				
Supplement of local health department	$ 675,967	$ 675,967	$ 675,967	$ -
Total health	$ 675,967	$ 675,967	$ 675,967	$ -
Mental health and mental retardation:				
Region 10	$ 135,000	$ 135,000	$ 135,000	$ -
Human services:				
Administration and public assistance	$ 4,649,020	$ 4,787,432	$ 4,436,979	$ 350,453
At risk youth	2,928,677	3,266,762	3,190,349	76,413
Monticello Area Community Action Agency	35,424	35,424	35,424	-
Jefferson Area Board for Aging	269,110	269,110	269,110	-
Housing assistance	31,650	31,650	31,650	-
Human service agency donations	369,207	369,207	369,207	-
Total human services	$ 8,283,088	$ 8,759,585	$ 8,332,719	$ 426,866
Total health and human services	$ 9,094,055	$ 9,570,552	$ 9,143,686	$ 426,866
Education:				
Other instructional costs:				
Contribution to Louisa County school board	$ 34,215,610	$ 33,551,540	$ 32,160,874	$ 1,390,666
Contributions to local community college	64,768	64,768	64,768	-
Total education	$ 34,280,378	$ 33,616,308	$ 32,225,642	$ 1,390,666
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation	$ 679,167	$ 684,748	$ 643,995	$ 40,753
Parks and recreation - self supporting	375,537	387,043	387,139	(96)
Swimming pools	105,234	111,267	111,709	(442)
Total parks and recreation	$ 1,159,938	$ 1,183,058	$ 1,142,843	$ 40,215

General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019 (Continued)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
EXPENDITURES: (Continued)				
Parks, recreation, and cultural: (Continued)				
Cultural enrichment:				
Agriculture fair	$ 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	$ 368,718	$ 368,718	$ 368,418	$ 300
Total parks, recreation, and cultural	$ 1,599,556	$ 1,627,176	$ 1,586,661	$ 40,515
Community development:				
Planning and community development:				
Planning	$ 1,076,495	$ 1,068,543	$ 1,018,548	$ 49,995
Planning District Commission	57,294	57,294	57,294	-
Industrial Development Authority	103,571	1,154,069	1,154,069	-
Broadband Authority	-	20,000	2,536	17,464
Economic development	159,262	164,118	134,655	29,463
Tourism	44,298	44,318	33,562	10,756
Other community development	-	-	-	-
Total planning and community development	$ 1,440,920	$ 2,508,342	$ 2,400,664	$ 107,678
Environmental management:				
Soil and water conservation	$ 48,938	$ 48,938	$ 48,938	$ -
Cooperative extension program:				
VPI extension	$ 134,507	$ 149,691	$ 105,424	$ 44,267
Total community development	$ 1,624,365	$ 2,706,971	$ 2,555,026	$ 151,945
Nondepartmental:				
Miscellaneous	$ 515,584	$ 43,963	$ -	$ 43,963
Debt service:				
Principal retirement	$ 2,982,331	$ 2,622,801	$ 2,600,442	$ 22,359
Interest and other fiscal charges	2,640,966	2,640,966	2,615,962	25,004
Total debt service	$ 5,623,297	$ 5,263,767	$ 5,216,404	$ 47,363
Total Expenditures	$ 75,704,680	$ 77,941,825	$ 74,224,664	$ 3,717,161
Excess (deficiency) of revenues over (under) expenditures	$ 2,803,233	$ 1,594,315	$ 8,522,440	$ 6,928,125
OTHER FINANCING SOURCES (USES)				
Transfers out	$ (2,799,074)	$ (6,306,259)	$ (11,306,259)	$ (5,000,000)
Net change in fund balances	$ 4,159	$ (4,711,944)	$ (2,783,819)	$ 1,928,125
Fund balances - beginning	(4,159)	4,711,944	57,851,726	53,139,782
Fund balances - ending	$ -	$ -	$ 55,067,907	$ 55,067,907

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Primary Government
For the Measurement Dates of June 30, 2014 through June 30, 2018

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	$ 1,297,792	$ 1,264,184	$ 1,188,987	$ 1,199,717	$ 1,192,189
Interest	2,226,166	2,151,814	2,013,571	1,926,333	1,807,709
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	851,825	(698,869)	99,738	(560,194)	-
Impact of change in proportion	(70,518)	(71,283)	(82,531)	(66,793)	-
Changes in assumptions	-	(253,486)	-	-	-
Benefit payments, including refunds of employee contributions	(1,413,194)	(1,248,719)	(1,263,487)	(1,210,657)	(1,266,461)
Net change in total pension liability	$ 2,892,071	$ 1,143,641	$ 1,956,278	$ 1,288,406	$ 1,733,437
Total pension liability - beginning	32,579,489	31,435,848	29,479,570	28,191,164	26,457,727
Total pension liability - ending (a)	$ 35,471,560	$ 32,579,489	$ 31,435,848	$ 29,479,570	$ 28,191,164
Plan fiduciary net position					
Contributions - employer	$ 699,454	$ 740,275	$ 969,141	$ 931,445	$ 1,273,042
Contributions - employee	542,419	528,473	512,607	505,307	490,304
Impact of change in proportion	(73,025)	(68,309)	(82,526)	(66,443)	
Net investment income	2,490,104	3,685,703	529,237	1,291,796	3,795,835
Benefit payments, including refunds of employee contributions	(1,413,194)	(1,248,719)	(1,263,487)	(1,210,657)	(1,266,461)
Administrative expense	(21,181)	(20,846)	(17,993)	(17,180)	(19,837)
Other	(2,231)	(3,297)	(222)	(274)	199
Net change in plan fiduciary net position	$ 2,222,346	$ 3,613,280	$ 646,757	$ 1,433,994	$ 4,273,082
Plan fiduciary net position - beginning	33,737,518	30,124,238	29,477,481	28,043,487	23,770,405
Plan fiduciary net position - ending (b)	$ 35,959,864	$ 33,737,518	$ 30,124,238	$ 29,477,481	$ 28,043,487
County's net pension liability (asset) - ending (a) - (b)	$ (488,304)	$ (1,158,029)	$ 1,311,610	$ 2,089	$ 147,677
Plan fiduciary net position as a percentage of the total pension liability	101.38%	103.55%	95.83%	99.99%	99.48%
Covered payroll	$ 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	-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)
For the Measurement Dates of June 30, 2014 through June 30, 2018

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	$ 356,903	$ 359,891	$ 374,789	$ 385,090	$ 389,308
Interest	941,538	912,259	869,625	815,270	764,024
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(110,460)	(122,684)	(104,174)	41,954	-
Changes in assumptions	-	(191,733)	-	-	-
Benefit payments, including refunds of employee contributions	(523,627)	(555,289)	(507,083)	(424,544)	(417,952)
Net change in total pension liability	$ 664,354	$ 402,444	$ 633,157	$ 817,770	$ 735,380
Total pension liability - beginning	13,712,354	13,309,910	12,676,753	11,858,983	11,123,603
Total pension liability - ending (a)	$ 14,376,708	$ 13,712,354	$ 13,309,910	$ 12,676,753	$ 11,858,983
Plan fiduciary net position					
Contributions - employer	$ 178,758	$ 185,122	$ 259,053	$ 258,841	$ 323,654
Contributions - employee	179,128	182,471	178,558	179,082	180,165
Net investment income	1,053,482	1,568,784	222,861	560,686	1,660,301
Benefit payments, including refunds of employee contributions	(523,627)	(555,289)	(507,083)	(424,544)	(417,952)
Administrative expense	(9,043)	(9,049)	(7,878)	(7,549)	(8,790)
Other	(942)	(1,399)	(95)	(119)	87
Net change in plan fiduciary net position	$ 877,756	$ 1,370,640	$ 145,416	$ 566,397	$ 1,737,465
Plan fiduciary net position - beginning	14,301,932	12,931,292	12,785,876	12,219,479	10,482,014
Plan fiduciary net position - ending (b)	$ 15,179,688	$ 14,301,932	$ 12,931,292	$ 12,785,876	$ 12,219,479
School Division's net pension liability/(asset) - ending (a) - (b)	$ (802,980)	$ (589,578)	$ 378,618	$ (109,123)	$ (360,496)
Plan fiduciary net position as a percentage of the total pension liability	105.59%	104.30%	97.16%	100.86%	103.04%
Covered payroll	$ 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	-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 - Component Unit School Board
For the Measurement Dates of June 30, 2014 through June 30, 2018

	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	0.35104%	0.34301%	0.34631%	0.34524%	0.34084%
Employer's Proportionate Share of the Net Pension Liability (Asset)	$ 41,282,000	$ 42,184,000	$ 48,532,000	$ 43,453,000	$ 41,190,000
Employer's Covered Payroll	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	144.14%	155.79%	183.86%	160.84%	150.42%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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, 2010 through June 30, 2019

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					
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%
2010	777,547	777,547	-	10,007,034	7.77%
Component Unit School Board (nonprofessional)					
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%
2010	202,579	202,579	-	3,277,971	6.18%
Component Unit School Board (professional) (1)					
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%

(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.

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

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

Largest 10 – Non-Hazardous Duty:

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

Largest 10 – Hazardous Duty:

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

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

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

All Others (Non 10 Largest) – Hazardous Duty:

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

Component Unit School Board - Professional Employees

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

Schedule of County of Louisa, Virginia and Component Unit School Board's Share of Net OPEB Liability
Group Life Insurance Program
For the Measurement Dates of June 30, 2018 and 2017

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					
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)					
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)					
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%

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

Schedule of Employer Contributions
Group Life Insurance Program
For the Years Ended June 30, 2010 through June 30, 2019

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					
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%
2010	20,384	20,384	-	10,007,034	0.20%
Component Unit School Board (nonprofessional)					
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%
2010	6,402	6,402	-	3,277,971	0.20%
Component Unit School Board (professional)					
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%
2010	45,845	45,845	-	23,972,568	0.19%

Notes to Required Supplementary Information
Group Life Insurance Program
For the Year Ended June 30, 2019

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

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

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

Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - General Employees

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

Largest Ten Locality Employers - Hazardous Duty Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

Schedule of Louisa School Board's Share of Net OPEB Liability
Teacher Employee Health Insurance Credit (HIC) Program - Component Unit School Board
For the Measurement Dates of June 30, 2018 and 2017

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)
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) Program - Component Unit School Board
For the Years Ended June 30, 2010 through June 30, 2019

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)
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%
2010	176,590	176,590	-	23,972,568	0.74%

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

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

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

Schedule of Changes in the Net OPEB Liability and Related Ratios
Health Insurance Credit (HIC) Program
For the Measurement Dates of June 30, 2018 and 2017

	Primary Government and LCWA 2018	School Nonprofessional 2018	Primary Government and LCWA 2017	School Nonprofessional 2017
Total HIC OPEB Liability				
Service cost	$ 6,532	$ 7,186	$ 5,975	$ 7,405
Interest	8,529	24,934	7,594	24,414
Differences between expected and actual experience	(7,377)	(15,756)	-	-
Impact of change in proportion	-	-	(106)	-
Changes in assumptions	-	-	(5,095)	(9,218)
Benefit payments	(6,475)	(19,442)	(2,249)	(10,895)
Net change in total HIC OPEB liability	$ 1,209	$ (3,078)	$ 6,119	$ 11,706
Total HIC OPEB Liability - beginning	125,076	365,921	109,915	354,215
Total HIC OPEB Liability - ending (a)	$ 126,285	$ 362,843	$ 116,034	$ 365,921
Plan fiduciary net position				
Contributions - employer	$ 9,726	$ 16,552	$ 8,645	$ 16,711
Net investment income	6,785	16,413	8,736	23,683
Benefit payments	(6,475)	(19,442)	(2,249)	(10,895)
Administrative expense	(164)	(385)	(152)	(389)
Other	(452)	(1,178)	419	1,178
Net change in plan fiduciary net position	$ 9,420	$ 11,960	$ 15,399	$ 30,288
Plan fiduciary net position - beginning	94,222	233,117	72,061	202,829
Plan fiduciary net position - ending (b)	$ 103,642	$ 245,077	$ 87,460	$ 233,117
Net HIC OPEB liability - ending (a) - (b)	$ 22,643	$ 117,766	$ 28,574	$ 132,804
Plan fiduciary net position as a percentage of the total HIC OPEB liability	82.07%	67.54%	75.37%	63.71%
Covered payroll	$ 5,287,237	$ 3,775,794	$ 5,099,411	$ 3,797,949
Net HIC OPEB liability as a percentage of covered payroll	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) Program
For the Years Ended June 30, 2010 through June 30, 2019

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					
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%
2010	14,058	14,058	-	10,041,647	0.14%
Component Unit School Board (nonprofessional)					
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%
2010	32,452	32,452	-	3,277,971	0.99%

Notes to Required Supplementary Information
Health Insurance Credit (HIC) Program
For the Year Ended June 30, 2019

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

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

Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - General Employees

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

Largest Ten Locality Employers - Hazardous Duty Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
Pay-As-You-Go Plan
For the Measurement Dates of June 30, 2019 and 2018

	Primary Government 2019	School Nonprofessional 2019	Primary Government 2018	School Nonprofessional 2018
Total OPEB liability				
Service cost	$ 71,707	$ 179,304	$ 69,958	$ 174,931
Interest	37,643	127,223	32,201	116,168
Changes in assumptions	71,878	(135,810)	-	-
Differences between expected and actual experience	458,677	1,123,634		
Benefit payments	(37,241)	(242,612)	(19,606)	(95,487)
Net change in total OPEB liability	$ 602,664	$ 1,051,739	$ 82,553	$ 195,612
Total OPEB liability - beginning	999,433	3,515,694	916,880	3,320,082
Total OPEB liability - ending	$ 1,602,097	$ 4,567,433	$ 999,433	$ 3,515,694
Covered payroll	$ 11,545,132	$ 24,314,340	$ 12,109,574	$ 33,572,727
Total OPEB liability (asset) as a percentage of covered payroll	13.88%	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 OPEB Plan
For the Year Ended June 30, 2019

Valuation Date: 6/30/2018
Measurement Date: 6/30/2019

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.13%
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 6.25% in 2019 and gradually decreases to 4.25%
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, 2019

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Other local taxes	$ 950,000	$ 950,000	$ 1,225,806	$ 275,806
Revenue from the use of money and property	150,000	150,000	417,980	267,980
Miscellaneous	79,000	147,030	107,805	(39,225)
Intergovernmental:				
Commonwealth	170,000	226,935	224,192	(2,743)
Total revenues	$ 1,349,000	$ 1,473,965	$ 1,975,783	$ 501,818
EXPENDITURES				
Current:				
Economic development projects	$ 325,000	$ 13,833,658	$ 10,579,099	$ 3,254,559
Emergency services projects	910,000	4,433,995	1,532,718	2,901,277
Judicial administration	-	127,400	-	127,400
County administration	34,500	1,355,588	20,672	1,334,916
Parks and recreation	25,000	393,630	68,030	325,600
Sheriff's department	340,000	379,469	358,500	20,969
School capital projects	2,121,483	2,549,480	2,339,715	209,765
Public works	346,250	4,867,766	2,774,346	2,093,420
Total expenditures	$ 4,102,233	$ 27,940,986	$ 17,673,080	$ 10,267,906
Excess (deficiency) of revenues over (under) expenditures	$ (2,753,233)	$ (26,467,021)	$ (15,697,297)	$ 10,769,724
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 2,799,074	$ 6,306,259	$ 11,306,259	$ 5,000,000
Total other financing sources (uses)	$ 2,799,074	$ 6,306,259	$ 11,306,259	$ 5,000,000
Net change in fund balances	$ 45,841	$ (20,160,762)	$ (4,391,038)	$ 15,769,724
Fund balances - beginning	(45,841)	20,160,762	24,384,150	4,223,388
Fund balances - ending	$ -	$ -	$ 19,993,112	$ 19,993,112

Combining Statement of Fiduciary Net Position
Agency Funds
June 30, 2019

	Agency Funds			
	Special Welfare Fund	Bond Escrow Fund	Spencer Scholarship Fund	Total
ASSETS				
Cash and cash equivalents	$ 3,214	$ 3,914,773	$ 53,472	$ 3,971,459
LIABILITIES				
Amounts held for social services clients	$ 3,214	$ -	$ -	$ 3,214
Amounts held for projects	-	3,914,773	-	3,914,773
Amounts held for others	-	-	53,472	53,472
Total liabilities	$ 3,214	$ 3,914,773	$ 53,472	$ 3,971,459

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2019

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Special Welfare Fund:				
ASSETS				
Cash and cash equivalents	$ 10,070	$ 31,662	$ 38,518	$ 3,214
Total assets	$ 10,070	$ 31,662	$ 38,518	$ 3,214
LIABILITIES				
Amounts held for social services clients	$ 10,070	$ 31,662	$ 38,518	$ 3,214
Total liabilities	$ 10,070	$ 31,662	$ 38,518	$ 3,214
Bond Escrow Fund:				
ASSETS				
Cash and cash equivalents	$ 1,678,053	$ 2,236,720	$ -	$ 3,914,773
Total assets	$ 1,678,053	$ 2,236,720	$ -	$ 3,914,773
LIABILITIES				
Amounts held for projects	$ 1,678,053	$ 2,236,720	$ -	$ 3,914,773
Total liabilities	$ 1,678,053	$ 2,236,720	$ -	$ 3,914,773
Spencer Scholarship Fund:				
ASSETS				
Cash and cash equivalents	$ 53,339	$ 133	$ -	$ 53,472
Total assets	$ 53,339	$ 133	$ -	$ 53,472
LIABILITIES				
Amounts held for others	$ 53,339	$ 133	$ -	$ 53,472
Total liabilities	$ 53,339	$ 133	$ -	$ 53,472
Totals - All Agency Funds:				
ASSETS				
Cash and cash equivalents	$ 1,741,462	$ 2,268,515	$ 38,518	$ 3,971,459
Total assets	$ 1,741,462	$ 2,268,515	$ 38,518	$ 3,971,459
LIABILITIES				
Amounts held for social services clients	$ 10,070	$ 31,662	$ 38,518	$ 3,214
Amounts held for projects	1,678,053	2,236,720	-	3,914,773
Amounts held for others	53,339	133	-	53,472
Total liabilities	$ 1,741,462	$ 2,268,515	$ 38,518	$ 3,971,459

Discretely Presented Component Unit-School Board

Balance Sheet
Governmental Funds - Discretely Presented Component Unit - School Board
June 30, 2019

		School Operating Fund
ASSETS		
Cash and cash equivalents	$	5,995,762
Receivables (net of allowance for uncollectibles):		
Accounts receivable		6,833
Due from other governmental units		1,479,864
Prepaid items		58,733
Total assets	$	7,541,192
LIABILITIES		
Liabilities:		
Accounts payable	$	1,809,367
Accrued liabilities		5,731,825
Total liabilities	$	7,541,192
FUND BALANCE:		
Nonspendable:		
Prepaid items	$	58,733
Unassiged		(58,733)
Total fund balances	$	-
Total liabilities and fund balances	$	7,541,192

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.	79,085,476
The net pension asset is not an available resource and, thereforem is not reported	802,980
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	8,097,113
Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the funds.	(53,653,362)
Deferred inflows of resources are not due and payable inthe current-period and, therefore, are not reported in the funds.	(5,529,275)
Net position of governmental activities	28,802,932

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2019

	School Operating Fund	Natural Disaster Operating Fund	Total Governmental Funds
REVENUES			
Revenue from the use of money and property	$ 39,225	$ -	$ 39,225
Charges for services	1,423,608	-	1,423,608
Miscellaneous	237,469	-	237,469
Recovered costs	141,290	-	141,290
Intergovernmental:			
Local government	33,395,474	-	33,395,474
Commonwealth	22,699,630	273	22,699,903
Federal	3,847,404	-	3,847,404
Total revenues	$ 61,784,100	$ 273	$ 61,784,373
EXPENDITURES			
Current:			
Education	$ 61,784,100	$ 17,089	$ 61,801,189
Contribition to primary government	-	1,234,600	1,234,600
Total expenditures	$ 61,784,100	$ 1,251,689	$ 63,035,789
Excess (deficiency) of revenues over (under) expenditures	$ -	$ (1,251,416)	$ (1,251,416)
Net change in fund balances	$ -	$ (1,251,416)	$ (1,251,416)
Fund balances - beginning	-	1,251,416	1,251,416
Fund balances - ending	$ -	$ -	$ -

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Net change in fund balances - total governmental funds - per above		$ (1,251,416)
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	$ 327,449	
Depreciation expense	(3,663,414)	
Assets contributed by Primary Government	1,613,753	
Transfer of joint tenancy assets from Primary Government to the Component Unit	1,679,692	$ (42,520)
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	$ 34,038	
Pension expense	1,770,852	
OPEB expense	(15,858)	$ 1,789,032
Change in net position of governmental activities		$ 495,096

COUNTY OF LOUISA, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2019

	School Operating Fund			
	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Revenue from the use of money and property	$ 15,000	$ 15,000	$ 39,225	$ 24,225
Charges for services	1,351,300	1,401,300	1,423,608	22,308
Miscellaneous	224,000	227,400	237,469	10,069
Recovered costs	100,000	100,000	141,290	41,290
Intergovernmental:				
Local government	34,215,610	34,786,140	33,395,474	(1,390,666)
Commonwealth	22,514,828	22,514,828	22,699,630	184,802
Federal	4,200,395	4,273,111	3,847,404	(425,707)
Total revenues	$ 62,621,133	$ 63,317,779	$ 61,784,100	$ (1,533,679)
EXPENDITURES				
Current:				
Education:				
Instruction	$ 43,790,428	$ 44,053,835	$ 42,799,561	$ 1,254,274
Administration, attendance and health	3,073,837	3,051,828	3,024,811	27,017
Pupil transportation	5,382,461	5,560,731	5,270,484	290,247
Operation and maintenance services	5,191,592	4,940,580	4,891,227	49,353
Facilities	-	-	-	-
Technology	2,678,051	3,306,041	3,457,344	(151,303)
School food services	2,504,764	2,504,764	2,340,673	164,091
Contribition to primary government	-	-	-	-
Total expenditures	$ 62,621,133	$ 63,417,779	$ 61,784,100	$ 1,633,679
Excess (deficiency) of revenues over (under) expenditures	$ -	$ (100,000)	$ -	$ 100,000
Net change in fund balances	$ -	$ (100,000)	$ -	$ 100,000
Fund balances - beginning	-	100,000	-	(100,000)
Fund balances - ending	$ -	$ -	$ -	$ -

Natural Disaster Operating Fund			
Budgeted Amounts			Variance with Final Budget Positive (Negative)
Original	Final	Actual	
$ -	$ -	$ -	$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	273	273
-	-	-	-
$ -	$ -	$ 273	$ 273
$ -	$ -	$ -	$ -
-	-	-	-
-	-	-	-
-	17,089	17,089	-
-	-	-	-
-	-	-	-
-	1,234,600	1,234,600	-
$ -	$ 1,251,689	$ 1,251,689	$ -
$ -	$ (1,251,689)	$ (1,251,416)	$ 273
$ -	$ (1,251,689)	$ (1,251,416)	$ 273
-	1,251,689	1,251,416	(273)
$ -	$ -	$ -	$ -

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Supporting Schedules

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019

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	$ 33,252,000	$ 33,252,000	$ 33,577,645	$ 325,645
Real and personal public service corporation taxes	17,650,000	17,650,000	16,870,583	(779,417)
Personal property taxes	7,279,773	7,279,773	8,751,212	1,471,439
Mobile home taxes	65,000	65,000	69,107	4,107
Machinery and tools taxes	308,000	308,000	311,664	3,664
Other taxes	500,000	500,000	487,063	(12,937)
Penalties	320,000	320,000	408,596	88,596
Interest	330,000	330,000	398,203	68,203
Total general property taxes	$ 59,704,773	$ 59,704,773	$ 60,874,073	$ 1,169,300
Other local taxes:				
Local sales and use taxes	$ 3,600,000	$ 3,600,000	$ 3,859,107	$ 259,107
Consumers' utility taxes	600,000	600,000	652,128	52,128
Business license taxes	150,000	150,000	206,832	56,832
Utility license taxes	14,000	14,000	18,244	4,244
Motor vehicle licenses	1,290,000	1,290,000	1,439,736	149,736
Taxes on recordation and wills	550,000	550,000	667,383	117,383
Hotel and motel room taxes	150,000	150,000	189,649	39,649
Total other local taxes	$ 6,354,000	$ 6,354,000	$ 7,033,079	$ 679,079
Permits, privilege fees, and regulatory licenses:				
Animal licenses	$ 14,500	$ 14,500	$ 11,574	$ (2,926)
Land use application fees	1,000	1,000	1,340	340
Transfer fees	1,500	1,500	1,841	341
Building and other related permits	340,000	340,000	366,271	26,271
Zoning and use permits	100,000	100,000	143,657	43,657
Erosion and sediment control	40,000	40,000	32,890	(7,110)
Permits and other licenses	3,000	3,000	2,918	(82)
Total permits, privilege fees, and regulatory licenses	$ 500,000	$ 500,000	$ 560,491	$ 60,491
Fines and forfeitures:				
Court fines and forfeitures	$ 60,000	$ 60,000	$ 89,689	$ 29,689
Revenue from use of money and property:				
Revenue from use of money	$ 330,000	$ 330,000	$ 843,776	$ 513,776
Revenue from use of property	34,500	34,500	55,403	20,903
Total revenue from use of money and property	$ 364,500	$ 364,500	$ 899,179	$ 534,679
Charges for services:				
Excess fees of clerk	$ 10,000	$ 10,000	$ 16,965	$ 6,965
Charges for law enforcement and traffic control	5,000	5,000	3,789	(1,211)
Charges for courthouse maintenance	14,000	14,000	11,797	(2,203)
Charges for Commonwealth's Attorney	2,500	2,500	2,885	385
Ambulance services	1,100,000	1,100,000	1,308,245	208,245
Charges for sanitation and waste removal	250,000	250,000	337,963	87,963
Charges for parks and recreation	490,000	490,000	549,782	59,782
Charges for telecommunication review	25,000	25,000	6,300	(18,700)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019 (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	$ 46,300	$ (12,700)
Other charges for services	4,000	16,623	22,738	6,115
Court fees law library	-	-	3,555	3,555
Total charges for services	$ 1,959,500	$ 1,972,123	$ 2,310,319	$ 338,196
Miscellaneous:				
Miscellaneous	$ 100,000	$ 214,492	$ 242,756	$ 28,264
Recovered costs:				
Juvenile and domestic relations court costs	$ 24,000	$ 24,000	$ 26,501	$ 2,501
Expenditure refunds	-	-	6,714	6,714
Other recovered costs	31,000	31,000	259,866	228,866
Total recovered costs	$ 55,000	$ 55,000	$ 293,081	$ 238,081
Total revenue from local sources	$ 69,097,773	$ 69,224,888	$ 72,302,667	$ 3,077,779
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	$ 20,000	$ 20,000	$ 23,142	$ 3,142
Mobile home titling tax	15,000	15,000	42,857	27,857
Motor vehicle rental tax	3,000	3,000	28,087	25,087
Communication sales tax	330,000	330,000	272,262	(57,738)
Personal property tax relief funds	1,620,227	1,620,227	1,620,227	-
Total noncategorical aid	$ 1,988,227	$ 1,988,227	$ 1,986,575	$ (1,652)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	$ 355,000	$ 355,000	$ 358,604	$ 3,604
Sheriff	1,297,530	1,297,530	1,296,390	(1,140)
Commissioner of revenue	132,600	132,600	129,052	(3,548)
Treasurer	125,000	125,000	134,646	9,646
Registrar/electoral board	40,000	40,000	42,436	2,436
Clerk of the Circuit Court	275,000	275,000	308,718	33,718
Total shared expenses	$ 2,225,130	$ 2,225,130	$ 2,269,846	$ 44,716
Other categorical aid:				
Welfare administration and assistance	$ 1,927,595	$ 1,994,998	$ 1,743,860	$ (251,138)
Wireless E-911 grant	-	-	104,711	104,711
Juvenile justice - crime control	-	9,905	9,905	-
At risk youth - children's services act	1,250,000	1,441,359	1,459,000	17,641
Four 4 life grant	-	82,632	42,852	(39,780)
Litter control grant	-	10,114	10,114	-
Radiological preparedness grant	-	12,000	12,000	-
Records preservation	-	5,716	5,716	-
Fire programs fund	-	107,754	107,754	-
Victim-witness grant	-	17,329	15,699	(1,630)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019 (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	$ -	$ 243,512	$ 273,689	$ 30,177
Total other categorical aid	$ 3,177,595	$ 3,925,319	$ 3,785,300	$ (140,019)
Total categorical aid	$ 5,402,725	$ 6,150,449	$ 6,055,146	$ (95,303)
Total revenue from the Commonwealth	$ 7,390,952	$ 8,138,676	$ 8,041,721	$ (96,955)
Revenue from the federal government:				
Categorical aid:				
Welfare public assistance	$ 1,759,660	$ 1,830,669	$ 2,139,092	$ 308,423
Victim witness	-	51,987	47,096	(4,891)
Federal DMV grants	-	-	1,367	1,367
Bulletproof vest partnership program	-	-	4,570	4,570
Violence against women	-	27,350	27,350	-
Federal interest subsidy	259,528	259,528	161,731	(97,797)
FEMA grants	-	-	3,903	3,903
Asset forfieture	-	3,042	-	(3,042)
Emergency management preparedness	-	-	17,607	17,607
Total categorical aid	$ 2,019,188	$ 2,172,576	$ 2,402,716	$ 230,140
Total revenue from the federal government	$ 2,019,188	$ 2,172,576	$ 2,402,716	$ 230,140
Total General Fund	$ 78,507,913	$ 79,536,140	$ 82,747,104	$ 3,210,964
Capital Projects Fund:				
County Capital Improvements Fund:				
Revenue from local sources:				
Other local taxes:				
Meals tax	$ 950,000	$ 950,000	$ 1,225,806	$ 275,806
Revenue from use of money and property:				
Revenue from the use of money	$ 150,000	$ 150,000	$ 417,980	$ 267,980
Miscellaneous revenue:				
Other miscellaneous	$ 79,000	$ 147,030	$ 107,805	$ (39,225)
Total revenue from local sources	$ 1,179,000	$ 1,247,030	$ 1,751,591	$ 504,561
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Recordation taxes	$ 140,000	$ 140,000	$ 167,257	$ 27,257
Other categorical aid	30,000	86,935	56,935	(30,000)
Total categorical aid	$ 170,000	$ 226,935	$ 224,192	$ (2,743)
Total revenue from the Commonwealth	$ 170,000	$ 226,935	$ 224,192	$ (2,743)
Total County Capital Improvements Fund	$ 1,349,000	$ 1,473,965	$ 1,975,783	$ 501,818
Total Primary Government	$ 79,856,913	$ 81,010,105	$ 84,722,887	$ 3,712,782

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019 (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	$ 1,818	$ (682)
Revenue from the use of property	12,500	12,500	37,407	24,907
Total revenue from use of money and property	$ 15,000	$ 15,000	$ 39,225	$ 24,225
Charges for services:				
Tuition	$ 540,300	$ 590,300	$ 672,005	$ 81,705
Cafeteria sales	811,000	811,000	751,603	(59,397)
Total charges for services	$ 1,351,300	$ 1,401,300	$ 1,423,608	$ 22,308
Miscellaneous revenue:				
Other miscellaneous	$ 224,000	$ 227,400	$ 237,469	$ 10,069
Recovered costs:				
Other recovered costs	$ 100,000	$ 100,000	$ 141,290	$ 41,290
Total revenue from local sources	$ 1,690,300	$ 1,743,700	$ 1,841,592	$ 97,892
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Louisa, Virginia	$ 34,215,610	$ 34,786,140	$ 33,395,474	$ (1,390,666)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019 (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	$ 5,393,282	$ 5,393,282	$ 5,461,942	$ 68,660
Basic school aid	10,008,986	10,008,986	10,093,216	84,230
Remedial education	334,313	334,313	337,265	2,952
Special education	1,373,222	1,373,222	1,385,348	12,126
Textbook payment	213,050	213,050	214,932	1,882
Vocational SOQ payments	162,925	162,925	164,363	1,438
Social security fringe benefits	605,149	605,149	610,492	5,343
Retirement fringe benefits	1,337,252	1,337,252	1,349,060	11,808
At risk payments	254,713	254,713	283,504	28,791
Special education - regional tuition	714,478	714,478	812,596	98,118
Primary class size	438,656	438,656	426,549	(12,107)
Technology	206,000	206,000	-	(206,000)
At risk four-year olds	352,188	352,188	284,670	(67,518)
Other state funds	1,120,614	1,120,614	1,275,693	155,079
Total categorical aid	$ 22,514,828	$ 22,514,828	$ 22,699,630	$ 184,802
Total revenue from the Commonwealth	$ 22,514,828	$ 22,514,828	$ 22,699,630	$ 184,802
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	950,000	966,790	922,556	(44,234)
Title VI-B: Special education grants	1,675,355	1,675,355	1,153,413	(521,942)
Title VI-B: Special education preschool grants	17,540	17,540	22,731	5,191
Vocational education	75,000	82,483	83,593	1,110
Safe and drug free schools and communities	2,500	2,500	-	(2,500)
Title II, part A: Improving teacher quality	150,000	163,194	173,898	10,704
School lunch and breakfast program	1,308,000	1,308,000	1,460,009	152,009
Title IV Part A	-	35,249	15,291	(19,958)
Class size reduction	-	-	9,333	9,333
Language acquisition grant - refugee children	7,000	7,000	6,580	(420)
Total categorical aid	$ 4,200,395	$ 4,273,111	$ 3,847,404	$ (425,707)
Total revenue from the federal government	$ 4,200,395	$ 4,273,111	$ 3,847,404	$ (425,707)
Total School Operating Fund	$ 62,621,133	$ 63,317,779	$ 61,784,100	$ (1,533,679)
Natural Disaster Operating Fund:				
Revenue from the Commonwealth:				
Categorical aid:				
FEMA - earthquake funds	$ -	$ -	$ 273	$ 273
Total Natural Disaster Operating Fund	$ -	$ -	$ 273	$ 273
Total Discretely Presented Component Unit - School Board	$ 62,621,133	$ 63,317,779	$ 61,784,373	$ (1,533,406)

Statistical Section

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

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COUNTY OF LOUISA, VIRGINIA **Table 1**

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	$ 17,504,861	$ 18,143,105	$ 17,833,603	$ 16,354,996	$ 18,464,264	$ 24,664,433	$ 23,278,507	$ 25,809,816	$ 30,809,285	$ 36,910,984
Restricted	-	-	-	-	1,571,038	1,527,892	1,483,266	-	1,016,602	-
Unrestricted	64,218,511	56,273,869	58,590,814	59,139,278	51,610,080	47,904,898	53,460,871	61,946,226	63,190,810	64,993,131
Total governmental activities net position	$ 81,723,372	$ 74,416,974	$ 76,424,417	$ 75,494,274	$ 71,645,382	$ 74,097,223	$ 78,222,644	$ 87,756,042	$ 95,016,697	$ 101,904,115
Primary government										
Net investment in capital assets	$ 17,504,861	$ 18,143,105	$ 17,833,603	$ 16,354,996	$ 18,464,264	$ 24,664,433	$ 23,278,507	$ 25,809,816	$ 30,809,285	$ 36,910,984
Restricted	-	-	-	-	1,571,038	1,527,892	1,483,266	-	1,016,602	-
Unrestricted	64,218,511	56,273,869	58,590,814	59,139,278	51,610,080	47,904,898	53,460,871	61,946,226	63,190,810	64,993,131
Total primary government net position	$ 81,723,372	$ 74,416,974	$ 76,424,417	$ 75,494,274	$ 71,645,382	$ 74,097,223	$ 78,222,644	$ 87,756,042	$ 95,016,697	$ 101,904,115

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government administration	$ 3,558,411	$ 3,677,873	$ 3,315,349	$ 3,397,777	$ 3,506,219	$ 3,435,934	$ 3,478,169	$ 3,542,581	$ 3,464,123	$ 3,627,043
Judicial administration	2,159,585	2,102,860	2,009,183	2,058,528	2,064,058	1,880,796	1,979,935	1,938,254	1,972,016	1,928,527
Public safety	10,517,891	11,613,566	12,377,094	12,406,368	13,522,591	12,293,528	12,929,011	14,179,090	14,740,930	15,682,242
Public works	3,991,484	3,785,930	3,618,145	4,396,747	5,705,451	4,910,275	4,764,676	3,754,577	4,361,917	4,492,282
Health and welfare	7,303,205	7,190,521	7,556,166	7,728,749	7,310,884	7,594,943	7,838,939	8,593,657	8,525,097	9,078,677
Education	26,044,246	27,275,972	30,226,555	35,300,357	48,664,735	55,404,276	35,829,452	32,406,304	36,222,607	36,505,174
Parks, recreation and cultural	1,736,229	1,496,928	1,495,615	1,488,418	1,551,528	1,480,517	1,090,803	1,549,298	1,662,120	1,705,534
Community development	4,119,397	12,482,752	2,487,347	3,573,642	2,616,432	3,194,504	3,897,447	1,453,747	1,446,422	2,739,172
Interest on long-term debt	979,923	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
Total governmental activities expenses	$ 60,410,371	$ 70,597,744	$ 63,962,025	$ 71,439,837	$ 86,140,299	$ 91,363,044	$ 73,656,928	$ 69,994,766	$ 74,614,164	$ 77,861,467
Total primary government expenses	$ 60,410,371	$ 70,597,744	$ 63,962,025	$ 71,439,837	$ 86,140,299	$ 91,363,044	$ 73,656,928	$ 69,994,766	$ 74,614,164	$ 77,861,467
Program Revenues										
Governmental activities:										
Charges for services:										
General government administration	$ 46,472	$ 77,620	$ 21,176	$ 7,197	$ 41,008	$ 7,797	$ 15,870	$ 7,134	$ 5,418	$ 3,801
Judicial administration	142,758	125,991	83,893	108,028	165,625	119,779	97,417	108,997	134,358	171,191
Public safety	1,473,731	1,458,471	1,472,152	1,509,182	1,389,958	1,354,341	1,792,809	1,607,597	1,729,000	1,855,654
Public works	649,390	390,488	173,593	144,159	211,043	230,633	338,143	323,192	347,972	373,771
Parks, recreation and cultural	417,848	474,411	446,390	380,593	405,649	399,985	405,900	497,948	472,316	549,782
Community development	-	-	-	92,000	24,000	27,250	20,270	12,400	35,770	6,300
Operating grants and contributions	6,166,247	6,661,424	7,304,734	6,398,089	7,020,212	7,282,136	7,291,389	7,856,460	8,130,118	8,391,214
Capital grants and contributions	37,708	312,468	1,678,212	4,061,482	13,772,275	25,227,045	2,795,787	103,629	53,472	290,840
Total governmental activities program revenues	$ 8,934,154	$ 9,500,873	$ 11,180,150	$ 12,700,730	$ 23,029,770	$ 34,648,966	$ 12,757,585	$ 10,517,357	$ 10,908,424	$ 11,642,553
Total primary government program revenues	$ 8,934,154	$ 9,500,873	$ 11,180,150	$ 12,700,730	$ 23,029,770	$ 34,648,966	$ 12,757,585	$ 10,517,357	$ 10,908,424	$ 11,642,553
Net (expense) / revenue										
Governmental activities	$ (51,476,217)	$ (61,096,871)	$ (52,781,875)	$ (58,739,107)	$ (63,110,529)	$ (56,714,078)	$ (60,899,343)	$ (59,477,409)	$ (63,705,740)	$ (66,218,914)
Total primary government net expense	$ (51,476,217)	$ (61,096,871)	$ (52,781,875)	$ (58,739,107)	$ (63,110,529)	$ (56,714,078)	$ (60,899,343)	$ (59,477,409)	$ (63,705,740)	$ (66,218,914)

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	$ 48,588,750	$ 46,946,443	$ 47,362,574	$ 48,819,978	$ 48,680,852	$ 52,232,855	$ 55,134,815	$ 58,183,294	$ 60,114,485	$ 61,193,152
Local sales and use taxes	2,409,995	2,604,059	2,952,991	2,743,049	3,020,623	2,879,726	3,309,977	3,673,209	3,622,340	3,859,107
Taxes on recordation and wills	495,804	410,873	427,573	512,023	444,333	476,414	559,854	579,547	644,987	667,383
Motor vehicle licenses taxes	395,196	556,974	597,817	616,661	647,134	674,854	1,193,414	1,329,437	1,376,881	1,439,736
Consumer utility taxes	583,834	591,476	590,706	598,718	604,328	613,142	609,137	610,599	679,384	652,128
E-911 / Communication taxes	363,946	362,146	-	-	-	-	-	-	-	-
Meals taxes	-	-	270,164	783,656	794,167	853,460	971,798	1,094,835	1,159,976	1,225,806
Other local taxes	216,787	246,305	228,194	227,083	333,699	259,704	329,019	355,113	416,936	414,725
Unrestricted grants and contributions	1,873,141	1,529,514	1,831,432	1,892,641	2,021,312	1,944,776	1,995,279	2,000,254	2,015,325	1,986,575
Unrestricted revenues 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
Miscellaneous	314,823	184,434	241,277	194,732	335,198	325,243	510,160	442,706	448,079	350,561
Insurance proceeds	-	-	-	1,096,663	2,074,630	-	-	-	-	-
Gain/Loss Sale of Assets	1,825	1,701	-	-	-	-	-	-	-	-
Total governmental activities	$ 55,797,497	$ 53,790,473	$ 54,789,318	$ 57,808,964	$ 59,261,637	$ 60,580,199	$ 65,013,410	$ 69,010,807	$ 71,416,588	$ 73,106,332
Total primary government	$ 55,797,497	$ 53,790,473	$ 54,789,318	$ 57,808,964	$ 59,261,637	$ 60,580,199	$ 65,013,410	$ 69,010,807	$ 71,416,588	$ 73,106,332
Change in Net Position										
Governmental activities	$ 4,321,280	$ (7,306,398)	$ 2,007,443	$ (930,143)	$ (3,848,892)	$ 3,866,121	$ 4,114,067	$ 9,533,398	$ 7,710,848	$ 6,887,418
Total primary government	$ 4,321,280	$ (7,306,398)	$ 2,007,443	$ (930,143)	$ (3,848,892)	$ 3,866,121	$ 4,114,067	$ 9,533,398	$ 7,710,848	$ 6,887,418

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
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
2010	48,588,750	2,409,995	583,834	395,196	495,804	363,946	-	216,787	53,054,312

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General fund										
Nonspendable	$ -	$ -	$ 13,729	$ 12,639	$ 13,173	$ 16,298	$ 47,160	$ 255,671	$ 260,902	$ 248,433
Restricted	-	-	-	-	1,571,038	1,527,892	1,483,266	-	1,016,602	-
Committed	15,800,000	15,800,000	15,800,000	15,800,000	16,127,572	16,043,455	16,065,184	15,800,000	15,800,000	15,800,000
Assigned	6,148,450	4,085,570	4,219,865	2,696,787	3,142,020	1,319,725	1,368,802	1,653,829	477,488	14,148,558
Unassigned	24,576,330	28,944,536	28,623,070	37,528,191	31,808,588	29,559,129	26,063,587	28,887,913	40,296,734	24,870,916
Total general fund	$ 46,524,780	$ 48,830,106	$ 48,656,664	$ 56,037,617	$ 52,662,391	$ 48,466,499	$ 45,027,999	$ 46,597,413	$ 57,851,726	$ 55,067,907
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	20,146,488	7,890,912	9,731,381	3,324,472	99,583	-	11,264,363	18,317,409	16,490,602	18,897,973
Total all other governmental funds	$ 20,146,488	$ 7,890,912	$ 9,731,381	$ 18,593,981	$ 14,216,008	$ 7,922,833	$ 61,164,154	$ 51,556,274	$ 24,384,150	$ 19,993,112

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
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
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
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
Fines and forfeitures	196,601	239,817	169,536	136,111	85,254	48,357	37,974	29,299	59,530	89,689
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
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
Miscellaneous	300,189	216,759	517,356	205,981	335,198	325,243	510,160	442,706	497,660	350,561
Recovered costs	150,493	163,522	99,459	71,213	93,425	181,956	231,852	578,182	190,225	293,081
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
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
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
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
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
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
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
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
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
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
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
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
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
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
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
Excess of revenues over (under) expenditures	$ (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)
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
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)
Debt issued	-	-	-	15,024,716	-	500,000	44,830,000	-	-	-
Premium on bonds issued	-	-	-	1,379,051	-	-	5,209,362	-	-	-
Issuance of capital leases	-	-	-	-	-	899,514	-	214,660		
Sale of capital assets	1,825	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	$ 1,825	$ -	$ -	$ 16,403,767	$ -	$ 1,399,514	$ 50,039,362	$ 214,660	$ -	$ -
Extraordinary items:										
Insurance proceeds	$ -	$ -	$ -	$ 7,408,956	$ 9,913,837	$ -	$ -	$ -	$ -	$ -
Net change in fund balances	$ (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)
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%

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
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
2010	47,712,558	2,409,995	583,834	395,196	495,804	363,946	-	216,787	52,178,120

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
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
2010	5,155,202,300	304,893,145	11,724,670	16,483,850	62,351,915	2,382,687,070	7,933,342,950	7,933,342,950	100.00%	0.69

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

Source: Commissioner of Revenue

COUNTY OF LOUISA, VIRGINIA **Table 8**

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

	Direct Rates						Overlapping Rates Town of Louisa		Overlapping Rates Town of Mineral	
Fiscal Years	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital	Total Direct Tax Rate	Real Estate	Personal Property	Real Estate	Personal Property
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
2010	0.62	1.90	0.62	1.90	0.65	0.69	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 2019		Fiscal Year 2010	
		2018 Assessed Valuation	% of Total Assessed Valuation	2009 Assessed Valuation	% of Total Assessed Valuation
Dominion Virgina Power	Electric	1,790,614,080	21.92%	1,808,588,210	22.80%
Old Dominion	Electric	406,815,720	4.98%	447,256,070	5.64%
Walmart	Retailer	105,301,085	1.29%	93,370,920	1.18%
Rappahannock Electric Co-op	Electric	47,833,950	0.59%	44,109,280	0.56%
Klockner Pentaplast	Manufacturing	26,757,375	0.33%	28,994,210	0.37%
Spring Creek	Land Developer/Realtor	23,750,725	0.29%	27,438,600	0.35%
Columbia Gas	Pipeline	20,969,180	0.26%	21,846,190	0.28%
Lowes	Retailer	17,112,690	0.21%	19,452,400	0.25%
Central Virginia Electric	Electric	17,300,830	0.21%	11,950,340	0.15%
Colonial Pipeline	Pipeline	16,584,170	0.20%	N/A	N/A
William A. Cooke Inc.	Land Developer/Realtor	N/A	N/A	18,234,900	0.23%
		2,473,039,805	30.27%	2,521,241,120	31.78%

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) Amount	Collected within the Fiscal Year of the Levy (1,3) Percentage of Levy	Collections in Subsequent Years (1, 2)	Total Collections to Date Amount	Total Collections to Date Percentage of Levy
2019	$ 63,405,273	$ 58,005,777	91.48%	$ -	$ 58,005,777	91.48%
2018	61,369,990	57,203,734	93.21%	1,301,643	58,505,377	95.33%
2017	60,264,469	55,623,701	92.30%	1,595,956	57,219,657	94.95%
2016	55,928,868	52,909,359	94.60%	1,469,545	54,378,903	97.23%
2015	53,108,367	51,638,365	97.23%	1,609,853	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%
2010	48,916,345	47,557,751	97.22%	1,072,003	48,629,755	99.41%

Source: Commissioner of Revenue, County Treasurer's office

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

COUNTY OF LOUISA, VIRGINIA **Table 11**

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities							
Fiscal Years	General Obligation Bonds	Lease Revenue Bonds	Bond Premium	Revenue Anticipation Notes	Capital Leases	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2019	$ 21,532,064	$ 35,815,000	$ 5,476,004	$ -	$ -	$ 62,823,068	4021.50%	$ 1,708
2018	23,467,506	36,480,000	5,943,897	-	-	65,891,403	4527.84%	$ 1,837
2017	25,392,948	37,115,000	6,430,908	-	1,034,378	69,973,234	5076.28%	1,986
2016	27,303,390	37,830,000	6,916,922	7,500,000	1,184,634	80,734,946	5996.37%	2,333
2015	29,198,832	-	1,932,473	500,000	899,514	32,530,819	2580.24%	948
2014	31,084,274	-	2,168,822	-	-	33,253,096	2769.98%	978
2013	33,304,716	-	2,372,944	-	-	35,677,660	2977.46%	1,064
2012	20,240,000	-	1,115,749	-	-	21,355,749	1817.87%	637
2011	22,195,000	-	1,243,824	-	-	23,438,824	2025.44%	702
2010	24,135,000	-	1,378,782	-	-	25,513,782	2270.86%	770

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)
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
2010	25,513,782	25,513,782	0.32%	770

(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)	Unemployment Rate (5)
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%
2010	33,153	1,123,528	34,212	42.6	4,541	8.00%

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

COUNTY OF LOUISA, VIRGINIA **Table 14**

Principal Employers
Current Year and the Period Nine Years Prior

	Fiscal Year 2019			Fiscal Year 2010	
Employer	**Employees**	**Rank**	**% of Total County Employment**	**Employees**	**Rank**
Walmart, Inc.	1,219	1	12.59%	Walmart, Inc.	1
Dominion Energy	850	2	8.78%	Dominion Virginia Power	2
Louisa County Public Schools	828	3	8.55%	Louisa County Public Schools	3
Klockner- Pentaplast of America	464	4	4.79%	Klockner - Pentaplast of America	4
County of Louisa	417	5	4.31%	County of Louisa	5
Tri-Dim Filter Corporation	302	6	3.12%	Tri-Dim Filter Corporation	6
Food Lion	225	7	2.32%	Shenandoah Crossings Resort*	7
Shenandoah Crossings Resort*	216	8	2.23%	McDonalds	8
Lowes	131	9	1.35%	Lowes	9
McDonalds	91	10	0.94%	Louisa Health Care Center	10
Cavalier Produce	84	11	0.87%	Piedmont Metals	11
Louisa Health Care Center	80	12	0.83%	Food Lion	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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government	32	32	32	29	32	32	32	34	34	36
Judicial administration	18	16	16	16	15	15	15	15	16	17
Public safety										
Sheriffs department	59	63	59	59	62	60	57	62	62	66
Fire & rescue	31	33	32	34	35	41	43	46	46	48
Building inspections	5.5	5.5	6	6	6	6	6	5	5	6
Animal control	4	2	4	4	4	3	3	3	6	6
Public works										
General maintenance	11	11	11	11	11	11	12	12	12	14
Landfill	2	1	1	1	1	1	5	5	6	6
Engineering	-	-	-	-	-	-	-	-	-	0
Health and welfare										
Department of social services	39	39	42	41	41	38	42	41	43	46
Culture and recreation										
Parks and recreation	5	5	5	5	5	5	5	5	5	6
Community development										
Planning	11.5	8.5	8	8	8	8	9	10	9	9
Totals	218	216	216	214	220	220	229	238	244	260

Source: Payroll Records

Operating Indicators by Function
Last Ten Fiscal Years

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public safety										
Sheriffs department:										
Physical arrests	2,078	2,227	2,155	1,974	1,751	1,850	1,764	1,822	1,701	1,914
Traffic violations	4,909	4,249	2,757	1,893	1,277	937	920	1,025	1,419	1,902
Civil papers	11,440	10,371	10,176	9,791	11,187	9,443	10,640	8,718	8,558	8,941
Fire and rescue:										
Fire	2,968	3,153	3,382	3,175	4,723	4,565	4,723	7,289	4,441	4,411
Rescue	5,258	5,220	5,234	5,491	5,553	5,133	6,554	6,735	6,337	7,359
Total Number of calls answered	8,226	8,373	8,616	8,666	10,276	9,698	11,277	14,024	10,778	11,770
Total Number of actual rescue transports	2,550	2,620	3,001	3,320	3,464	3,374	3630	3504	3,299	3,543
Building inspections:										
Permits issued	1,197	1,263	1,491	1,322	1,245	1,099	1386	1571	1,460	1,417
Public works										
General maintenance:										
Trucks/vehicles	12	13	10	11	12	10	11	11	11	12
Landfill:										
Refuse collected (tons/day)	64.91	59.04	63.02	82.40	109.43	55.11	61.64	64.09	68	77.10
Health and welfare										
Department of Social Services:										
Caseload:										
Food Stamps	1,544	1,977	2,107	2,201	2,269	1,992	1,786	1,769	1,609	1,530
Medicaid	2,223	2,454	2,556	2,737	2,845	3,018	2,946	2,917	3,039	4,767
Temporary Asst. Needy Families	128	127	113	123	118	100	91	83	71	66
Culture and recreation										
Parks and recreation:										
Recreation hall permits issued	140	210	193	159	167	206	198	179	251	223
After-school program participants	191	160	210	204	225	229	253	250	256	343
Aquatic Facility Participants	12,791	12,196	10,008	9,277	9,170	9,329	11,734	13,027	11,071	10,712
Youth sports participants	6,228	6,175	5,725	5,044	6,051	4,956	5,676	5,972	7,034	7,556
Community development										
Planning:										
Zoning permits issued	668	590	942	658	566	926	870	979	878	1045
Component Unit - School Board										
Education:										
School age population		6,204			6,124	6,056	6,059	6,148	6,012	6,014
Av. Daily Membership (March)	4,541	4,577	4,687	4,699	4,595	4,817	4,833	4,795	4,853	4,716
Number of teachers	355	375	391	375	374	379	374	405	393	417
Local expenditures per pupil	5,422	5,649	6,477	5,796	5,810	6,652	6,593	6,195	7,016	7,644
Total expenditures per pupil	10,162	10,108	11,646	11,410	11,628	11,469	11,324	11,428	12,325	13,074

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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government administration										
Administration buildings	9	9	9	9	9	9	9	9	10	10
Vehicles	9	9	9	12	10	10	10	10	10	10
Public safety										
Sheriffs department:										
Patrol units	47	47	47	45	46	46	41	47	47	47
Other vehicles	23	26	32	31	31	31	39	33	33	39
Building inspections:										
Vehicles										
Animal control:										
Vehicles	4	4	5	5	5	5	4	6	7	7
Emergency Services:										
Vehicles	6	6	6	8	7	7	6	5	6	5
Ambulances	5	4	5	5	6	6	6	5	5	6
Fire Truck	0	0	0	0	0	0	0	0	1	1
Public works										
General maintenance:										
Trucks/vehicles	12	13	13	12	12	11	8	10	10	10
Landfill:										
Vehicles	0	0	0	0	0	0	3	3	5	4
Sites	1	1	1	1	1	1	1	1	1	1
Refuse & Recycling Sites	9	9	9	9	9	9	9	9	9	9
Health and welfare										
Department of Social Services:										
Vehicles	11	8	7	7	8	8	9	9	9	9
Culture and recreation										
Parks and recreation:										
Community centers	2	2	2	2	2	2	2	2	2	2
Vehicles	4	6	6	8	8	9	9	8	8	6
Aquatic facilities	1	1	1	1	1	1	1	1	1	1
Parks acreage	35.22	35.22	35.22	104.62	104.62	104.62	104.62	104.62	104.62	104.62
Community development										
Planning:										
Vehicles	9	9	8	7	7	10	6	5	5	6
Component Unit - School Board										
Education:										
Schools	5	6	6	6	6	6	6	6	6	6
School buses	119	117	117	122	126	119	127	128	135	133

Source: Insurance Renewal Schedules

RFC
CPAs | Consultants

Robinson, Farmer, Cox Associates, PLLC
Certified Public Accountants

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

To the Honorable Members of the 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, 2019, and the related notes to the financial statements, which collectively comprise the County of Louisa, Virginia's basic financial statements, and have issued our report thereon dated November 29, 2019.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Fredericksburg, Virginia
November 29, 2019

ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

CPAs | CONSULTANTS

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, 2019. 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, 2019.

Report on Internal Control over Compliance

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

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

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

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

Robinson, Farmer, Cox Associates
Fredericksburg, Virginia
November 29, 2019

COUNTY OF LOUISA, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
TANF Cluster:			
Temporary assistance for needy families	93.558	0400119/0400118	$ 237,891
Total TANF cluster			$ 237,891
CCDF Cluster:			
Child care mandatory and matching funds of the child care and development fund	93.596	0760118/0760119	$ 40,663
Total CCDF cluster			$ 40,663
Medicaid Cluster:			
Medical assistance program	93.778	1200119/1200118	$ 415,934
Total medicaid cluster			$ 415,934
Promoting safe and stable families	93.556	0950118/0950117	$ 16,271
Refugee and entrant assistance - state administered programs	93.566	0500119/0500118	87
Low-income home energy assistance	93.568	0600419/0600418	36,653
Chafee education and training vouchers program (ETV)	93.599	9160118/9160117	1,760
Stephanie Tubbs Jones child welfare services program	93.645	0900118	248
Foster care - Title IV-E	93.658	1100118/1100119	363,897
Adoption assistance	93.659	1120119/1120118	381,333
Social services block grant	93.667	1000119/1000118	258,135
Chafee foster care independence program	93.674	9150118	4,612
Children's health insurance program (CHIP)	93.767	0540118/0540119	8,715
Total Department of Health and Human Services			$ 1,766,199
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
Disaster grants - public assistance (presidentially declared disasters)	97.036	DEM0016799	$ 3,903
Emergency management performance grants	97.042	114,363	17,607
Total Department of Homeland Security			$ 21,510
Department of Agriculture:			
Child Nutrition Cluster:			
Pass Through Payments:			
Department of Agriculture:			
Food distribution	10.555	201919N109941	$ 158,270
Department of Education:			
National school lunch program	10.555	201919N109941/ 201818N109941	964,976
Total 10.555			$ 1,123,246
School breakfast program	10.553	201919N109941/ 201818N109941	305,778
Summer food service program for children	10.559	201818N109941	17,269
Food distribution	10.559	201919N109941	851
Total 10.559			$ 18,120
Total child nutrition cluster			$ 1,447,144
Child and adult care food program	10.558	201919N202041	12,865

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2019

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	0010118/0010119/ 0040118/0040119	$ 372,893
Total SNAP cluster			$ 372,893
Total Department of Agriculture			$ 1,832,902
Department of Justice:			
Direct payments:			
Bulletproof vest partnership program	16.607	N/A	$ 4,570
Pass Through Payments:			
Department of Criminal Justice Services:			
Crime victim assistance	16.575	CJS7601701	$ 47,096
Violence against women formula grants	16.588	CJS5651701	27,350
Total Department of Justice			$ 79,016
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
Highway Safety Cluster:			
State and community highway safety	20.600	FSC-18-58423	$ 1,367
Total highway safety cluster			
Total Department of Transportation			$ 1,367
Department of Education:			
Pass Through Payments:			
Virginia Tech:			
English language acquisition state grants	84.365	12493510	$ 6,580
Department of Education:			
Title I grants to local educational agencies	84.010	S010A170046 S010A180046	922,556
Special Education Cluster (IDEA):			
Special education - grants to states	84.027	H027A170107	1,153,413
Special education - preschool grants	84.173	H173A170112	22,731
Total special education cluster (IDEA)			$ 1,176,144
Career and technical education - basic grants to states (Perkins IV)	84.048	V048A170046	83,593
Supporting effective instruction state grant	84.367	S367A170044 S367A180044	183,231
Student support and academic enrichment program	84.424	S424A170048	15,291
Total Department of Education			$ 2,387,395
Total Expenditures of Federal Awards			$ 6,088,389

See accompanying notes to Schedule of Expenditures of Federal Awards.

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

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, 2019. 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, 2019.

Note 3 - Food Distribution

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

Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:		
Primary government:		
General Fund	$	2,402,716
Component Unit School Board:		
School Operating Fund	$	3,847,404
Total federal expenditures per basic financial statements	$	6,250,120
Less federal interest subsidy		(161,731)
Total federal expenditures per the Schedule of Expenditures of Federal Awards	$	6,088,389

Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

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:

CFDA #	Name of Federal Program or Cluster
84.027/84.173	Special Education Cluster (IDEA)
10.555/10.553/10.559	Child Nutrition Cluster

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

SECTION II – FINANCIAL STATEMENT FINDINGS:

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:

Finding 2018-001 – School Board VRS Reconciliations – Material Weakness in Internal Controls and Material Noncompliance

Status: This finding is not reported in 2019.

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