

# COUNTY OF GREENE, VIRGINIA



## FINANCIAL REPORT YEAR ENDED JUNE 30, 2018



County of Greene, Virginia

Financial Report

For the Year Ended June 30, 2018

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## COUNTY OF GREENE, VIRGINIA

### BOARD OF SUPERVISORS

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Michelle Flynn, Chair  
Bill Martin, Vice-Chair  
Marie Durrer  
David Cox  
Dale R. Herring

### COUNTY SCHOOL BOARD

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Leah Paladino, Chair  
Harry Daniel, Vice Chair  
Jason Collier  
Sharon Mack  
Rodney Kibler

### COUNTY SOCIAL SERVICE BOARD

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Larry Miller, Chairman  
Joanne Burkholder, Vice-Chairman  
Michelle Flynn

### OTHER OFFICIALS

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Judge of the Circuit Court.....	Daniel R. Bouton
Clerk of the Circuit Court .....	Brenda M. Compton
Judge of the General District Court .....	William G. Barkley
Judge of Juvenile & Domestic Relations District Court .....	David M. Barredo
Commonwealth's Attorney .....	Matthew D. Hardin
Commissioner of the Revenue .....	Larry V. Snow
Treasurer .....	Stephanie A. Deal
Sheriff .....	Steve Smith
Superintendent of Schools.....	Andrea Whitmarsh
Director of Department of Social Services.....	James Howard
County Administrator .....	John C. Barkley



# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## Independent Auditors' Report

To the Honorable Members of the Board of Supervisors  
County of Greene, 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 Greene, Virginia, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditors' Responsibility*

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

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

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

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Greene, Virginia, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Change in Accounting Principle*

As described in Note 17 to the financial statements, in 2018, the County adopted new accounting guidance, GASB Statement Nos. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and 85 *Omnibus 2017*. Our opinion is not modified with respect to this matter.

## *Restatement of Beginning Balances*

As described in Note 17 to the financial statements, in 2018, the County restated beginning balances to reflect the requirements of GASB Statement No. 75. Our opinion is not modified with respect to this matter.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 4-9, 117-121, and 122-139 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 Greene, Virginia's basic financial statements. The other supplementary information, and statistical information 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: (Continued)*

*Supplementary and Other Information: (Continued)*

The other supplementary information 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 other supplementary information 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 statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*Other Reporting Required by Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated November 27, 2018, on our consideration of the County of Greene, 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 Greene, 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 Greene, Virginia's internal control over financial reporting and compliance.

*Robinson, Farmer, Cox Associates*  
Charlottesville, Virginia  
November 27, 2018

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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As management of the County of Greene, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2018.

### Financial Highlights

#### Government-wide Financial Statements

- 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 \$22,168,665 (net position).
- Our combined long-term obligations increased \$30,963,675 during the current fiscal year.

#### Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported revenues in excess of expenditures of \$28,882,773 (Exhibit 4), which includes contributions totaling \$14,731,880 to the School Board.

- As of the close of the current fiscal year, the County's funds reported ending fund balances of \$43,107,587, an increase of \$14,224,814 in comparison with the prior year.

### Overview of the Financial Statements

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

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

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

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

## Overview of the Financial Statements (Continued)

The statement of net position presents information on all of the County's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between them 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 Greene, Virginia itself (known as the primary government), but also a legally separate school district for which the County of Greene, Virginia is financially accountable. Financial information for this component unit is reported separately from the financial information present for the primary government itself.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Greene, 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 two categories; governmental funds and fiduciary funds.

Governmental funds - *Governmental funds* are used to account for essentially the same functions or services reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements a reconciliation between the two methods is provided at the bottom of the governmental fund balance sheet and in a separate exhibit following the governmental fund statement of revenues, expenditures and changes in fund balances. The County has three major governmental funds - the General Fund, the Debt Service Fund, and the School Capital Projects Fund.

Fiduciary funds - are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund statement can be found on page 15 of this report.

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.



## Overview of the Financial Statements (Continued)

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and a schedule of pension funding progress and other supplementary information including the 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 \$22,168,665 at the close of the most recent fiscal year.

County of Greene, Virginia's Net Position			
		Governmental Activities	
		2018	2017
Current and other assets	\$	60,862,924	\$ 30,037,090
Capital assets		50,077,499	45,019,495
Total assets	\$	110,940,423	\$ 75,056,585
Deferred outflows of resources	\$	1,596,383	\$ 2,189,991
Long-term liabilities outstanding	\$	67,313,052	\$ 34,985,369
Current liabilities		9,631,620	7,174,043
Total liabilities	\$	76,944,672	\$ 42,159,412
Deferred inflows of resources	\$	13,423,469	\$ 11,909,383
Net position:			
Net investment in capital assets	\$	15,907,396	\$ 11,708,610
Unrestricted		6,261,269	11,469,171
Total net position	\$	22,168,665	\$ 23,177,781

At the end of the current fiscal year, the County's net investment in capital assets is \$15,907,396.

The County's net position increased \$483,610 during the current fiscal year.

## Government-wide Financial Analysis (Continued)

Governmental Activities - Governmental activities increased the County's net position by \$483,610. Key elements of this increase are as follows:

### County of Greene, Virginia's Changes in Net Position For the Years Ended June 30, 2018 and 2017

	Governmental Activities	
	2018	2017
Revenues:		
Program revenues:		
Charges for services	\$ 3,493,024	\$ 3,065,912
Operating grants and contributions	4,284,408	4,287,452
Capital grants and contributions	-	150,000
General revenues:		
General property taxes	20,395,914	19,762,722
Other local taxes	4,837,709	4,656,707
Commonwealth of Virginia non-categorical aid	2,861,968	2,835,103
Other general revenues	496,568	202,771
Total revenues	\$ 36,369,591	\$ 34,960,667
Expenses:		
General government administration	\$ 2,939,108	\$ 2,839,184
Judicial administration	800,347	902,986
Public safety	8,051,591	7,592,013
Public works	1,643,722	1,846,632
Health and welfare	3,269,928	3,378,439
Education	14,308,304	12,833,070
Parks, recreation, and cultural	629,044	610,917
Community development	2,300,532	2,228,146
Interest and other fiscal charges	1,943,405	1,317,618
Total expenses	\$ 35,885,981	\$ 33,549,005
Change in net position	\$ 483,610	\$ 1,411,662
Net position, July 1, 2017, as restated	21,685,055	21,766,119
Net position, June 30, 2018	\$ 22,168,665	\$ 23,177,781

## Government-wide Financial Analysis (Continued)

Charges for services increased by \$435,435 during the year, mostly due to an increase in landfill fees. General property taxes increased \$633,192 due to an increase in the real estate tax collections. Revenues from the use of money and property increased \$366,637 due to the issuance of debt not spent by year end. All other revenues decreased by a net of \$26,340. The County's contribution to the School Board totaled \$14,731,880 for the year compared to \$13,226,660 in the prior year, an increase of \$1,075,946.

For the most part, expenditures closely paralleled inflation and growth in the demand for services. Public safety expenses increased \$462,945 and education expenses increased \$1,475,234. All other expenses had a net increase of \$407,469.

## Financial Analysis of the County's Funds

As noted earlier, the County used 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 available resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved 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 fund balances of \$43,107,587, an increase of \$28,882,773 in comparison with the prior year.

## General Fund Budgetary Highlights

Differences between the original budget and the final amended budget was \$786,413 and can be briefly summarized as follows:

- \$316,630 in increases for public safety
- \$342,031 in increases for community development
- \$127,752 in other increases

Budgeted revenues of the general fund increased \$290,229, including increases of \$177,934 for intergovernmental revenues and \$112,295 of other increases.

## Capital Asset and Debt Administration

- Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2018 totals \$50,077,499 (net of accumulated depreciation - Note 4). This investment in capital assets includes land, buildings and improvements, machinery and equipment and construction in progress.

Additional information on the County's capital assets can be found in the notes of this report.

Long-term obligations - At the end of the current fiscal year, the County had total long-term obligations outstanding of \$70,876,041. Of this amount \$64,627,658 comprises debt backed by the full faith and credit of the County. The County's total obligations increased \$30,963,675 during the current fiscal year.

Additional information on the County of Greene, Virginia's long-term debt can be found in Note 5 of this report.

### Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the County is currently 2.0 percent, which is lower than the rate of 3.3 percent a year ago. This compares favorably to the state's average unemployment rate of 3.2 percent and compares favorably to the national average rate of 4.0 percent.
- Residential growth continues to increase and broaden the demand for locally provided services such as schools, emergency service, social services, inspections, law enforcement, parks and recreation, solid waste, and libraries.
- Departments and agencies were held to level funding related to operational expenditures except in those circumstances where increases in expenditures were unavoidable.

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

The fiscal year 2019 budget increased from \$61,281,316 to \$63,591,962, or \$2,310,646 (4%).

### Requests for Information

This financial report is designed to provide a general overview of the County of Greene, 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 County Administrator, P.O. Box 358, Stanardsville, Virginia 22973.

## Basic Financial Statements

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## Government-wide Financial Statements

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Statement of Net Position  
June 30, 2018

	Primary Government	Component Units	
	Governmental Activities	School Board	Greene County EDA
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 15,103,806	\$ 32,692	\$ 244,281
Investments	-	-	-
Receivables (net of allowance for uncollectibles):			
Property taxes	12,052,440	-	-
Accounts receivable	289,186	-	-
Note receivable	-	-	10,000
Due from other governments	2,476,808	634,010	-
Due from primary government	-	2,499,535	42,369
Prepaid items	-	103,640	-
Restricted assets:			
Cash and cash equivalents	30,940,684	-	-
Total current assets	\$ 60,862,924	\$ 3,269,877	\$ 296,650
Noncurrent assets:			
Note receivable	\$ -	\$ -	\$ 37,500
Capital assets:			
Land	4,069,142	127,800	-
Infrastructure, net of depreciation	24,593,353	-	-
Buildings and improvements, net of depreciation	13,058,064	10,447,692	-
Equipment, net of depreciation	705,128	2,027,200	-
Construction in progress	7,651,812	-	-
Total noncurrent assets	\$ 50,077,499	\$ 12,602,692	\$ 37,500
Total assets	\$ 110,940,423	\$ 15,872,569	\$ 334,150
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amount on refunding	\$ 786,438	\$ -	\$ -
Pension related items	733,158	4,244,439	-
OPEB related items	76,787	323,609	-
Total deferred outflows of resources	\$ 1,596,383	\$ 4,568,048	\$ -
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 2,364,198	\$ 483,068	\$ 1,600
Accrued liabilities	-	2,754,117	-
Due to component units	2,541,904	-	-
Accrued interest payable	1,162,529	-	-
Current portion of long-term obligations	3,562,989	321,497	-
Total current liabilities	\$ 9,631,620	\$ 3,558,682	\$ 1,600
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	67,313,052	34,009,720	-
Total liabilities	\$ 76,944,672	\$ 37,568,402	\$ 1,600
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred property tax revenue	\$ 12,145,190	\$ -	\$ -
Pension related items	1,106,307	3,477,375	-
OPEB related items	171,972	282,252	-
Total deferred inflows of resources	\$ 13,423,469	\$ 3,759,627	\$ -
<b>NET POSITION</b>			
Net Investment in capital assets	\$ 15,907,396	\$ 12,063,384	\$ -
Unrestricted	6,261,269	(32,950,796)	332,550
Total net position	\$ 22,168,665	\$ (20,887,412)	\$ 332,550

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

Statement of Activities  
For the Year Ended June 30, 2018

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units	
					Governmental Activities	School Board	Greene County EDA
PRIMARY GOVERNMENT:							
Governmental activities:							
General government administration	\$ 2,939,108	\$ 500,569	\$ 199,511	\$ -	\$ (2,239,028)	\$ -	\$ -
Judicial administration	800,347	179,460	421,434	-	(199,453)	-	-
Public safety	8,051,591	443,363	1,129,909	-	(6,478,319)	-	-
Public works	1,643,722	1,542,310	-	-	(101,412)	-	-
Health and welfare	3,269,928	-	1,816,385	-	(1,453,543)	-	-
Education	14,308,304	176,290	-	-	(14,132,014)	-	-
Parks, recreation, and cultural	629,044	49,368	-	-	(579,676)	-	-
Community development	2,300,532	601,664	717,169	-	(981,699)	-	-
Interest on long-term obligations	1,943,405	-	-	-	(1,943,405)	-	-
Total governmental activities	<u>\$ 35,885,981</u>	<u>\$ 3,493,024</u>	<u>\$ 4,284,408</u>	<u>\$ -</u>	<u>\$ (28,108,549)</u>	<u>\$ -</u>	<u>\$ -</u>
COMPONENT UNITS:							
School Board	\$ 35,449,518	\$ 477,565	\$ 21,298,125	\$ -	\$ -	\$ (13,673,828)	\$ -
Greene County EDA	260,384	-	-	-	-	-	(260,384)
Total component units	<u>\$ 35,709,902</u>	<u>\$ 477,565</u>	<u>\$ 21,298,125</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,673,828)</u>	<u>\$ (260,384)</u>
General revenues:							
General property taxes					\$ 20,395,914	\$ -	\$ -
Local sales and use tax					1,937,442	-	-
Business license taxes					665,530	-	-
Consumer utility taxes					456,546	-	-
Motor vehicle licenses					456,563	-	-
Meals taxes					750,222	-	-
Taxes on recordation and wills					246,417	-	-
Other local taxes					324,989	-	-
Grants and contributions not restricted to specific programs					2,861,968	-	-
Unrestricted revenues from use of money and property					409,716	46,315	7,048
Miscellaneous					86,852	199,673	23,138
Payment from primary government					-	14,384,731	148,103
Total general revenues					<u>\$ 28,592,159</u>	<u>\$ 14,630,719</u>	<u>\$ 178,289</u>
Change in net position					\$ 483,610	\$ 956,891	\$ (82,095)
Net position - beginning, as restated					21,685,055	(21,844,303)	414,645
Net position - ending					<u>\$ 22,168,665</u>	<u>\$ (20,887,412)</u>	<u>\$ 332,550</u>

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

## Fund Financial Statements

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Balance Sheet - Governmental Funds  
June 30, 2018

	General Fund	Debt Service Fund	School Capital Projects Fund	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 14,107,135	\$ 996,671	\$ -	\$ 15,103,806
Receivables (net of allowance for uncollectibles):				
Property taxes	12,052,440	-	-	12,052,440
Accounts receivable	289,186	-	-	289,186
Due from other governmental units	2,476,808	-	-	2,476,808
Restricted assets:				
Cash and cash equivalents	4,537,357	-	26,403,327	30,940,684
Total assets	<u>\$ 33,462,926</u>	<u>\$ 996,671</u>	<u>\$ 26,403,327</u>	<u>\$ 60,862,924</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 999,078	\$ -	\$ 1,365,119	\$ 2,364,197
Due to component unit	2,541,904	-	-	2,541,904
Total liabilities	<u>\$ 3,540,982</u>	<u>\$ -</u>	<u>\$ 1,365,119</u>	<u>\$ 4,906,101</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable property tax revenue	\$ 12,849,236	\$ -	\$ -	\$ 12,849,236
<b>FUND BALANCES</b>				
Restricted:				
Capital projects - school facilities upgrades	\$ -	\$ -	\$ 25,038,208	\$ 25,038,208
Capital projects - water system	4,537,357	-	-	4,537,357
Committed:				
Debt service	-	996,671	-	996,671
Education - school board carryover	4,092,367	-	-	4,092,367
Unassigned	8,442,984	-	-	8,442,984
Total fund balances	<u>\$ 17,072,708</u>	<u>\$ 996,671</u>	<u>\$ 25,038,208</u>	<u>\$ 43,107,587</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 33,462,926</u>	<u>\$ 996,671</u>	<u>\$ 26,403,327</u>	<u>\$ 60,862,924</u>
Detailed explanation of adjustments from fund statements to government-wide statement of net position:				
Total fund balances per above				\$ 43,107,587
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				
Land			\$ 4,069,142	
Buildings and improvements			24,593,353	
Infrastructure			13,058,064	
Equipment			705,128	
Construction in progress			7,651,812	50,077,499
Interest on long-term obligations is not accrued in governmental funds, but rather is recognized as an expenditure when due.				(1,162,529)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.				
Unavailable property taxes				704,045
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.				
Pension related items			\$ 733,158	
OPEB related items			76,787	
Deferred amount on refunding			786,438	1,596,383
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.				
Capital leases			\$ (385,535)	
Landfill closure and postclosure liability			(484,818)	
Compensated absences			(718,570)	
General obligation bonds			(31,764,789)	
Premiums on bonds			(2,773,555)	
State literary fund loans			(4,750,000)	
Revenue bonds			(15,470,000)	
Notes payable			(1,366,346)	
Net OPEB liabilities			(1,468,309)	
Net pension liability			(417,596)	
Bond anticipation note			(9,388,352)	
Water and sewer bonds (assumed from RSA)			(1,888,171)	(70,876,041)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.				
Pension related items			\$ (1,106,307)	
OPEB related items			(171,972)	(1,278,279)
Net position of General Government Activities				<u>\$ 22,168,665</u>

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

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

	General Fund	Debt Service Fund	School Capital Projects Fund	Total
Revenues:				
General property taxes	\$ 20,292,818	\$ -	\$ -	\$ 20,292,818
Other local taxes	4,837,708	-	-	4,837,708
Permits, privilege fees and regulatory licenses	270,775	80,214	-	350,989
Fines and forfeitures	139,866	-	-	139,866
Revenue from use of money and property	114,523	-	295,194	409,717
Charges for services	2,599,430	402,740	-	3,002,170
Miscellaneous	86,416	-	-	86,416
Recovered costs	293,931	-	-	293,931
Intergovernmental:				
Commonwealth	5,653,025	-	-	5,653,025
Federal	1,493,349	-	-	1,493,349
Total revenues	\$ 35,781,841	\$ 482,954	\$ 295,194	\$ 36,559,989
Expenditures:				
Current:				
General government administration	\$ 2,305,953	\$ -	\$ -	\$ 2,305,953
Judicial administration	825,974	-	-	825,974
Public safety	7,907,182	-	-	7,907,182
Public works	1,683,182	-	-	1,683,182
Health and welfare	3,325,385	-	-	3,325,385
Education	14,737,253	-	-	14,737,253
Parks, recreation, and cultural	569,272	-	-	569,272
Community development	2,355,107	-	-	2,355,107
Nondepartmental	57,560	-	-	57,560
Capital outlays and projects	5,129,146	-	2,093,861	7,223,007
Debt service:				
Principal retirement	735,561	1,337,901	-	2,073,462
Interest and other fiscal charges	155,116	830,192	-	985,308
Total expenditures	\$ 39,786,691	\$ 2,168,093	\$ 2,093,861	\$ 44,048,645
Excess (deficiency) of revenues over (under) expenditures	\$ (4,004,850)	\$ (1,685,139)	\$ (1,798,667)	\$ (7,488,656)
Other financing sources (uses):				
Issuance of bonds	\$ 9,388,352	\$ -	\$ 25,440,000	\$ 34,828,352
Premium on bonds payable	-	-	1,384,273	1,384,273
Issuance of capital leases	158,804	-	-	158,804
Transfers out	(1,687,908)	-	-	(1,687,908)
Transfers in	-	1,687,270	638	1,687,908
Total other financing sources (uses)	\$ 7,859,248	\$ 1,687,270	\$ 26,824,911	\$ 36,371,429
Change in fund balance	\$ 3,854,398	\$ 2,131	\$ 25,026,244	\$ 28,882,773
Fund balance at beginning of year	13,218,310	994,540	11,964	14,224,814
Fund balance at end of year	\$ 17,072,708	\$ 996,671	\$ 25,038,208	\$ 43,107,587

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

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

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

Net change in fund balance - total governmental funds	\$	28,882,773
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period. Details supporting this adjustment are as follows:

Capital outlay	\$	7,336,952	
Depreciation expense		<u>(1,473,948)</u>	5,863,004
Transfer of joint tenancy assets from Primary Government to the Component Unit			(805,000)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	\$	103,094
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The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations 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. A summary of items supporting this adjustment is as follows:

Principal retired on capital leases	\$	197,287	
Principal retired on general obligation bonds		689,904	
Principal retired on revenue bonds and premiums		1,188,829	
Principal retired on water and sewer bonds (assumed from RSA)		387,901	
Principal retired on notes payable		129,272	
Principal retired on state literary fund loans		700,000	
Increase of landfill closure and postclosure liability		(8,572)	
Issuance of long-term obligations		<u>(36,371,429)</u>	(33,086,808)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. The following is a summary of items supporting this adjustment:

Decrease in compensated absences	\$	4,373	
(Increase) in accrued interest payable		(694,690)	
(Decrease) in deferred amount on refunding		(92,006)	
Pension expense		329,241	
OPEB expense		<u>(20,371)</u>	(473,453)
Change in net position of governmental activities	\$		<u><u>483,610</u></u>

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

Statement of Fiduciary Net Position - Fiduciary Funds  
June 30, 2018

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	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ <u>48,311</u>
<b>LIABILITIES</b>	
Amounts held for social services clients	\$ <u>48,311</u>

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



## COUNTY OF GREENE, VIRGINIA

### Notes to Financial Statements As of June 30, 2018

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#### Note 1—Summary of Significant Accounting Policies:

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The County of Greene, Virginia was formed in 1702 and it is governed by an elected five 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 Greene, Virginia have been prepared in conformity with the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board and the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia. The more significant of the government's accounting policies are described below.

#### Financial Statement Presentation

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

#### Government-wide and Fund Financial Statements

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

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is 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)**

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

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

**A. Financial Reporting Entity**

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the County of Greene, 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 it is legally separate from the government.

**B. Individual Component Unit Disclosures**

*Blended Component Units:*

The County has no blended component units to be included for the fiscal year ended June 30, 2018.

*Discretely Presented Component Units:*

Greene County School Board

The Greene County School Board operates the elementary and secondary public schools in the County. School Board members are elected by the voters of the County for a term of four years. The School Board is fiscally dependent upon the County because the County approves all debt issuances of the School Board and provides significant funding to operate the public schools, since the School Board does not have separate taxing powers. The School Board does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2018.

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

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B. Individual Component Unit Disclosures: (Continued)

*Discretely Presented Component Units: (Continued)*

Greene County Economic Development Authority:

The Greene County Economic Development Authority was formed by the Greene County Board of Supervisors who appoint all Board members of the Authority. The Authority provides a source of financing for industries locating their facilities in the County. 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 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 Stanardsville, Virginia.

C. Other Related Organizations

Included in the County's Financial Report

None

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally 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. 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.

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

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

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

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.

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The government reports the following major governmental funds:

A. General Fund

The Fund accounts for and reports all financial resources not accounted for and reported in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for services, and interest income. A significant part of the General Fund's revenues is used principally to finance the operations of the Component Unit School Board.

B. School Capital Projects Fund

A fund that accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments.

C. Debt Service Fund

A fund that accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt services funds should also be used to report financial resources being accumulated for future debt service. Specifically, this fund includes the debt service payments for VRA water and sewer bonds outstanding.

2. Fiduciary Funds (Trust and Agency Funds)

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 the Special Welfare Fund. These funds utilize the accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements.

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

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

3. Component Unit - School Board

The Greene County School Board reports the following funds:

Governmental Funds:

School Operating Fund - This fund is the primary operating fund of the School Board and accounts for all revenues and expenditures applicable to the general operations of the public school system. Revenues are derived primarily from charges for services, appropriations from the County of Greene, and state and federal grants. The School Operating Fund is considered a major fund of the School Board for financial reporting purposes.

School Cafeteria Fund - This fund accounts for the operations of the School Board's food service program. Financing is provided primarily by food and beverage sales and state and federal grants. This fund is considered a nonmajor fund.

E. 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 or category 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 and budgets are legally adopted for the General Fund and the Component Unit - School Board.
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.
8. All budgetary data presented in the accompanying financial statements is the original to the current comparison of the final budget and actual results.

For the fiscal year ended June 30, 2018, a budget was not legally adopted for the Debt Service Fund, the School Capital Projects Fund, and the School Cafeteria Fund and, therefore, expenditures exceed appropriations in these funds for the fiscal year.

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

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F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

G. Investments

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

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 in accordance with GASB 79. All other investments are reported at fair value.

H. Receivables and payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$77,341 at June 30, 2018 and is comprised of property taxes.

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 June 5th and December 5th. The County bills and collects its own property taxes.

I. Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the County and Component Unit - School Board 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 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.



## COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

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

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#### I. Capital Assets: (Continued)

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20-40
Vehicles	5
Police cars	3
Office and computer equipment	5
Buses	12

#### J. Compensated Absences

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

#### K. Long-term Obligations

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

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

#### L. Fund Equity

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

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);

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

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L. Fund Equity (Continued)

- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

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. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by Board of Supervisors through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

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

M. 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.

N. Net Position

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



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

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O. 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.

P. 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 liability and net OPEB liabilities and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension liability and net OPEB liabilities measurement date. For more detailed information on these items, reference the related notes.

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

Q. 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's and School Board's Retirement Plan and the additions to/deductions from the County's and School Board's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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R. Other Postemployment Benefits (OPEB)

*Group Life Insurance*

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

*Political Subdivision and Teacher Employee Health Insurance Credit Program*

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

*Line of Duty Act Program*

The Virginia Retirement System (VRS) Line of Duty Act Program (LODA) was established pursuant to §9.1-400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The LODA Program provides death and health insurance benefits to eligible state employees and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. In addition, health insurance benefits are provided to eligible survivors and family members. For purposes of measuring the net LODA OPEB liability, deferred outflows of resources and deferred inflows of resources related to the LODA OPEB, and related LODA OPEB expense, information about the fiduciary net position of the VRS LODA Program OPEB Plan and the additions to/deductions from the VRS LODA Program OPEB Plan's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

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### Note 2—Deposits and Investments:

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

#### Credit Risk of Debt Securities

The County does not have a policy regarding credit risk of debt securities. The County's rated debt investments as of June 30, 2018 were rated by Standard & Poor's and the ratings are presented below using the Standard & Poor's rating scale.

County's Rate Debt Investment's Values	
Rated Debt Investments	Fair Quality Ratings
	AAAm
State Non-Arbitrage Program (SNAP)	\$ 30,940,684
Total	\$ 30,940,684

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

Note 2—Deposits and Investments: (Continued)

Interest Rate Risk

<u>Investment Type</u>	<u>Investment Maturity*</u>	
	<u>Fair Value</u>	<u>Less than 1</u>
State Non-Arbitrage Program (SNAP)	\$ 30,940,684	\$ 30,940,684
Total investments	<u>\$ 30,940,684</u>	<u>\$ 30,940,684</u>

\*Weighted average maturity in years

External Investment Pools:

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

Note 3—Due From Other Governmental Units:

At June 30, 2018 the County has receivables from other governments as follows:

	<u>Primary Government</u>	<u>Component Unit</u>
Commonwealth of Virginia:		
Local and state sales taxes	\$ 361,353	\$ 439,792
Communication tax	72,339	-
Public assistance	34,587	-
Comprehensive services	274,486	-
Personal property tax relief act (PPTRA)	1,352,596	-
Shared expenses	125,469	-
Other state funding	44,056	23,646
Federal Government:		
School funds	-	170,572
Section 18 transportation	80,187	-
Public safety grants	60,203	-
Public assistance	<u>71,532</u>	<u>-</u>
Total	<u>\$ 2,476,808</u>	<u>\$ 634,010</u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

Note 4—Capital Assets:

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

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
<b>Primary Government</b>				
Capital assets not being depreciated:				
Land	\$ 4,069,142	\$ -	\$ -	\$ 4,069,142
Construction in progress:				
County	-	4,982,107	-	4,982,107
Jointly owned assets	589,152	2,080,553	-	2,669,705
Total capital assets not being depreciated	\$ 4,658,294	\$ 7,062,660	\$ -	\$ 11,720,954
Other capital assets being depreciated:				
Buildings and improvements	\$ 21,387,682	\$ -	\$ 1,150,000	\$ 20,237,682
Infrastructure	27,741,216	-	-	27,741,216
Equipment	6,117,052	274,292	117,414	6,273,930
Total other capital assets being depreciated	\$ 55,245,950	\$ 274,292	\$ 1,267,414	\$ 54,252,828
Accumulated depreciation:				
Buildings and improvements	\$ 6,988,961	\$ 535,657	\$ 345,000	\$ 7,179,618
Infrastructure	2,593,039	554,824	-	3,147,863
Equipment	5,302,749	383,467	117,414	5,568,802
Total accumulated depreciation	\$ 14,884,749	\$ 1,473,948	\$ 462,414	\$ 15,896,283
Other capital assets, net	\$ 40,361,201	\$ (1,199,656)	\$ 805,000	\$ 38,356,545
Net capital assets	\$ 45,019,495	\$ 5,863,004	\$ 805,000	\$ 50,077,499

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

Note 4—Capital Assets: (Continued)

The following is a summary of changes in component unit school board capital assets for the year ended June 30, 2018:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
<b>Component Unit - School Board</b>				
Capital assets not being depreciated:				
Land	\$ 127,800	\$ -	\$ -	\$ 127,800
Total capital assets not being depreciated	\$ 127,800	\$ -	\$ -	\$ 127,800
Other capital assets being depreciated:				
Buildings and improvements	\$ 25,115,677	\$ 1,285,331	\$ -	\$ 26,401,008
Equipment	5,946,821	231,941	-	6,178,762
Total other capital assets being depreciated	\$ 31,062,498	\$ 1,517,272	\$ -	\$ 32,579,770
Accumulated depreciation:				
Buildings and improvements	\$ 15,056,783	\$ 896,533	\$ -	\$ 15,953,316
Equipment	3,804,284	347,278	-	4,151,562
Total accumulated depreciation	\$ 18,861,067	\$ 1,243,811	\$ -	\$ 20,104,878
Other capital assets, net	\$ 12,201,431	\$ 273,461	\$ -	\$ 12,474,892
Net capital assets	\$ 12,329,231	\$ 273,461	\$ -	\$ 12,602,692

Depreciation expense was charged to functions/programs of the primary government and component unit - school board as follows:

Governmental activities:

General government administration	\$ 653,150
Judicial administration	69,543
Public safety	262,770
Public works	38,450
Health and welfare	908
Education	262,875
Parks, recreation and cultural	76,277
Community development	109,975
Total governmental activities	\$ 1,473,948
Component Unit School Board (1)	\$ 898,811

(1) Depreciation expense is reported net of the transfer of annual depreciation of jointly owned assets from the County.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

Note 5—Long-Term Obligations:

Primary Government

Changes in Long-Term Obligations:

The following is a summary of long-term obligation transactions for the year ended June 30, 2018:

	Restated Balance at July 1, 2017	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2018	Due Within One Year
Governmental Activities Long-Term Obligations					
Capital leases	\$ 424,018	\$ 158,804	\$ 197,287	\$ 385,535	\$ 195,793
Landfill closure and postclosure liability	476,246	8,572	-	484,818	-
Compensated absences	722,943	-	4,373	718,570	71,857
General obligation bonds	7,014,693	25,440,000	689,904	31,764,789	820,848
Premiums on bonds	1,628,111	1,384,273	238,829	2,773,555	278,937
State literary fund loans	5,450,000	-	700,000	4,750,000	700,000
Revenue bonds	16,420,000	-	950,000	15,470,000	995,000
Notes payable	1,495,618	-	129,272	1,366,346	130,571
Net OPEB liabilities	1,611,907	110,344	253,942	1,468,309	-
Net pension liability	2,392,758	2,015,900	3,991,062	417,596	-
Bond Anticipation Note	-	9,388,352	-	9,388,352	-
Water & Sewer bonds (assumed from RSA)	2,276,072	-	387,901	1,888,171	369,983
Total	<u>\$ 39,912,366</u>	<u>\$ 38,506,245</u>	<u>\$ 7,542,570</u>	<u>\$ 70,876,041</u>	<u>\$ 3,562,989</u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

Note 5—Long-Term Obligations: (Continued)

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

Year Ending June 30,	General Obligation		Revenue Bonds		State Literary		Bond	
	Refunding Bonds		VRA Sewer Bond		Fund Loans		Anticipation	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 97,900	\$ 1,686	\$ 995,000	\$ 688,490	\$ 700,000	\$ 142,500	\$ -	\$ 254,268
2020	-	-	1,035,000	644,148	450,000	121,500	9,388,352	355,975
2021	-	-	1,165,000	593,397	450,000	98,000	-	-
2022	-	-	1,225,000	535,153	450,000	94,500	-	-
2023	-	-	1,280,000	470,963	450,000	81,000	-	-
2024	-	-	1,355,000	403,441	450,000	67,500	-	-
2025	-	-	1,435,000	315,260	450,000	54,000	-	-
2026	-	-	1,505,000	261,807	450,000	40,500	-	-
2027	-	-	530,000	210,785	450,000	27,000	-	-
2028	-	-	560,000	187,029	450,000	13,500	-	-
2029	-	-	570,000	163,156	-	-	-	-
2030	-	-	485,000	137,719	-	-	-	-
2031	-	-	510,000	115,300	-	-	-	-
2032	-	-	525,000	96,372	-	-	-	-
2033	-	-	550,000	76,550	-	-	-	-
2034	-	-	560,000	55,894	-	-	-	-
2035	-	-	585,000	34,584	-	-	-	-
2036	-	-	600,000	11,850	-	-	-	-
Totals	\$ 97,900	\$ 1,686	\$ 15,470,000	\$ 5,001,898	\$ 4,750,000	\$ 740,000	\$ 9,388,352	\$ 610,243



COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

Note 5—Long-Term Obligations: (Continued)

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

Year Ending June 30,	Capital Leases		General Obligation School Bonds	
	Principal	Interest	Principal	Interest
2019	\$ 195,793	\$ 13,746	\$ 722,948	\$ 1,523,209
2020	135,521	5,093	980,710	1,270,108
2021	54,221	1,328	1,018,592	1,227,962
2022	-	-	1,066,600	1,183,670
2023	-	-	1,109,740	1,137,100
2024	-	-	1,163,016	1,088,121
2025	-	-	1,170,283	1,037,965
2026	-	-	1,175,000	989,108
2027	-	-	1,230,000	938,310
2028	-	-	1,130,000	753,676
2029	-	-	1,185,000	697,523
2030	-	-	1,245,000	638,412
2031	-	-	1,295,000	586,705
2032	-	-	1,340,000	543,271
2033	-	-	1,385,000	496,609
2034	-	-	1,435,000	447,979
2035	-	-	1,485,000	398,796
2036	-	-	1,535,000	347,663
2037	-	-	1,590,000	294,475
2038	-	-	1,295,000	247,548
2039	-	-	1,335,000	207,440
2040	-	-	1,375,000	165,253
2041	-	-	1,420,000	120,883
2042	-	-	1,465,000	74,168
2043	-	-	1,515,000	24,998
Totals	\$ <u>385,535</u>	\$ <u>20,167</u>	\$ <u>31,666,889</u>	\$ <u>16,440,949</u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

Note 5—Long-Term Obligations: (Continued)

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

Year Ending June 30,	Notes Payable		Water & Sewer Bonds (Assumed from RSA)	
	Principal	Interest	Principal	Interest
2019	\$ 130,571	\$ 13,066	\$ 369,983	\$ 79,416
2020	131,883	11,754	268,316	63,743
2021	133,208	10,429	186,648	52,785
2022	134,546	9,091	194,981	44,435
2023	135,897	7,740	203,313	36,391
2024	137,263	6,374	211,646	27,090
2025	138,642	4,996	221,645	16,628
2026	140,034	3,603	231,639	5,637
2027	141,441	2,196	-	-
2028	142,861	775	-	-
Total	\$ 1,366,346	\$ 70,024	\$ 1,888,171	\$ 326,125

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

Note 5—Long-Term Obligations: (Continued)

Details of Long-term Obligations:

	<u>Amount Outstanding</u>	<u>Amount Due Within One Year</u>
General obligation bonds:		
\$1,170,500 Greene County Industrial Development Authority Refunding Bond, Series 2002 issued July 30, 2003, maturing annually in amounts ranging from \$100,232 to \$99,589, from October 15, 2004 through October 15, 2018, interest payable semi-annually at 3.45%	\$ 97,900	\$ 97,900
\$5,120,000 School Bonds series 2011A issued May 5, 2011 maturing in various annual installments through Janaury 2037 interest payable semi-annually at rates from 2.05% to 5.05%	4,370,000	145,000
Premium on 2011A VPSA bonds	124,782	6,932
\$811,329 Lease Revenue Bonds issued December 20, 2010 maturing in monthly installments of \$6,798 through December 2024, interest at 4.30%	461,889	62,948
\$2,470,000 QSCB Bonds series 2010 issued July 8, 2010 maturing in annual installments of \$286,157 through June 2027, interest at 5.31%	1,395,000	155,000
Premium on 2017 VPSA bonds	1,384,273	55,371
\$25,440,000 School Bonds series 2017 issued November 7, 2017 maturing in various annual installments through Janaury 2043 interest payable semi-annually at rates from 2.05% to 5.05%	<u>25,440,000</u>	<u>360,000</u>
Total General Obligation Bonds	<u>\$ 33,273,844</u>	<u>\$ 883,151</u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

Note 5—Long-Term Obligations: (Continued)

Details of Long-term Obligations: (Continued)

	<u>Amount Outstanding</u>	<u>Amount Due within One Year</u>
Revenue bonds:		
\$8,110,000, VRA Sewer System Revenue Bond, Series 2011B, issued November 16, 2011, maturing in amounts ranging from \$177,048 - \$1,033,019 annually from April 1, 2012 through April 1, 2026, interest payable semi-annually at 2.92%	\$ 6,775,000	\$ 720,000
Premium on Series 2011B VRA Bond	521,217	112,411
\$3,445,000, Refunding VRA Sewer System Revenue Bond, Series 2014B, issued August 13, 2014, maturing in amounts ranging from \$120,256 - \$472,528 annually from October 1, 2014 through April 1, 2036, interest payable semi-annually at 3.58%	3,125,000	5,000
\$1,140,000, Refunding VRA Sewer System Revenue Bond, Series 2014B, issued August 13, 2014, maturing in amounts ranging from \$39,894 - 154,022 annually from October 1, 2014 through April 1, 2036, interest payable semi-annually at 3.72%	1,030,000	-
Premiums on 2014 VRA revenue bonds	184,601	13,272
\$2,890,000 Water Revenue Refunding Bond, Series 2012, issued August 2, 2012, maturing in amounts ranging from \$30,000 - \$330,000, annually from October 1, 2012 through October 1, 2028, except for October 1, 2013 - October 1, 2016 whereby no payments are due. Interest is payable semi-annually at rates from 2.208% - 5.125% through October 1, 2028. The bonds were issued at a premium of \$590,973 to partially refund Series 2005 VRA Water System Revenue Bond.	2,730,000	205,000

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

Note 5—Long-Term Obligations: (Continued)

Details of Long-term Obligations: (Continued)

	<u>Amount Outstanding</u>	<u>Amount Due within One Year</u>
Revenue bonds: (Continued)		
\$945,000 Sewer Revenue Refunding Bond, Series 2012, issued August 2, 2012, maturing in amounts ranging from \$10,000 - \$105,000, annually from October 1, 2012 through October 1, 2028, except for October 1, 2013 - October 1, 2016 whereby no payments are due. Interest is payable semi-annually at rates from 2.375% - 5.125% through October 1, 2028. The bonds were issued with a premium of \$193,935 to partially refund Series 2005 VRA Sewer System Revenue Bond.	\$ 890,000	\$ 65,000
Premium on 2012 VRA revenue bonds	379,002	64,889
 \$920,000 VRA Refunding Revenue Bond, Series 2016C, issued November 2, 2016, maturing in amounts ranging from \$80,000 - \$120,000, annually from October 1, 2017 through October 1, 2028, except for October 1, 2017 - October 1, 2019 whereby no payments are due. Interest is payable semi-annually at 2.67% through October 1, 2028. The bonds were issued with a premium of \$217,686 to partially refund Sewer Revenue Refunding Bond, Series 2009.	 920,000	 -
Premium on 2016 VRA revenue bonds	179,680	26,062
Total Revenue Bonds	\$ 16,734,500	\$ 1,211,634
State Literary Fund loans:		
\$9,000,000 issued July 15, 2007 due in principal annual installments of \$450,000 through July 2027, interest at 3.00%	\$ 4,500,000	\$ 450,000
 \$5,000,000 issued July 1, 1997 due in principal annual installments of \$250,000 through July 2018, interest at 3.00%	 250,000	 250,000
Total State Literary Fund loans	\$ 4,750,000	\$ 700,000

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

Note 5—Long-Term Obligations: (Continued)

Details of Long-term Obligations: (Continued)

	<u>Amount Outstanding</u>	<u>Amount Due within One Year</u>
Water & Sewer Bonds (assumed from RSA):		
\$3,600,000 2008A refunding revenue bonds, payable to VRA in variable semi-annual installments, interest at 2.947% to 4.712% through 2019. Greene County assumed \$1,080,000 of this debt.	\$ 87,000	\$ 87,000
\$1,780,000 2009 revenue bonds, payable to VRA in monthly installments of \$13,193, interest at 3.75% to 5.00% through 2029. Greene County assumed all of this debt.	175,000	85,000
\$2,736,393 2009A revenue bonds, payable to VRA in variable semi-annual installments, interest at 4.10% to 5.23% through 2026. Greene County assumed \$3,232,682 of this obligation.	1,598,171	169,983
\$6,555,000 2002 revenue bonds, payable to VRA in variable semi-annual installments, interest at 4.90% to 5.50% through 2019. Greene County assumed \$280,750 of this obligation.	<u>28,000</u>	<u>28,000</u>
Total Water & Sewer Bonds (assumed from RSA)	<u>\$ 1,888,171</u>	<u>\$ 369,983</u>
Notes payable:		
\$2,000,000 note payable issued June 13, 2013, monthly payments of \$11,970 due through June 13, 2028, interest at 1.00%	<u>\$ 1,366,346</u>	<u>\$ 130,571</u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

Note 5—Long-Term Obligations: (Continued)

Details of Long-term Obligations: (Continued)

	<u>Amount Outstanding</u>	<u>Amount Due within One Year</u>
Bond anticipation note:		
\$9,388,352 bond anticipation note payable issued March 15, 2018, semi-annual interest payments of \$152,561 due through March 15, 2020 at which time principal is due, interest at 3.25%	\$ 9,388,352	\$ -
Capital leases:		
\$124,000 Capital lease obligation dated May 16, 2016 for the lease/purchase of a loader, payable in monthly installments of \$2,699 through April 2020, interest at 3%. The cost of the loader is \$124,000 and accumulated depreciation amounted to \$74,400 at June 30, 2018.	\$ 59,589	\$ 31,019
\$158,804 (\$369,168 total lease - 43.02% County and 56.98% School Board) Capital lease obligation for the lease/purchase of vehicles, payable in annual installments of \$55,549 through November 20, 2020, interest at 2.45%. The cost of the County vehicles is \$158,804 and accumulated depreciation amounted to \$52,935 at June 30, 2018.	158,804	51,659
\$177,890 (\$345,842 total lease - 51.4% County and 48.6% School Board) Capital lease obligation for the lease/purchase of vehicles, payable in annual installments of \$61,151 through July 5, 2018, interest at 1.99%. The cost of the vehicles is \$177,890 and accumulated depreciation amounted to \$177,890 at June 30, 2018.	59,958	59,958
\$160,238 (\$502,643 total lease - 31.88% County and 68.12% School Board) Capital lease obligation for the lease/purchase of vehicles, payable in annual installments of \$54,912 through July 15, 2019, interest at 1.637%. The cost of the County vehicles is \$160,238 and accumulated depreciation amounted to \$102,635 at June 30, 2018.	107,184	53,157
Total Capital Leases	\$ 385,535	\$ 195,793
Landfill closure and postclosure liability	\$ 484,818	\$ -
Net pension liability	\$ 417,596	\$ -
Net OPEB liabilities	\$ 1,468,309	\$ -
Compensated absences	\$ 718,570	\$ 71,857
Total governmental activities long-term obligations	\$ 70,876,041	\$ 3,562,989

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

Note 5—Long-Term Obligations: (Continued)

Component Unit—School Board:

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

Year Ending June 30,	Capital Leases	
	Principal	Interest
2019	\$ 281,927	\$ 10,030
2020	185,556	5,367
2021	<u>71,825</u>	<u>1,760</u>
Totals	<u>\$ 539,308</u>	<u>\$ 17,157</u>

The following is a summary of long-term obligation transactions of the Component Unit-School Board for the year ended June 30, 2018:

	Restated Balance at July 1, 2017	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2018	Due Within One Year
Capital Leases	\$ 601,645	\$ 210,364	\$ 272,701	\$ 539,308	\$ 281,927
Compensated absences	394,955	746		395,701	39,570
Net pension liability	31,147,943	5,600,649	10,076,310	26,672,282	-
Net OPEB liabilities	<u>6,896,655</u>	<u>482,284</u>	<u>655,013</u>	<u>6,723,926</u>	<u>-</u>
Total long-term obligations	<u>\$ 39,041,198</u>	<u>\$ 6,294,043</u>	<u>\$ 11,004,024</u>	<u>\$ 34,331,217</u>	<u>\$ 321,497</u>



COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

Note 5—Long-Term Obligations: (Continued)

Details of Long-term Obligations:

	<u>Amount Outstanding</u>	<u>Amount Due Within One Year</u>
Capital leases:		
\$210,364 capital lease obligation dated November 20, 2017 for the lease purchase of vehicles, payable in annual installments of \$73,585 through November 2020, interest at 2.45%. The cost of the vehicles is \$210,364 and accumulated depreciation amounted to \$22,838 at June 30, 2018.	\$ 210,364	\$ 68,431
\$216,493 capital lease obligation dated January 14, 2015 for the lease purchase of telephone equipment, payable in annual installments of \$43,298 through January 2019, interest at 0%. The cost of the system is \$214,557 and accumulated depreciation amounted to \$86,597 at June 30, 2018.	43,299	43,299
\$167,952 (\$345,842 total lease - 51.4% County and 48.6% School Board) Capital lease obligation for the lease/purchase of buses, payable in annual installments of \$57,734 through July 5, 2018, interest at 1.99%. The cost of the buses is \$167,952 and accumulated depreciation amounted to \$41,988 at June 30, 2018.	56,608	56,608
\$342,405 (\$502,643 total lease - 31.88% County and 68.12% School Board) Capital lease obligation for the lease/purchase of vehicles, payable in annual installments of \$117,338 through July 15, 2019, interest at 1.637%. The cost of the buses is \$335,904 and accumulated depreciation amounted to \$55,984 at June 30, 2018.	<u>229,037</u>	<u>113,589</u>
Total capital leases	\$ <u>539,308</u>	\$ <u>281,927</u>
Compensated absences	\$ <u>395,701</u>	\$ <u>39,570</u>
Net pension liability	\$ <u>26,672,282</u>	\$ <u>-</u>
Net OPEB liabilities	\$ <u>6,723,926</u>	\$ <u>-</u>
Total Long-Term Obligations Component-Unit School Board	<u>\$ 34,331,217</u>	<u>\$ 321,497</u>

## COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

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### Note 6—Commitments and Contingencies:

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

### Note 7—Risk Management:

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The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County carries commercial insurance for all of these risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

### Note 8—Litigation:

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At June 30, 2018, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to such entities.

### Note 9—Surety Bonds:

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	<u>Amount</u>
Traveler's Casualty and Surety Company of America - Surety	
Brenda M. Compton, Clerk of the Circuit Court	\$ 25,000
Stephanie A. Deal, Treasurer	400,000
Larry V. Snow, Commissioner of the Revenue	3,000
Steve Smith, Sheriff	30,000
Above constitutional officers' employees - blanket bond	50,000
Virginia Association of Counties Group Self-Insurance Risk Pool - Surety	
All School Board Employees	5,000
Fidelity and Deposit Company of Maryland	
James Howard, Director of Social Services	100,000
Western Surety Company - Surety	
Marie Durrer	5,000
David Cox	5,000
Bill Martin	5,000
A. Michelle Flynn	5,000
Dale R. Herring	5,000
John C. Barkley, County Administrator	10,000

**Note 10—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.

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

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<b>About Plan 1</b> Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.	<b>About Plan 2</b> Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.	<b>About the Hybrid Retirement Plan</b> The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. <ul style="list-style-type: none"> <li>• The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</li> <li>• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.</li> </ul>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

Note 10—Pension Plan: (Continued)

*Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
About Plan 1 (Cont.)	About Plan 2 (Cont.)	<p>About the Hybrid Retirement Plan (Cont.)</p> <ul style="list-style-type: none"> <li>In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.</li> </ul>
<p><b>Eligible Members</b> Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.</p> <p><b>Hybrid Opt-In Election</b> VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p><b>Eligible Members</b> Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p><b>Hybrid Opt-In Election</b> Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p><b>Eligible Members</b> Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> <li>Political subdivision employees*</li> <li>School division employees</li> <li>Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.</li> </ul> <p><b>*Non-Eligible Members</b> Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> <li>Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.</li> </ul>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

Note 10—Pension Plan: (Continued)

*Plan Description (Continued)*

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

Note 10—Pension Plan: (Continued)

*Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Creditable Service</b> Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p><b>Creditable Service</b> Same as Plan 1.</p>	<p><b>Creditable Service</b> <u><b>Defined Benefit Component:</b></u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><u><b>Defined Contribution Component:</b></u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

Note 10—Pension Plan: (Continued)

*Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Vesting</b> Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p><b>Vesting</b> Same as Plan 1.</p>	<p><b>Vesting</b> <u><b>Defined Benefit Component:</b></u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u><b>Defined Contribution Component:</b></u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> </ul>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

Note 10—Pension Plan: (Continued)

*Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting (Cont.)	Vesting (Cont.)	<p>Vesting (Cont.) <u>Defined Contribution Component:</u> (Cont.)</p> <ul style="list-style-type: none"> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul> <p>Distribution is not required by law until age 70½.</p>
<p><b>Calculating the Benefit</b> The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p> <p>An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	<p><b>Calculating the Benefit</b> See definition under Plan 1.</p>	<p><b>Calculating the Benefit</b> <u>Defined Benefit Component:</u> See definition under Plan 1.</p> <p><u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p><b>Average Final Compensation</b> A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b> A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b> Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>



COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

Note 10—Pension Plan: (Continued)

*Plan Description (Continued)*

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

Note 10—Pension Plan: (Continued)

*Plan Description (Continued)*

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

Note 10—Pension Plan: (Continued)

*Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b> The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><u><b>Eligibility:</b></u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p><u><b>Exceptions to COLA Effective Dates:</b></u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> </ul>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b> The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><u><b>Eligibility:</b></u> Same as Plan 1.</p> <p><u><b>Exceptions to COLA Effective Dates:</b></u> Same as Plan 1.</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b> <u><b>Defined Benefit Component:</b></u> Same as Plan 2.</p> <p><u><b>Defined Contribution Component:</b></u> Not applicable.</p> <p><u><b>Eligibility:</b></u> Same as Plan 1 and Plan 2.</p> <p><u><b>Exceptions to COLA Effective Dates:</b></u> Same as Plan 1 and Plan 2.</p>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

Note 10—Pension Plan: (Continued)

*Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates: (Cont.)</u></p> <ul style="list-style-type: none"> <li>• The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).</li> <li>• The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.</li> <li>• The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.</li> </ul>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates: (Cont.)</u></p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates: (Cont.)</u></p>
<p><b>Disability Coverage</b> Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p>	<p><b>Disability Coverage</b> Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p>	<p><b>Disability Coverage</b> Employees of political subdivisions and School divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

Note 10—Pension Plan: (Continued)

*Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Disability Coverage (Cont.)	Disability Coverage (Cont.)	Disability Coverage (Cont.) Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
<b>Purchase of Prior Service</b> Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.	<b>Purchase of Prior Service</b> Same as Plan 1.	<b>Purchase of Prior Service</b> <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions: <ul style="list-style-type: none"> <li>Hybrid Retirement Plan members are ineligible for ported service.</li> </ul> <u>Defined Contribution Component:</u> Not applicable.

*Pension Plan Data*

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

# COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

## Note 10—Pension Plan: (Continued)

### *Employees Covered by Benefit Terms*

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

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	67	53
Inactive members:		
Vested inactive members	17	17
Non-vested inactive members	22	31
Inactive members active elsewhere in VRS	39	23
Total inactive members	78	71
Active members	115	86
Total covered employees	260	210

### *Contributions*

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

The County's contractually required employer contribution rate for the year ended June 30, 2018 was 9.37% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$494,434 and \$497,024 for the years ended June 30, 2018 and June 30, 2017.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2018 was 6.47% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

## COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

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### Note 10—Pension Plan: (Continued)

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#### *Contributions (Continued)*

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$107,551 and \$112,642 for the years ended June 30, 2018 and June 30, 2017, respectively.

#### *Net Pension Liability*

The County's and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2017. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

#### *Actuarial Assumptions - General Employees*

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

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

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

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Note 10—Pension Plan: (Continued)

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*Actuarial Assumptions - General Employees (Continued)*

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Largest 10 - Non-Hazardous Duty:

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

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

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



## COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

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### Note 10—Pension Plan: (Continued)

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#### *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, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

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

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

Note 10—Pension Plan: (Continued)

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

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

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%

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

Note 10—Pension Plan: (Continued)

*Long-Term Expected Rate of Return*

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

Asset Class (Strategy)	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%.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

Note 10—Pension Plan: (Continued)

*Discount Rate*

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the employer for the County and Component Unit School Board (nonprofessional) Retirement Plans will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

*Changes in Net Pension Liability*

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2016	\$ 19,704,970	\$ 17,312,212	\$ 2,392,758
Changes for the year:			
Service cost	\$ 650,866	\$ -	\$ 650,866
Interest	1,351,099	-	1,351,099
Differences between expected and actual experience	(778,858)	-	(778,858)
Assumption changes	(329,914)	-	(329,914)
Contributions - employer	-	497,024	(497,024)
Contributions - employee	-	266,336	(266,336)
Net investment income	-	2,118,930	(2,118,930)
Benefit payments, including refunds	(807,101)	(807,101)	-
Administrative expenses	-	(12,042)	12,042
Other changes	-	(1,893)	1,893
Net changes	\$ 86,092	\$ 2,061,254	\$ (1,975,162)
Balances at June 30, 2017	\$ 19,791,062	\$ 19,373,466	\$ 417,596

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

Note 10—Pension Plan: (Continued)

*Changes in Net Pension Liability*

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2016	\$ 8,394,089	\$ 7,823,146	\$ 570,943
Changes for the year:			
Service cost	\$ 166,262	\$ -	\$ 166,262
Interest	574,020	-	574,020
Differences between expected and actual experience	(44,670)	-	(44,670)
Assumption changes	(114,093)	-	(114,093)
Contributions - employer	-	112,198	(112,198)
Contributions - employee	-	86,675	(86,675)
Net investment income	-	944,674	(944,674)
Benefit payments, including refunds	(387,597)	(387,597)	-
Administrative expenses	-	(5,529)	5,529
Other changes	-	(838)	838
Net changes	\$ 193,922	\$ 749,583	\$ (555,661)
Balances at June 30, 2017	\$ 8,588,011	\$ 8,572,729	\$ 15,282

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

The following presents the net pension liability of the Primary Government 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 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 Net Pension Liability (Asset)	\$ 2,987,921	\$ 417,596	\$ (1,714,290)
Component Unit School Board (nonprofessional) Net Pension Liability (Asset)	1,002,594	15,282	(819,554)

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

Note 10—Pension Plan: (Continued)

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

For the year ended June 30, 2018, the Primary Government and Component Unit School Board (nonprofessional) recognized pension expense of \$165,193 and \$(75,020), respectively. At June 30, 2018, the Primary Government and Component Unit School Board (nonprofessional) 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
<b>Primary Government</b>			
Differences between expected and actual experience	\$	238,724	\$ 582,815
Change in assumptions		-	239,278
Net difference between projected and actual earnings on pension plan investments		-	284,214
Employer contributions subsequent to the measurement date		494,434	-
Total	\$	<u>733,158</u>	<u>\$ 1,106,307</u>
<b>Component Unit School Board (nonprofessional)</b>			
Differences between expected and actual experience	\$	-	\$ 52,578
Change in assumptions		-	69,174
Net difference between projected and actual earnings on pension plan investments		-	121,623
Employer contributions subsequent to the measurement date		107,551	-
Total	\$	<u>107,551</u>	<u>\$ 243,375</u>

\$28,552, \$9,036 and \$91,606 (County, School Board nonprofessional and School Board professional) reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2019	\$ (371,619)	\$ (163,519)
2020	(115,528)	599
2021	(198,618)	323
2022	(181,818)	(80,778)
2023	-	-
Thereafter	-	-

## COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

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### Note 10—Pension Plan: (Continued)

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#### Component Unit School Board (professional)

##### *Plan Description*

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

##### *Contributions*

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

Each school division's contractually required employer contribution rate for the year ended June 30, 2018 was 16.32% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015 and reflects the transfer in June 2015 of \$192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$2,777,888 and \$2,466,470 for the years ended June 30, 2018 and June 30, 2017, respectively.

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

At June 30, 2018, the school division reported a liability of \$26,657,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2017 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the school division's proportion was .21676% as compared to .21819% at June 30, 2016.

For the year ended June 30, 2018, the school division recognized pension expense of \$2,145,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

Note 10—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,888,000
Change in assumptions	389,000	-
Net difference between projected and actual earnings on pension plan investments	-	968,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	970,000	378,000
Employer contributions subsequent to the measurement date	2,777,888	-
Total	\$ 4,136,888	\$ 3,234,000

\$2,777,888 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 fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2019	\$ (869,000)
2020	167,000
2021	(161,000)
2022	(895,000)
2023	(117,000)



## COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

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### Note 10—Pension Plan: (Continued)

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#### Component Unit School Board (professional) (Continued)

##### *Actuarial Assumptions*

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

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

##### Mortality rates:

###### Pre-Retirement:

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

###### Post-Retirement:

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

###### Post-Disablement:

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

Note 10—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

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

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

*Net Pension Liability*

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

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

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

Note 10—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

*Long-Term Expected Rate of Return*

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

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

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

Note 10—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

*Discount Rate*

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, school divisions are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

*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		
1% Decrease	Current Discount	1% Increase
(6.00%)	(7.00%)	(8.00%)

School division's proportionate  
share of the VRS Teacher  
Employee Retirement Plan

Net Pension Liability (Asset)	\$	39,808,000	\$	26,657,000	\$	15,779,000
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*Pension Plan Fiduciary Net Position*

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

**Note 11—Interfund Balances and Transfers:**

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
County:		
General fund	\$ -	\$ 1,687,908
Debt Service fund	1,687,270	-
School Capital Projects fund	638	-
Total County	<u>\$ 1,687,908</u>	<u>\$ 1,687,908</u>
Component Unit School Board:		
School Operating Fund	\$ -	\$ 840,510
School Cafeteria Fund	840,510	-
Total Component Unit School Board	<u>\$ 840,510</u>	<u>\$ 840,510</u>

Transfers are used: to (1) move revenues from the fund that statute or budget requires collecting 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 12—Deferred/Unavailable Revenue:**

Deferred revenue/unavailable revenue represent amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis, assessments for future periods are deferred.

	<u>Government- wide Statements Governmental Activities</u>	<u>Balance Sheet Governmental Funds</u>
Unavailable property tax revenue:		
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 704,046
2nd half assessments due in December 2018	10,823,889	10,823,889
Prepaid property taxes due in December 2018, but paid in advance by the taxpayers	1,321,301	1,321,301
Total deferred/unavailable revenue	<u>\$ 12,145,190</u>	<u>\$ 12,849,236</u>

## COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

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### Note 13—Due to/From Primary Government/Component Units:

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<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
Primary Government - General Fund	\$ -	\$ 2,541,904
Component Unit - Economic Development Authority	42,369	-
Component Unit - School Board	2,499,535	-
Total	<u>\$ 2,541,904</u>	<u>\$ 2,541,904</u>

The purpose of the obligation between the County and School Board is to report the balance of local appropriations unspent at year-end due back to the respective funds.

### Note 14—Landfill Closure and Postclosure Care Costs:

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The County operates a solid waste landfill in such a manner as to comply with laws and regulations administered by the United States Environmental Protection Agency and Virginia Department of Waste Management. The \$484,818 reported as landfill closure and post closure liability at June 30, 2018, represents \$444,818 for closure and post closure care liability and \$40,000 for underground tank coverage. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County will also demonstrate financial assurance of an additional one million dollars as a result of the statistically significant exceedance of groundwater Protection Standards. The County intends to fund future costs from funds accumulated for this purpose in the General Fund.

The County has demonstrated financial assurance requirements for closure, post-closure 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.

### Note 15—Other Postemployment Benefits

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#### Group Life Insurance:

##### *Plan Description*

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

Note 15—Other Postemployment Benefits: (Continued)

Group Life Insurance: (Continued)

*Plan Description: (Continued)*

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

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

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
<p><b>Eligible Employees</b></p> <p>The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:</p> <ul style="list-style-type: none"> <li>• City of Richmond</li> <li>• City of Portsmouth</li> <li>• City of Roanoke</li> <li>• City of Norfolk</li> <li>• Roanoke City School Board</li> </ul> <p>Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.</p>
<p><b>Benefit Amounts</b></p> <p>The benefits payable under the Group Life Insurance Program have several components.</p> <ul style="list-style-type: none"> <li>• <u>Natural Death Benefit</u> - The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.</li> <li>• <u>Accidental Death Benefit</u> - The accidental death benefit is double the natural death benefit.</li> <li>• <u>Other Benefit Provisions</u> - In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: <ul style="list-style-type: none"> <li>○ Accidental dismemberment benefit</li> <li>○ Safety belt benefit</li> <li>○ Repatriation benefit</li> <li>○ Felonious assault benefit</li> <li>○ Accelerated death benefit option</li> </ul> </li> </ul>
<p><b>Reduction in Benefit Amounts</b></p> <p>The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.</p>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

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Note 15—Other Postemployment Benefits: (Continued)

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Group Life Insurance: (Continued)

*Plan Description: (Continued)*

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS (CONTINUED)
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<b>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</b>
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For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute. The amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently \$8,111.
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*Contributions*

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2018 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the County were \$28,552 and \$28,000 for the years ended June 30, 2018 and June 30, 2017, respectively, \$9,036 and \$9,000 from School Board nonprofessional, and \$91,606 and \$88,000 from School Board professional.

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

At June 30, 2018, the County reported a liability of \$440,000, the School Board nonprofessional \$146,000, and School Board professional \$1,402,000 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2017 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the participating employer's proportion for the County was .02924% as compared to .02869% at June 30, 2016. At June 30, 2017, the participating employer's proportion for the School Board nonprofessional was .00967% as compared to .00974% at June 30, 2016. At June 30, 2017, the participating employer's proportion for the School Board professional was .09318% as compared to .09258% at June 30, 2016.



COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

Group Life Insurance: (Continued)

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

For the year ended June 30, 2018, the County, School Board nonprofessional and School Board professional recognized GLI OPEB expense of \$7,000, \$1,000 and \$18,000. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

		Deferred Outflows of Resources	Deferred Inflows of Resources
<b>County</b>			
Differences between expected and actual experience	\$	-	\$ 9,000
Net difference between projected and actual earnings on GLI OPEB program investments		-	17,000
Change in assumptions		-	23,000
Changes in proportion		8,000	-
Employer contributions subsequent to the measurement date		28,552	-
Total	\$	<u>36,552</u>	<u>\$ 49,000</u>
<b>School Board nonprofessional</b>			
Differences between expected and actual experience	\$	-	\$ 4,000
Net difference between projected and actual earnings on GLI OPEB program investments		-	5,000
Change in assumptions		-	7,000
Employer contributions subsequent to the measurement date		9,036	-
Total	\$	<u>9,036</u>	<u>\$ 16,000</u>
<b>School Board professional</b>			
Differences between expected and actual experience	\$	-	\$ 31,000
Net difference between projected and actual earnings on GLI OPEB program investments		-	53,000
Change in assumptions		-	72,000
Changes in proportion		8,000	-
Employer contributions subsequent to the measurement date		91,606	-
Total	\$	<u>99,606</u>	<u>\$ 156,000</u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

Group Life Insurance: (Continued)

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

\$28,552, \$9,036 and \$91,606 (County, School Board nonprofessional and Professional) reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>		<u>County</u>		<u>School Board nonprofessional</u>		<u>School Board professional</u>
2019	\$	(8,000)	\$	(3,000)	\$	(30,000)
2020		(8,000)		(3,000)		(30,000)
2021		(8,000)		(3,000)		(30,000)
2022		(8,000)		(3,000)		(30,000)
2023		(6,000)		(2,000)		(19,000)
Thereafter		(3,000)		(2,000)		(9,000)

*Actuarial Assumptions*

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

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

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

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Note 15—Other Postemployment Benefits: (Continued)

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Group Life Insurance: (Continued)

*Actuarial Assumptions: (Continued)*

**Mortality Rates - General State Employees**

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

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Note 15—Other Postemployment Benefits: (Continued)

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Group Life Insurance: (Continued)

*Actuarial Assumptions: (Continued)*

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

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Note 15—Other Postemployment Benefits: (Continued)

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Group Life Insurance: (Continued)

*Actuarial Assumptions: (Continued)*

Mortality Rates - SPORS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

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Note 15—Other Postemployment Benefits: (Continued)

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Group Life Insurance: (Continued)

*Actuarial Assumptions: (Continued)*

**Mortality Rates - VaLORS Employees**

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

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Note 15—Other Postemployment Benefits: (Continued)

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Group Life Insurance: (Continued)

*Actuarial Assumptions: (Continued)*

Mortality Rates - JRS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

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Note 15—Other Postemployment Benefits: (Continued)

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Group Life Insurance: (Continued)

*Actuarial Assumptions: (Continued)*

**Mortality Rates - Largest Ten Locality Employers - General Employees**

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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



## COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

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### Note 15—Other Postemployment Benefits: (Continued)

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#### Group Life Insurance: (Continued)

#### *Actuarial Assumptions: (Continued)*

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

##### Pre-Retirement:

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

##### Post-Retirement:

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

##### Post-Disablement:

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

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

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

#### Mortality Rates - Largest Ten Locality Employers - Hazardous Duty Employees

##### Pre-Retirement:

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

##### Post-Retirement:

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

##### Post-Disablement:

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

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Note 15—Other Postemployment Benefits: (Continued)

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Group Life Insurance: (Continued)

*Actuarial Assumptions: (Continued)*

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

Group Life Insurance: (Continued)

*Actuarial Assumptions: (Continued)*

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

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

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

*NET GLI OPEB Liability*

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

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

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

Group Life Insurance: (Continued)

*Long-Term Expected Rate of Return*

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

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

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

*Discount Rate*

The discount rate used to measure the total GLI OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

Group Life Insurance: (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	Current Discount	1% Increase
	(6.00%)	(7.00%)	(8.00%)
County's proportionate share of the Group Life Insurance Program			
Net OPEB Liability	\$ 569,000	\$ 440,000	\$ 336,000
School Board nonprofessional's proportionate share of the Group Life Insurance Program			
Net OPEB Liability	\$ 188,000	\$ 146,000	\$ 111,000
School Board professional's proportionate share of the Group Life Insurance Program			
Net OPEB Liability	\$ 1,813,000	\$ 1,402,000	\$ 1,068,000

*Group Life Insurance Program Fiduciary Net Position*

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

Note 15—Other Postemployment Benefits: (Continued)

Health Insurance Credit (HIC) Program - County:

*Plan Description*

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

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

POLITICAL SUBDIVISION HEALTH INSURANCE CREDIT PROGRAM PLAN PROVISIONS
<p><b>Eligible Employees</b> The Political Subdivision Retiree Health Insurance Credit Program was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and who retire with at least 15 years of service credit.</p> <p>Eligible employees of participating employers are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none"> <li>• Full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan.</li> </ul>
<p><b>Benefit Amounts</b> The political subdivision's Retiree Health Insurance Credit Program provides the following benefits for eligible employees:</p> <ul style="list-style-type: none"> <li>• <u>At Retirement</u> - 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.</li> <li>• <u>Disability Retirement</u>- 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.</li> </ul>
<p><b>Health Insurance Credit Program Notes:</b></p> <ul style="list-style-type: none"> <li>• The monthly Health Insurance Credit benefit cannot exceed the individual premium amount.</li> <li>• No health insurance credit for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans.</li> <li>• Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the health insurance credit as a retiree.</li> </ul>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

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Note 15—Other Postemployment Benefits: (Continued)

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Health Insurance Credit (HIC) Program - County: (Continued)

*Employees Covered by Benefit Terms*

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

	<u>County</u>
Inactive members or their beneficiaries currently receiving benefits	13
Inactive members:	
Vested inactive members	<u>1</u>
Total inactive members	<u>14</u>
Active members	<u>44</u>
Total covered employees	<u><u>58</u></u>

*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's contractually required employer contribution rate for the year ended June 30, 2018 was .19% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County to the Health Insurance Credit Program were \$3,924 and \$3,784 for the years ended June 30, 2018 and June 30, 2017.

## COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

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### Note 15—Other Postemployment Benefits: (Continued)

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#### Health Insurance Credit (HIC) Program - County: (Continued)

##### *Net HIC OPEB Liability*

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

##### *Actuarial Assumptions:*

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

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

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



COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

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Note 15—Other Postemployment Benefits: (Continued)

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Health Insurance Credit (HIC) Program - County: (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 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, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

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Note 15—Other Postemployment Benefits: (Continued)

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Health Insurance Credit (HIC) Program - County: (Continued)

*Actuarial Assumptions: (Continued)*

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

Health Insurance Credit (HIC) Program - County: (Continued)

*Long-Term Expected Rate of Return*

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

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

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

*Discount Rate*

The discount rate used to measure the total HIC OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

Health Insurance Credit (HIC) Program - County: (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)
Balances at June 30, 2016	\$ 108,806	\$ 79,396	\$ 29,410
Changes for the year:			
Service cost	\$ 2,275	\$ -	\$ 2,275
Interest	7,456	-	7,456
Assumption changes	(5,238)	-	(5,238)
Contributions - employer	-	3,784	(3,784)
Net investment income	-	9,137	(9,137)
Benefit payments	(4,586)	(4,586)	-
Administrative expenses	-	(147)	147
Other changes	-	465	(465)
Net changes	\$ (93)	\$ 8,653	\$ (8,746)
Balances at June 30, 2017	\$ 108,713	\$ 88,049	\$ 20,664

*Sensitivity of the County's Health Insurance Credit Net OPEB Liability to Changes in the Discount Rate*

The following presents the County's Health Insurance Credit Program net HIC OPEB liability using the discount rate of 7.00%, as well as what the County's 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	\$ 30,925	\$ 20,664	\$ 11,856

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

Health Insurance Credit (HIC) Program - County: (Continued)

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

For the year ended June 30, 2018, the County recognized Health Insurance Credit Program OPEB expense of \$2,248. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to the County's Health Insurance Credit Program from the following sources:

<u>County:</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on HIC OPEB plan investments	\$ -	\$ 2,877
Change in assumptions	-	4,333
Employer contributions subsequent to the measurement date	3,924	-
Total	<u>\$ 3,924</u>	<u>\$ 7,210</u>

\$3,924 reported as deferred outflows of resources related to the HIC OPEB resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>County</u>
2019	\$ (1,624)
2020	(1,624)
2021	(1,624)
2022	(1,625)
2023	(713)
Thereafter	-

*Health Insurance Credit Program Plan Data*

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

Note 15—Other Postemployment Benefits: (Continued)

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

*Plan Description*

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

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

TEACHER EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM PLAN PROVISIONS
<p><b>Eligible Employees</b></p> <p>The Teacher Employee Retiree Health Insurance Credit Program was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit.</p> <p>Eligible employees are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none"> <li>• Full-time permanent (professional) salaried employees of public school divisions covered under VRS.</li> </ul>
<p><b>Benefit Amounts</b></p> <p>The Teacher Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees:</p> <ul style="list-style-type: none"> <li>• <u><b>At Retirement</b></u> - For Teacher and other professional school employees who retire, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount.</li> <li>• <u><b>Disability Retirement</b></u> - For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: <ul style="list-style-type: none"> <li>○ \$4.00 per month, multiplied by twice the amount of service credit, or</li> <li>○ \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.</li> </ul> </li> </ul>
<p><b>Health Insurance Credit Program Notes:</b></p> <ul style="list-style-type: none"> <li>• The monthly Health Insurance Credit benefit cannot exceed the individual premium amount.</li> <li>• Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the health insurance credit as a retiree.</li> </ul>

Note 15—Other Postemployment Benefits: (Continued)

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

*Contributions*

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2018 was 1.23% of covered employee compensation for employees in the VRS Teacher Employee Health Insurance Credit Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee Health Insurance Credit Program were \$214,967 and \$190,787 for the years ended June 30, 2018 and June 30, 2017, respectively.

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

At June 30, 2018, the school division reported a liability of \$2,763,000 for its proportionate share of the VRS Teacher Employee Health Insurance Credit Program Net OPEB Liability. The Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was measured as of June 30, 2017 and the total VRS Teacher Employee Health Insurance Credit Program OPEB liability used to calculate the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee Health Insurance Credit Program OPEB plan for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the school division's proportion of the VRS Teacher Employee Health Insurance Credit Program was .21779% as compared to .21818% at June 30, 2016.

For the year ended June 30, 2018, the school division recognized VRS Teacher Employee Health Insurance Credit Program OPEB expense of \$224,000. Since there was a change in proportionate share between June 30, 2016 and June 30, 2017, a portion of the VRS Teacher Employee Health Insurance Credit Program Net OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	\$ -	\$ 5,000
Change in assumptions	-	28,000
Change in proportion	-	4,000
Employer contributions subsequent to the measurement date	<u>214,967</u>	<u>-</u>
Total	<u>\$ 214,967</u>	<u>\$ 37,000</u>

\$214,967 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2019	\$ (7,000)
2020	(7,000)
2021	(7,000)
2022	(7,000)
2023	(4,000)
Thereafter	(5,000)



## COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

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### Note 15—Other Postemployment Benefits: (Continued)

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#### Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

##### *Actuarial Assumptions*

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee Health Insurance Credit Program was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

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

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

##### **Mortality Rates - Teachers**

###### Pre-Retirement:

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

###### Post-Retirement:

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

###### Post-Disablement:

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

*Actuarial Assumptions: (Continued)*

**Mortality Rates - Teachers: (Continued)**

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

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

*Net Teacher Employee HIC OPEB Liability*

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

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

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

*Long-Term Expected Rate of Return*

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
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	<u>100.00%</u>		<u>4.80%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.30%</u>

\*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%.

**Note 15—Other Postemployment Benefits: (Continued)****Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)***Discount Rate*

The discount rate used to measure the total Teacher Employee HIC OPEB was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2019, the rate contributed by each school division for the VRS Teacher Employee Health Insurance Credit Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

		Rate		
		1% Decrease	Current Discount	1% Increase
		(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan				
Net HIC OPEB Liability	\$	3,084,000	\$ 2,763,000	\$ 2,491,000

*Teacher Employee HIC OPEB Fiduciary Net Position*

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

## COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

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### Note 15—Other Postemployment Benefits: (Continued)

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#### Health Insurance (Single-employer Defined Benefit Plan)

##### *Plan Description*

The County and School Board provide postemployment medical coverage for retired employees through a single-employer defined benefit plan. The County and School Board may change, add or delete coverage as they deem appropriate and with the approval of the Board of Supervisors. The plan does not grant retirees vested health benefits. The Plan does not issue separate financial statements.

##### *Benefits Provided*

Employees who retire from the County or School Board with service eligible for VRS benefits (Plan 1 - Age 50 and 10 years of service or Age 55 and 5 years of service; Plan 2 - age 60 and 5 years of service; Hazardous duty - age 50 and 5 years of service) and who are participating in the medical coverage are eligible to elect post-retirement coverage. Retirees are eligible to remain on the medical plan with 100% of the premium paid by the retiree. The retiree's spouse can receive benefits under the plan with the premium to be paid by the retiree. Retirees' coverage ceases at eligibility for Medicare.

##### *Plan Membership*

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

	<u>County</u>	<u>School Board</u>
Total active employees with coverage	117	479
Total inactive employees or retirees with coverage	<u>1</u>	<u>20</u>
Total	<u>118</u>	<u>499</u>

##### *Contributions*

The County and School Board do 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 County and School Board. The amount paid by the County and School Board for OPEB as the benefits came due during the year ended June 30, 2018 was \$4,953 and \$74,994.

##### *Total OPEB Liability*

The County and School Board's total OPEB liabilities were measured as of June 30, 2018. The total OPEB liabilities were determined by an actuarial valuation as of June 30, 2016.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

Health Insurance (Single-employer Defined Benefit Plan): (Continued)

*Actuarial Assumptions*

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

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.50% as of June 30, 2017; 3.87% as of June 30, 2018
Inflation	2.50% per year as of June 30, 2017
Healthcare Trend Rate	6.00% for the School Board and 5.90% for the County for fiscal year ending 2018 (to reflect actual experience). The rates reverts to 5.50% and 5.20% for the School Board and 5.40% and 5.20% for the County for fiscal years ending 2019 and 2020, decreasing .10% per year to an ultimate rate of 4.10% for the School Board and 4.60% for the County.
Salary Increase Rates	Non-law officers and School Board: Ranges of increases of 3.5% for 20+ years of service to 5.35% for 1-2 years of service; Law officers: Ranges of increases of 3.5% for 20+ years of service to 4.75% for 1-4 years of service.
Retirement Age	Age 50 and 10 years of service or Age 55 and 5 years of service - Plan 1 employees; Age 60 and 5 years of service - Plan 2 employees
Mortality Rates	Pre-Retirement: RP-2000 Employee Mortaility Tables projected to 2020 using Scale AA with Males set forward 2 years and Females set back 3 years. Post-Retirement: RP-2000 Combined Health Mortality tables projected to 2020 using Scale AA with Females set back 1 year. Post-Disablement: RP-2000 Disables Life mortality tables with Males set back 3 years and no provision for future mortaility improvement.

Mortality rates for active employees and healthy retirees were based on a RP-2014 Mortality Table fully generational, with base year 2006, projected using two-dimensional mortality improvement scale MP-2017.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

Health Insurance (Single-employer Defined Benefit Plan): (Continued)

*Discount Rate*

The discount rates are based on the Bond Buyer 20-Year Bond GO Index as of their respective measurement dates.

*Changes in Total OPEB Liability*

Changes in Net OPEB Liability			
	County		Component Unit-
	Total OPEB		School Board
	Liability		Total OPEB
			Liability
Balances at June 30, 2017	\$	133,497	\$ 2,339,655
Changes for the year:			
Service cost		5,681	145,601
Interest		4,785	85,683
Changes in assumptions		(5,365)	(83,019)
Benefit payments		(4,953)	(74,994)
Net changes		148	73,271
Balances at June 30, 2018	\$	133,645	\$ 2,412,926

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

The following amounts present the total OPEB liability of the County and School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.87%) or one percentage point higher (4.87%) than the current discount rate:

	Rate		
	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
County's Total OPEB Liability	\$ 148,640	\$ 133,645	\$ 120,093
School Board's Total OPEB Liability	\$ 2,642,201	\$ 2,412,926	\$ 2,200,778

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

Health Insurance (Single-employer Defined Benefit Plan): (Continued)

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

The following presents the total OPEB liabilities of the County and School Board, as well as what the total OPEB liabilities would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rate used of 7.4% for the County and 7.5% for the School Board:

	Rates		
	1% Decrease (-8.4%)	Healthcare Cost Trend (-7.4%)	1% Increase (-6.4%)
County's Total OPEB Liability	\$ 113,868	\$ 133,645	\$ 157,852

	Rates		
	1% Decrease (-8.5%)	Healthcare Cost Trend (-7.5%)	1% Increase (-6.5%)
School Board's Total OPEB Liability	\$ 2,073,272	\$ 2,412,926	\$ 2,821,550

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

For the year ended June 30, 2018, the County and School Board recognized OPEB expense in the amount of \$9,863 and \$221,517, respectively. At June 30, 2018, the County and School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB.

	Deferred Outflows of Resources	Deferred Inflows of Resources
County:		
Changes of assumptions	\$ -	\$ 4,762
Total	\$ -	\$ 4,762
School Board:		
Changes of assumptions	\$ -	\$ 73,252
Total	\$ -	\$ 73,252



COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources: (Continued)*

<u>Year Ended June 30</u>	<u>County</u>	<u>School Board</u>
2019	\$ (603)	\$ (9,767)
2020	(603)	(9,767)
2021	(603)	(9,767)
2022	(603)	(9,767)
2023	(603)	(9,767)
Thereafter	(1,747)	(24,417)

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.

Line of Duty Act (LODA) Program:

*Plan Description*

All paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VALORS) are automatically covered by the Line of Duty Act Program (LODA). As required by statute, the Virginia Retirement System (the System) is responsible for managing the assets of the program. Participating employers made contributions to the program beginning in FY 2012. The employer contributions are determined by the System's actuary using anticipated program costs and the number of covered individuals associated with all participating employers.

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

LINE OF DUTY ACT PROGRAM PLAN PROVISIONS
<p><b>Eligible Employees</b></p> <p>The eligible employees of the Line of Duty Act Program are paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VALORS).</p>

Note 15—Other Postemployment Benefits: (Continued)

Line of Duty Act (LODA) Program: (Continued)

*Plan Description: (Continued)*

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

LINE OF DUTY ACT PROGRAM PLAN PROVISIONS (CONTINUED)
Benefit Amounts
<p>The Line of Duty Act Program provides death and health insurance benefits for eligible individuals:</p> <ul style="list-style-type: none"> <li>• <b><u>Death</u></b> - The Line of Duty Act program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows: <ul style="list-style-type: none"> <li>○ \$100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after.</li> <li>○ \$25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date.</li> <li>○ An additional \$20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001.</li> </ul> </li> <li>• <b><u>Health Insurance</u></b> - The Line of Duty Act program provides health insurance benefits. <ul style="list-style-type: none"> <li>○ Prior to July 1, 2017, these benefits were managed through the various employer plans and maintained the benefits that existed prior to the employee's death or disability. These premiums were reimbursed to the employer by the LODA program.</li> <li>○ Beginning July 1, 2017, the health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors, and family members. Individuals receiving the health insurance benefits must continue to meet eligibility requirements as defined by the Line of Duty Act.</li> </ul> </li> </ul>

*Contributions*

The contribution requirements for the Line of Duty Act Program are governed by §9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the Line of Duty Act Program for the year ended June 30, 2018 was \$567.37 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the Line of Duty Act Program from the entity were \$36,311 and \$37,000 for the years ended June 30, 2018 and June 30, 2017, respectively.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

Line of Duty Act (LODA) Program: (Continued)

*LODA OPEB Liabilities, LODA OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LODA OPEB*

At June 30, 2018, the entity reported a liability of \$874,000 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2017 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of that date. The entity's proportion of the Net LODA OPEB Liability was based on the entity's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2017 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2017, the entity's proportion was 0.33274% as compared to 0.34033% at June 30, 2016.

For the year ended June 30, 2018, the entity recognized LODA OPEB expense of \$75,000. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on LODA OPEB plan investments	\$ -	\$ 1,000
Change in assumptions	-	91,000
Change in proportion	-	19,000
Employer contributions subsequent to the measurement date	<u>36,311</u>	<u>-</u>
Total	<u>\$ 36,311</u>	<u>\$ 111,000</u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

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Note 15—Other Postemployment Benefits: (Continued)

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Line of Duty Act (LODA) Program: (Continued)

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

\$36,311 reported as deferred outflows of resources related to the LODA OPEB resulting from the entity's contributions subsequent to the measurement date will be recognized as a reduction of the Net LODA OPEB Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the LODA OPEB will be recognized in LODA OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2019	\$ (14,000)
2020	(14,000)
2021	(14,000)
2022	(14,000)
2023	(13,000)
Thereafter	(42,000)

*Actuarial Assumptions*

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Inflation	2.5%
Salary increases, including inflation:	
General state employees	3.50%-5.35%
SPORS employees	3.50%-4.75%
VaLORS employees	3.50%-4.75%
Locality employees	3.50%-4.75%
Medical cost trend rates assumption:	
Under age 65	7.75%-5.00%
Ages 65 and older	5.75%-5.00%
Investment rate of return	3.56%, net of OPEB plan investment expenses, including inflation*

\*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 3.56%. However, since the difference was minimal, a more conservative 3.56% investment return assumption has been used. Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.56% was used since it approximates the risk-free rate of return.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

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Note 15—Other Postemployment Benefits: (Continued)

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Line of Duty Act (LODA) Program: (Continued)

*Actuarial Assumptions: (Continued)*

**Mortality rates - General State Employees**

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males 115% of rates; females 130% of rates.

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

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

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Note 15—Other Postemployment Benefits: (Continued)

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Line of Duty Act (LODA) Program: (Continued)

*Actuarial Assumptions: (Continued)*

Mortality rates - SPORS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

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Note 15—Other Postemployment Benefits: (Continued)

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Line of Duty Act (LODA) Program: (Continued)

*Actuarial Assumptions: (Continued)*

Mortality rates - VaLORS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

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Note 15—Other Postemployment Benefits: (Continued)

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Line of Duty Act (LODA) Program: (Continued)

*Actuarial Assumptions: (Continued)*

**Mortality Rates - Largest Ten Locality Employers with Public Safety Employees**

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	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 with Public Safety 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.



COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

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Note 15—Other Postemployment Benefits: (Continued)

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Line of Duty Act (LODA) Program: (Continued)

*Actuarial Assumptions: (Continued)*

Mortality Rates - Non-Largest Ten Locality Employers with Public Safety Employees: (Continued)

Post-Disablement:

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

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

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

*Changes to the LODA Program Associated with HB 1345 (2016) and HB 2243 (2017)*

The following changes were made to the LODA Program as a result of legislation in 2016 and 2017, but were specifically not considered in the June 30, 2016 actuarial valuation results which were rolled forward to the measurement date of June 30, 2017. There was no current actuarial experience on which to base the adjustments and the combined impact of the changes was not considered to be material to the final results. These changes will be factored into future actuarial valuations for the LODA Program.

- The discontinuance of spouse health care coverage, if a covered spouse divorces a disabled employee or a covered surviving spouse remarries.
- The potential for VRS's periodic review of the disability status of a disabled employee.
- For those beneficiaries who become eligible for health care benefits as the result of a disability occurring after June 30, 2017, the suspension of health care benefits in years when VRS certifies current income exceeds salary at the time of the disability, indexed for inflation.
- The extension of health care benefits for dependent children to age 26.
- The expansion of the definition of presumption of death or disability to include infectious diseases

## COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

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### Note 15—Other Postemployment Benefits: (Continued)

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#### *Net LODA OPEB Liability*

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

	<u>LODA Program</u>
Total LODA OPEB Liability	\$ 266,252
Plan Fiduciary Net Position	<u>3,461</u>
Employers' Net OPEB Liability (Asset)	<u><u>\$ 262,791</u></u>
 Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	  1.30%

The total LODA 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 OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

#### *Long-Term Expected Rate of Return*

The long-term expected rate of return on LODA OPEB Program's investments was set at 3.56% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 7.00% assumption. Instead, the assumed annual rate of return of 3.56% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyer General Obligation 20-year Municipal Bond Index published monthly by the Board of Governors of the Federal Reserve System as of the measurement date of June 30, 2017.

#### *Discount Rate*

The discount rate used to measure the total LODA OPEB liability was 3.56%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2019, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

Line of Duty Act (LODA) Program: (Continued)

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

The following presents the covered employer's proportionate share of the net LODA OPEB liability using the discount rate of 3.56%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.56%) or one percentage point higher (4.56%) than the current rate:

	Discount Rate		
	1% Decrease (2.56%)	Current (3.56%)	1% Increase (4.56%)
County's proportionate share of the total LODA Net OPEB Liability	\$ 991,000	\$ 874,000	\$ 776,000

*Sensitivity of the Covered Employer's Proportionate Share of the Net LODA OPEB Liability to Changes in the Health Care Trend Rate*

Because the Line of Duty Act Program contains a provision for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the covered employer's proportionate share of the net LODA OPEB liability using the health care trend rate of 7.75% decreasing to 5.00%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (6.75% decreasing to 4.00%) or one percentage point higher (8.75% decreasing to 6.00%) than the current rate:

	Health Care Trend Rates		
	1% Decrease (6.75% decreasing to 4.00%)	Current (7.75% decreasing to 5.00%)	1% Increase (8.75% decreasing to 6.00%)
County's proportionate share of the total LODA Net OPEB Liability	\$ 741,000	\$ 874,000	\$ 1,038,000

*LODA OPEB Fiduciary Net Position*

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

**Note 16—Upcoming Pronouncements:**

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Statement No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 87, *Leases*, increases the usefulness of governments' financial statements by requiring 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. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, clarifies which liabilities governments should include when disclosing information related to debt. It defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. The Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, it requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

# COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018 (Continued)

## Note 16—Upcoming Pronouncements: (Continued)

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, enhances the relevance and comparability of information about 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. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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

## Note 17—Adoption of Accounting Principles:

The County and School Board implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* during the fiscal year ended June 30, 2018. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to postemployment benefits other than pensions (other postemployment benefits or OPEB). Note disclosure and required supplementary information requirements about OPEB are also addressed. The requirements of this Statement will improve accounting and financial reporting by state and local governments for OPEB. In addition, the County and School Board implemented Governmental Accounting Standards Board Statement No. 85, *Omnibus 2017* during the fiscal year ended June 30, 2018. This Statement addresses practice issues identified during implementation and application of certain GASB statements for a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). The implementation of these Statements resulted in the following restatement of net position:

	County	School Board
Net Position as of July 1, 2017, previously reported	\$ 23,177,781	\$ (16,183,318)
To remove OPEB health insurance obligation as reported under GASB 45	50,397	947,670
OPEB liability restated as of July 1, 2017 - health insurance	(133,497)	(2,339,655)
OPEB liability restated as of July 1, 2017 - health insurance credit - VRS	(25,626)	(2,576,000)
OPEB liability restated as of July 1, 2017 - line of duty act	(910,000)	-
OPEB liability restated as of July 1, 2017 - group life insurance	(474,000)	(1,693,000)
Net Position as of July 1, 2017, as restated	\$ 21,685,055	\$ (21,844,303)

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### Required Supplementary Information

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

	General Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
General property taxes	\$ 19,807,783	\$ 19,807,783	\$ 20,292,818	\$ 485,035
Other local taxes	4,428,500	4,428,500	4,837,708	409,208
Permits, privilege fees and regulatory licenses	243,600	243,600	270,775	27,175
Fines and forfeitures	161,000	161,000	139,866	(21,134)
Revenue from use of money and property	36,406	36,406	114,523	78,117
Charges for services	3,042,559	3,083,539	2,599,430	(484,109)
Miscellaneous	2,025	73,340	86,416	13,076
Recovered costs	133,264	133,264	293,931	160,667
Intergovernmental:				
Commonwealth	6,233,802	6,300,627	5,653,025	(647,602)
Federal	1,277,162	1,388,271	1,493,349	105,078
Total revenues	\$ 35,366,101	\$ 35,656,330	\$ 35,781,841	\$ 125,511
Expenditures:				
General government administration:				
Legislative:				
Board of supervisors	\$ 123,229	\$ 123,229	\$ 115,694	\$ 7,535
General and financial administration:				
County administrator	\$ 558,612	\$ 558,612	\$ 529,397	\$ 29,215
Legal services	56,665	56,665	52,272	4,393
Independent auditor	48,300	50,600	50,600	-
Commissioner of the Revenue	230,126	230,126	228,319	1,807
Reassessment	9,150	9,150	5,609	3,541
Treasurer	298,145	339,125	302,513	36,612
Computer technology	138,350	138,350	83,822	54,528
Vehicle maintenance facility	1,079,384	1,079,384	810,780	268,604
Total general and financial administration	\$ 2,418,732	\$ 2,462,012	\$ 2,063,312	\$ 398,700
Board of Elections:				
Electoral board and officials	\$ 151,189	\$ 151,189	\$ 126,947	\$ 24,242
Total general government administration	\$ 2,693,150	\$ 2,736,430	\$ 2,305,953	\$ 430,477



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

Fund, Function, Activity, Element	General Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Expenditures: (Continued)				
Judicial administration:				
Courts:				
Circuit court	\$ 69,630	\$ 73,770	\$ 68,339	\$ 5,431
Combined Courts	11,140	11,140	4,971	6,169
Special magistrates	900	900	405	495
Juvenile and domestic relations district court	14,546	14,546	10,487	4,059
Clerk of the circuit court	375,666	383,559	336,315	47,244
Victim and witness assistance	70,498	78,087	67,144	10,943
Total courts	\$ 542,380	\$ 562,002	\$ 487,661	\$ 74,341
Commonwealth's attorney:				
Commonwealth's attorney	\$ 341,934	\$ 393,473	\$ 338,313	\$ 55,160
Total judicial administration	\$ 884,314	\$ 955,475	\$ 825,974	\$ 129,501
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 3,046,511	\$ 3,072,076	\$ 2,849,051	\$ 223,025
Technology grant	-	3,899	2,438	1,461
DMV overtime grant	-	6,783	4,754	2,029
School resource officer	193,829	193,829	173,317	20,512
Byrne grant	-	53,758	45,962	7,796
Forfeited property	-	23,178	16,337	6,841
Donations	-	54,737	32,099	22,638
Emergency 911 system	666,081	663,425	562,575	100,850
Grant expenditures	-	10,744	8,028	2,716
Total law enforcement and traffic control	\$ 3,906,421	\$ 4,082,429	\$ 3,694,561	\$ 387,868
Fire and rescue services:				
Volunteer fire departments and rescue squads	\$ 1,029,100	\$ 1,033,460	\$ 1,033,460	\$ -
Other fire and rescue	996,625	996,625	902,555	94,070
Total fire and rescue services	\$ 2,025,725	\$ 2,030,085	\$ 1,936,015	\$ 94,070
Correction and detention:				
Confinement of prisoners	\$ 2,038	\$ 2,038	\$ 1,830	\$ 208
Payment to regional jail	1,624,746	1,624,746	1,548,395	76,351
Juvenile detention homes	92,932	92,932	92,782	150
Total correction and detention	\$ 1,719,716	\$ 1,719,716	\$ 1,643,007	\$ 76,709

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

Fund, Function, Activity, Element	General Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Expenditures: (Continued)				
Public Safety: (continued)				
Inspections:				
Building	\$ 311,717	\$ 311,717	\$ 303,365	\$ 8,352
Other protection:				
Animal shelter	\$ 100,702	\$ 229,424	\$ 91,625	\$ 137,799
Civil defense	123,926	131,426	128,224	3,202
Animal control	137,971	137,971	110,185	27,786
Medical examiner	160	200	200	-
Total other protection	\$ 362,759	\$ 499,021	\$ 330,234	\$ 168,787
Total public safety	\$ 8,326,338	\$ 8,642,968	\$ 7,907,182	\$ 735,786
Public works:				
Sanitation and waste removal:				
Refuse disposal	\$ 1,427,932	\$ 1,427,932	\$ 1,281,089	\$ 146,843
Maintenance of general buildings and grounds:				
General properties	\$ 467,736	\$ 488,149	\$ 402,093	\$ 86,056
Total public works	\$ 1,895,668	\$ 1,916,081	\$ 1,683,182	\$ 232,899
Health and welfare:				
Health:				
Local health department	\$ 254,964	\$ 254,964	\$ 254,964	\$ -
Mental health and mental retardation:				
Chapter X board	\$ 81,922	\$ 81,922	\$ 81,922	\$ -
Welfare:				
Welfare administration and public assistance	\$ 1,714,056	\$ 1,714,056	\$ 1,492,734	\$ 221,322
Comprehensive services act	1,600,000	1,600,000	1,132,167	467,833
Area agency on aging	88,613	91,215	91,215	-
Piedmont regional dental clinic	2,500	2,500	2,500	-
Tax relief for the elderly	-	-	262,823	(262,823)
Shelter for help in emergency	3,060	3,060	3,060	-
Community corrections	4,000	4,000	4,000	-
Total welfare	\$ 3,412,229	\$ 3,414,831	\$ 2,988,499	\$ 426,332
Total health and welfare	\$ 3,749,115	\$ 3,751,717	\$ 3,325,385	\$ 426,332

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

Fund, Function, Activity, Element	General Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Expenditures: (Continued)				
Education:				
Contributions to community colleges	\$ 5,373	\$ 5,373	\$ 5,373	\$ -
Contribution to Component Unit - School Board	16,014,873	16,014,873	14,731,880	1,282,993
Total education	\$ 16,020,246	\$ 16,020,246	\$ 14,737,253	\$ 1,282,993
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation administration	\$ 244,522	\$ 244,522	\$ 184,758	\$ 59,764
Library:				
Regional library	\$ 387,713	\$ 385,111	\$ 384,514	\$ 597
Total parks, recreation, and cultural	\$ 632,235	\$ 629,633	\$ 569,272	\$ 60,361
Community development:				
Planning and community development:				
Planning	\$ 425,657	\$ 716,276	\$ 438,498	\$ 277,778
Community development	1,455,326	1,458,635	1,389,170	69,465
Zoning board	6,617	6,617	4,172	2,445
Economic development	332,462	380,565	364,559	16,006
Total planning and community development	\$ 2,220,062	\$ 2,562,093	\$ 2,196,399	\$ 365,694
Environmental management:				
Soil and water conservation district	\$ 33,034	\$ 33,034	\$ 33,034	\$ -
Environmental management	77,332	77,332	72,206	5,126
Total environmental management	\$ 110,366	\$ 110,366	\$ 105,240	\$ 5,126
Cooperative extension program:				
VPI extension program	\$ 61,386	\$ 61,386	\$ 53,468	\$ 7,918
Total community development	\$ 2,391,814	\$ 2,733,845	\$ 2,355,107	\$ 378,738
Nondepartmental:				
Miscellaneous	\$ 215,100	\$ 194,686	\$ 57,560	\$ 137,126

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

Fund, Function, Activity, Element	General Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Expenditures: (Continued)				
Capital projects:				
Reservoir	\$ -	\$ -	\$ 4,766,787	\$ (4,766,787)
Water plant	-	-	96,320	(96,320)
Consulting services	37,833	37,833	19,852	17,981
Sewer project	100,000	100,000	8,855	91,145
Water system Improvements	100,000	100,000	47,422	52,578
Communication facilities	34,220	34,220	31,106	3,114
Motor vehicles	-	-	158,804	(158,804)
Recreation facilities	-	13,312	-	13,312
Total capital projects	\$ 272,053	\$ 285,365	\$ 5,129,146	\$ (4,843,781)
Debt service:				
Principal retirement	\$ 1,889,192	\$ 1,889,192	\$ 735,561	\$ 1,153,631
Interest and fiscal charges	859,466	859,466	155,116	704,350
Total debt service	\$ 2,748,658	\$ 2,748,658	\$ 890,677	\$ 1,857,981
Total expenditures	\$ 39,828,691	\$ 40,615,104	\$ 39,786,691	\$ 828,413
Excess (deficiency) of revenues over (under) expenditures	\$ (4,462,590)	\$ (4,958,774)	\$ (4,004,850)	\$ 953,924
Other financing sources (uses):				
Issuance of capital leases	\$ -	\$ -	\$ 158,804	\$ 158,804
Issuance of notes payable	-	-	9,388,352	9,388,352
Transfers out	-	-	(1,687,908)	(1,687,908)
Total other financing sources (uses)	\$ -	\$ -	\$ 7,859,248	\$ 7,859,248
Change in fund balance	\$ (4,462,590)	\$ (4,958,774)	\$ 3,854,398	\$ 8,813,172
Fund balance at beginning of year	4,462,590	4,958,774	13,218,310	8,259,536
Fund balance at end of year	\$ -	\$ -	\$ 17,072,708	\$ 17,072,708

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

	2017	2016	2015	2014
<b>Total pension liability</b>				
Service cost	\$ 650,866	\$ 626,524	\$ 594,337	\$ 589,783
Interest	1,351,099	1,242,379	1,176,121	1,105,478
Differences between expected and actual experience	(778,858)	486,106	(80,467)	-
Changes in assumptions	(329,914)	-	-	-
Benefit payments, including refunds of employee contributions	(807,101)	(796,628)	(690,252)	(681,899)
<b>Net change in total pension liability</b>	<b>\$ 86,092</b>	<b>\$ 1,558,381</b>	<b>\$ 999,739</b>	<b>\$ 1,013,362</b>
<b>Total pension liability - beginning</b>	<b>19,704,970</b>	<b>18,146,589</b>	<b>17,146,850</b>	<b>16,133,488</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 19,791,062</b>	<b>\$ 19,704,970</b>	<b>\$ 18,146,589</b>	<b>\$ 17,146,850</b>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 497,024	\$ 526,301	\$ 534,179	\$ 513,429
Contributions - employee	266,336	262,882	262,135	242,987
Net investment income	2,118,930	300,700	747,779	2,210,181
Benefit payments, including refunds of employee contributions	(807,101)	(796,628)	(690,252)	(681,899)
Administrative expense	(12,042)	(10,459)	(9,986)	(11,721)
Other	(1,893)	(127)	(158)	116
<b>Net change in plan fiduciary net position</b>	<b>\$ 2,061,254</b>	<b>\$ 282,669</b>	<b>\$ 843,697</b>	<b>\$ 2,273,093</b>
<b>Plan fiduciary net position - beginning</b>	<b>17,312,212</b>	<b>17,029,543</b>	<b>16,185,846</b>	<b>13,912,753</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 19,373,466</b>	<b>\$ 17,312,212</b>	<b>\$ 17,029,543</b>	<b>\$ 16,185,846</b>
<b>County's net pension liability - ending (a) - (b)</b>	<b>\$ 417,596</b>	<b>\$ 2,392,758</b>	<b>\$ 1,117,046</b>	<b>\$ 961,004</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>97.89%</b>	<b>87.86%</b>	<b>93.84%</b>	<b>94.40%</b>
<b>Covered payroll</b>	<b>\$ 5,392,875</b>	<b>\$ 5,152,664</b>	<b>\$ 5,064,627</b>	<b>\$ 4,782,184</b>
<b>County's net pension liability as a percentage of covered payroll</b>	<b>7.74%</b>	<b>46.44%</b>	<b>22.06%</b>	<b>20.10%</b>

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 and Related Ratios  
Component Unit School Board (nonprofessional)  
For the Years Ended June 30, 2015 through June 30, 2018

	2017	2016	2015	2014
<b>Total pension liability</b>				
Service cost	\$ 166,262	\$ 195,561	\$ 207,351	\$ 197,556
Interest	574,020	549,678	529,260	501,192
Differences between expected and actual experience	(44,670)	(43,785)	(130,804)	-
Changes in assumptions	(114,093)	-	-	-
Benefit payments, including refunds of employee contributions	(387,597)	(319,802)	(308,451)	(287,094)
<b>Net change in total pension liability</b>	<b>\$ 193,922</b>	<b>\$ 381,652</b>	<b>\$ 297,356</b>	<b>\$ 411,654</b>
<b>Total pension liability - beginning</b>	<b>8,394,089</b>	<b>8,012,437</b>	<b>7,715,081</b>	<b>7,303,427</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 8,588,011</b>	<b>\$ 8,394,089</b>	<b>\$ 8,012,437</b>	<b>\$ 7,715,081</b>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 112,198	\$ 168,767	\$ 180,867	\$ 162,035
Contributions - employee	86,675	85,822	92,428	88,696
Net investment income	944,674	135,115	341,344	1,019,576
Benefit payments, including refunds of employee contributions	(387,597)	(319,802)	(308,451)	(287,094)
Administrative expense	(5,529)	(4,788)	(4,638)	(5,481)
Other	(838)	(57)	(73)	54
<b>Net change in plan fiduciary net position</b>	<b>\$ 749,583</b>	<b>\$ 65,057</b>	<b>\$ 301,477</b>	<b>\$ 977,786</b>
<b>Plan fiduciary net position - beginning</b>	<b>7,823,146</b>	<b>7,758,089</b>	<b>7,456,612</b>	<b>6,478,826</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 8,572,729</b>	<b>\$ 7,823,146</b>	<b>\$ 7,758,089</b>	<b>\$ 7,456,612</b>
<b>School Division's net pension liability - ending (a) - (b)</b>	<b>\$ 15,282</b>	<b>\$ 570,943</b>	<b>\$ 254,348</b>	<b>\$ 258,469</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>99.82%</b>	<b>93.20%</b>	<b>96.83%</b>	<b>96.65%</b>
<b>Covered payroll</b>	<b>\$ 1,782,774</b>	<b>\$ 1,749,954</b>	<b>\$ 1,865,716</b>	<b>\$ 1,775,867</b>
<b>School Division's net pension liability as a percentage of covered payroll</b>	<b>0.86%</b>	<b>32.63%</b>	<b>13.63%</b>	<b>14.55%</b>

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

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

	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability	0.22%	0.22%	0.21%	0.20%
Employer's Proportionate Share of the Net Pension Liability	\$ 26,657,000	\$ 30,577,000	\$ 26,993,000	\$ 24,663,000
Employer's Covered Payroll	17,188,041	16,647,396	15,942,460	14,910,035
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	155.09%	183.67%	169.32%	165.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.92%	68.28%	70.68%	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

For the Years Ended June 30, 2009 through June 30, 2018

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
<b>Primary Government</b>					
2018	\$ 494,434	\$ 494,434	\$ -	\$ 5,442,647	9.08%
2017	497,024	497,024	-	5,392,875	9.22%
2016	530,209	530,209	-	5,152,664	10.29%
2015	521,150	521,150	-	5,064,627	10.29%
2014	514,085	514,085	-	4,782,184	10.75%
2013	517,848	517,848	-	4,817,190	10.75%
2012	379,987	379,987	-	4,611,496	8.24%
2011	365,916	365,916	-	4,440,726	8.24%
2010	384,107	384,107	-	4,583,617	8.38%
2009	389,161	389,161	-	4,643,924	8.38%
<b>Component Unit School Board (nonprofessional)</b>					
2018	\$ 107,551	\$ 107,551	\$ -	\$ 1,724,445	6.24%
2017	112,642	112,642	-	1,782,774	6.32%
2016	170,446	170,446	-	1,749,954	9.74%
2015	181,721	181,721	-	1,865,716	9.74%
2014	162,137	162,137	-	1,775,867	9.13%
2013	157,288	157,288	-	1,722,757	9.13%
2012	126,647	126,647	-	1,686,384	7.51%
2011	126,754	126,754	-	1,687,804	7.51%
2010	130,052	130,052	-	1,713,470	7.59%
2009	128,990	128,990	-	1,699,475	7.59%
<b>Component Unit School Board (professional)</b>					
2018	\$ 2,777,888	\$ 2,777,888	\$ -	\$ 17,476,871	15.89%
2017	2,466,470	2,466,470	-	17,188,041	14.35%
2016	2,317,645	2,317,645	-	16,647,396	13.92%
2015	2,294,610	2,294,610	-	15,942,460	14.39%
2014	2,100,800	2,100,800	-	14,910,035	14.09%
2013	1,756,255	1,756,255	-	15,062,224	11.66%
2012	1,714,645	1,714,645	-	15,133,669	11.33%
2011	1,328,309	1,328,309	-	14,830,772	8.96%
2010	1,713,408	1,713,408	-	15,237,092	11.24%
2009	2,132,693	2,132,693	-	15,443,103	13.81%

All contributions are from County and School Board records.



Notes to Required Supplementary Information - Pension  
For the Year Ended June 30, 2018

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

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

**Largest 10 - Non-Hazardous Duty:**

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

**Largest 10 - Hazardous Duty:**

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

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

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

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

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

**Component Unit School Board - Professional Employees**

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

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

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
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Primary Government:

2017	0.02924%	\$ 440,000	\$ 5,392,875	8.16%	48.86%
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Component Unit - School Board (nonprofessional):

2017	0.00967%	\$ 146,000	\$ 1,782,774	8.19%	48.86%
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Component Unit - School Board (professional):

2017	0.09318%	\$ 1,402,000	\$ 17,188,041	8.16%	48.86%
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Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
County:					
2018	\$ 28,552	\$ 28,552	\$ -	\$ 5,448,831	0.52%
2017	28,000	28,000	-	5,392,875	0.52%
2016	24,747	24,747	-	5,155,725	0.48%
2015	24,310	24,310	-	5,064,627	0.48%
2014	22,971	22,971	-	4,785,524	0.48%
2013	23,123	23,123	-	4,817,190	0.48%
2012	12,912	12,912	-	4,611,496	0.28%
2011	12,434	12,434	-	4,440,726	0.28%
2010	9,295	9,295	-	3,442,745	0.27%
2009	12,539	12,539	-	4,643,924	0.27%

Component Unit - School Board (nonprofessional):

2018	\$ 9,036	\$ 9,036	\$ -	\$ 1,724,445	0.52%
2017	9,270	9,270	-	1,782,774	0.52%
2016	8,400	8,400	-	1,749,954	0.48%
2015	8,955	8,955	-	1,865,716	0.48%
2014	8,524	8,524	-	1,775,867	0.48%
2013	8,269	8,269	-	1,722,757	0.48%
2012	4,722	4,722	-	1,686,384	0.28%
2011	4,726	4,726	-	1,687,804	0.28%
2010	3,320	3,320	-	1,229,629	0.27%
2009	4,589	4,589	-	1,699,475	0.27%

Component Unit - School Board (professional):

2018	\$ 91,606	\$ 91,606	\$ -	\$ 17,476,871	0.52%
2017	89,378	89,378	-	17,188,041	0.52%
2016	79,854	79,854	-	16,636,220	0.48%
2015	76,535	76,535	-	15,944,776	0.48%
2014	71,639	71,639	-	14,924,718	0.48%
2013	72,278	72,278	-	15,057,891	0.48%
2012	42,369	42,369	-	15,131,763	0.28%
2011	41,513	41,513	-	14,825,938	0.28%
2010	29,162	29,162	-	10,800,836	0.27%
2009	41,704	41,704	-	15,446,053	0.27%

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

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**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:

**General State Employees**

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

**Teachers**

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

**SPORS Employees**

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

**VaLORS Employees**

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

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

**JRS Employees**

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

**Largest Ten Locality Employers - General Employees**

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

**Non-Largest Ten Locality Employers - General Employees**

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

**Largest Ten Locality Employers - Hazardous Duty Employees**

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

**Non-Largest Ten Locality Employers - Hazardous Duty Employees**

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

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

	<u>2017</u>
Total HIC OPEB Liability	
Service cost	\$ 2,275
Interest	7,456
Changes in assumptions	(5,238)
Benefit payments	(4,586)
Net change in total HIC OPEB liability	\$ (93)
Total HIC OPEB Liability - beginning	108,806
Total HIC OPEB Liability - ending (a)	\$ <u>108,713</u>
Plan fiduciary net position	
Contributions - employer	\$ 3,784
Net investment income	9,137
Benefit payments	(4,586)
Administrative expense	(147)
Other	465
Net change in plan fiduciary net position	\$ 8,653
Plan fiduciary net position - beginning	79,396
Plan fiduciary net position - ending (b)	\$ <u>88,049</u>
County's net HIC OPEB liability - ending (a) - (b)	\$ 20,664
Plan fiduciary net position as a percentage of the total HIC OPEB liability	80.99%
Covered payroll	\$ 1,991,416
County's net HIC OPEB liability as a percentage of covered payroll	1.04%

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

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

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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)
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School Board - Professional:

2017	0.21779% \$	2,763,000	\$ 17,188,041	16.08%	7.04%
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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 Program (HIC)  
 For the Years Ended June 30, 2009 through June 30, 2018

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government:					
2018	\$ 3,924	\$ 3,924	\$ -	\$ 2,065,092	0.19%
2017	3,784	3,784	-	1,991,416	0.19%
2016	3,449	3,449	-	1,916,093	0.18%
2015	3,451	3,451	-	1,917,345	0.18%
2014	1,587	1,587	-	1,762,920	0.09%
2013	4,347	4,347	-	4,829,740	0.09%
2012	5,534	5,534	-	4,611,496	0.12%
2011	5,329	5,329	-	4,440,726	0.12%
2010	7,792	7,792	-	4,583,617	0.17%
2009	7,895	7,895	-	4,643,924	0.17%
School Board - Professional:					
2018	\$ 214,967	\$ 214,967	\$ -	\$ 17,476,871	1.11%
2017	190,787	190,787	-	17,188,041	1.11%
2016	176,344	176,344	-	16,636,220	1.06%
2015	169,015	169,015	-	15,944,776	1.06%
2014	165,664	165,664	-	14,924,718	1.11%
2013	167,191	167,191	-	15,062,224	1.11%
2012	90,803	90,803	-	15,133,869	0.60%
2011	88,956	88,956	-	14,825,938	0.60%
2010	112,329	112,329	-	10,800,836	1.04%
2009	166,794	166,794	-	15,443,871	1.08%



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

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

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

**Health Insurance Credit Program - Primary Government:**

**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%

**Teacher Health Insurance Credit Program - School Board - Professional:**

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

OPEB - Health Insurance Plan  
Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios  
For the Year Ended June 30, 2018

	<u>2018</u>
<b>County:</b>	
Total OPEB liability	
Service cost	\$ 5,681
Interest	4,785
Changes in assumptions	(5,365)
Benefit payments	(4,953)
Net change in total OPEB liability	\$ 148
Total OPEB liability - beginning	133,497
Total OPEB liability - ending	\$ <u>133,645</u>
Covered employee payroll	\$ 5,112,500
County's total OPEB liability (asset) as a percentage of covered employee payroll	2.6%
<b>School Board:</b>	
Total OPEB liability	
Service cost	\$ 145,601
Interest	85,683
Changes in assumptions	(83,019)
Benefit payments	(74,994)
Net change in total OPEB liability	\$ 73,271
Total OPEB liability - beginning	2,339,655
Total OPEB liability - ending	\$ <u>2,412,926</u>
Covered employee payroll	\$ 18,478,000
School Boards total OPEB liability (asset) as a percentage of covered employee payroll	13.1%

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

OPEB - Health Insurance Plan  
Notes to Required Supplementary Information  
For the Year Ended June 30, 2018

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Valuation Date: 6/30/2016

Measurement Date: 6/30/2018

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

Methods and assumptions used to determine OPEB liability - County and School Board:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.50% as of June 30, 2017; 3.87% as of June 30, 2018
Healthcare Trend Rate	6.00% for the School Board and 5.90% for the County for fiscal year ending 2018 (to reflect actual experience). The rates reverts to 5.50% and 5.20% for the School Board and 5.40% and 5.20% for the County for fiscal years ending 2019 and 2020, decreasing .10% per year to an ultimate rate of 4.10% for the School Board and 4.60% for the County.
Salary Increase Rates	Non-law officers and School Board: Ranges of increases of 3.5% for 20+ years of service to 5.35% for 1-2 years of service; Law officers: Ranges of increases of 3.5% for 20+ years of service to 4.75% for 1-4 years of service.
Retirement Age	Age 50 and 10 years of service or Age 55 and 5 years of service - Plan 1 employees; Age 60 and 5 years of service - Plan 2 employees
Mortality Rates	Pre-Retirement: RP-2000 Employee Mortaility Tables projected to 2020 using Scale AA with Males set forward 2 years and Females set back 3 years. Post-Retirement: RP-2000 Combined Health Mortality tables projected to 2020 using Scale AA with Females set back 1 year. Post-Disablement: RP-2000 Disables Life mortality tables with Males set back 3 years and no provision for future mortaility improvement.

Schedule of Employer's Share of Net LODA OPEB Liability  
Line of Duty Act Program (LODA)  
For the Year Ended June 30, 2018

Date (1)	Employer's Proportion of the Net LODA OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) (3)	Covered- Employee Payroll * (4)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) as a Percentage of its Covered-Employee Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total LODA OPEB Liability (6)
2017	0.33274% \$	874,000	N/A	N/A	1.30%

\* The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of the employees in the OPEB plan. However, when volunteers and part-time employees make up a significant percentage of the employer's members in the plan, the employer may determine that covered-employee payroll is misleading and, therefore, not applicable for disclosure.

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, only one year of data is available. However, additional years will be included as they become available.

## Schedule of Employer Contributions

## Line of Duty Act Program (LODA)

For the Years Ended June 30, 2016 through June 30, 2018

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Covered- Employee Payroll * (4)	Contributions as a % of Covered - Employee Payroll (5)
2018	\$ 36,311	\$ 36,311	\$ -	N/A	N/A
2017	37,000	37,000	-	N/A	N/A
2016	33,206	33,206	-	N/A	N/A

\* The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of employees in the OPEB plan. However, when volunteers and part-time employees make up a significant percentage of the employer's members in the plan, the employer may determine that covered-employee payroll is misleading and, therefore, not applicable for disclosure.

FY 2011 was the first year for the Line of Duty Act Program (LODA), however there were no contributions. Schedule is intended to show information for 10 years. Since 2016 is the first year for this presentation, only three years of data is available. However, additional years will be included as they become available.

Notes to Required Supplementary Information  
Line of Duty Act Program (LODA)  
For the Year Ended June 30, 2018

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**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:

**General State Employees**

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

**SPORS Employees**

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

**VaLORS Employees**

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

**Employees in the Largest Ten Locality Employers with Public Safety 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%

**Employees in the Non-Largest Ten Locality Employers with Public Safety 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 Revenues, Expenditures, and Changes in Fund Balance -  
 Budget and Actual - Debt Service Fund  
 For the Year Ended June 30, 2018

	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Revenues:				
Permits, privilege fees and regulatory licenses	\$ -	\$ -	\$ 80,214	\$ 80,214
Charges for services	\$ -	\$ -	\$ 402,740	\$ 402,740
Total revenues	\$ -	\$ -	\$ 482,954	\$ 482,954
Expenditures:				
Debt service:				
Principal retirement	\$ -	\$ -	\$ 1,337,901	\$ (1,337,901)
Interest and fiscal charges	-	-	830,192	(830,192)
Total debt service	\$ -	\$ -	\$ 2,168,093	\$ (2,168,093)
Total expenditures	\$ -	\$ -	\$ 2,168,093	\$ (2,168,093)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (1,685,139)	\$ (1,685,139)
Other financing sources (uses):				
Transfers in	\$ -	\$ -	\$ 1,687,270	\$ 1,687,270
Total other financing sources (uses)	\$ -	\$ -	\$ 1,687,270	\$ 1,687,270
Change in fund balance	\$ -	\$ -	\$ 2,131	\$ 2,131
Fund balance at beginning of year	-	-	994,540	994,540
Fund balance at end of year	\$ -	\$ -	\$ 996,671	\$ 996,671

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

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	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special welfare:				
Assets:				
Cash and cash equivalents	\$ 47,564	\$ 747	\$ -	\$ 48,311
Liabilities:				
Amounts held for social services clients	\$ 47,564	\$ 747	\$ -	\$ 48,311



Discretely Presented Component Unit-School Board

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

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 32,692	\$ 32,692
Due from primary government	2,499,535	-	2,499,535
Due from other governmental units	634,010	-	634,010
Prepaid items	103,640	-	103,640
Total assets	<u>\$ 3,237,185</u>	<u>\$ 32,692</u>	<u>\$ 3,269,877</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 483,068	\$ -	\$ 483,068
Accrued liabilities	2,754,117	-	2,754,117
Total liabilities	<u>\$ 3,237,185</u>	<u>\$ -</u>	<u>\$ 3,237,185</u>
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid items	\$ 103,640	\$ -	\$ 103,640
Committed:			
Education	(103,640)	32,692	(70,948)
Total fund balances	<u>\$ -</u>	<u>\$ 32,692</u>	<u>\$ 32,692</u>

Detailed explanation of adjustments from fund statements to government-wide statement of net position:

Total fund balances per above \$ 32,692

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$ 127,800	
Buildings and improvements	10,447,692	
Equipment	2,027,200	12,602,692

Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.

Pension related items	\$ 4,244,439	
OPEB related items	323,609	4,568,048

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Capital leases	\$ (539,308)	
Compensated absences	(395,701)	
Net pension liability	(26,672,282)	
Net OPEB liabilities	(6,723,926)	(34,331,217)

Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.

Pension related items	\$ (3,477,375)	
OPEB related items	(282,252)	(3,759,627)

Net Position of Discretely Presented Component Unit - School Board \$ (20,887,412)

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

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
Revenues:			
Revenue from use of money and property	\$ 46,315	\$ -	\$ 46,315
Charges for services	3,706	473,859	477,565
Miscellaneous	186,346	13,325	199,671
Recovered costs	637,672	-	637,672
Intergovernmental:			
County contribution to School Board	14,731,880	-	14,731,880
Commonwealth	19,021,576	-	19,021,576
Federal	2,276,550	-	2,276,550
Total revenues	\$ 36,904,045	\$ 487,184	\$ 37,391,229
Expenditures:			
Current:			
Education	\$ 34,496,879	\$ 1,448,435	\$ 35,945,314
Debt service:			
Principal retirement	1,253,603	-	1,253,603
Interest	523,417	-	523,417
Total expenditures	\$ 36,273,899	\$ 1,448,435	\$ 37,722,334
Excess (deficiency) of revenues over (under) expenditures	\$ 630,146	\$ (961,251)	\$ (331,105)
Other financing sources (uses):			
Issuance of capital leases	\$ 210,364	\$ -	\$ 210,364
Transfers in	-	840,510	840,510
Transfers (out)	(840,510)	-	(840,510)
Total other financing sources (uses)	\$ (630,146)	\$ 840,510	\$ 210,364
Change in fund balance	\$ -	\$ (120,741)	\$ (120,741)
Fund balance at beginning of year	-	153,433	153,433
Fund balance at end of year	\$ -	\$ 32,692	\$ 32,692

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

		Component Unit School Board
Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	\$	(120,741)
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. The amount by which depreciation exceeded capital outlays in the current period is computed as follows:		
Capital additions	\$ 367,272	
Transfer of joint tenancy assets from Primary Government to the Component Unit	805,000	
Depreciation expense	<u>(898,811)</u>	273,461
The issuance of capital 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. A summary of items supporting this adjustment is as follows:		
Capital lease proceeds	\$ (210,364)	
Principal retired on capital lease obligations	<u>272,701</u>	62,337
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. This amount reflects the changes in compensated absences, net OPEB liabilities, and accrued interest payable, etc.		
Change in compensated absences	\$ (746)	
Pension expense	815,546	
OPEB expense	(73,914)	
Change in accrued interest payable	<u>948</u>	<u>741,834</u>
Change in net position of governmental activities	\$	<u><u>956,891</u></u>

COUNTY OF GREENE, VIRGINIA

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

Discretely Presented Component Unit - School Board

For the Year Ended June 30, 2018

	School Operating Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
Revenue from use of money and property	\$ 82,500	\$ 82,500	\$ 46,315	\$ (36,185)
Charges for services	145,000	145,000	3,706	(141,294)
Miscellaneous	252,500	252,500	186,346	(66,154)
Recovered costs	718,000	718,000	637,672	(80,328)
Intergovernmental:				
County contribution to School Board	16,014,873	16,014,873	14,731,880	(1,282,993)
Commonwealth	19,391,085	19,391,085	19,021,576	(369,509)
Federal	1,942,924	1,942,924	2,276,550	333,626
Total revenues	\$ 38,546,882	\$ 38,546,882	\$ 36,904,045	\$ (1,642,837)
Expenditures:				
Current:				
Education				
Instruction	\$ 29,490,164	\$ 29,490,164	\$ 27,857,272	\$ 1,632,892
Administration, attendance and health	1,745,494	1,745,494	1,566,050	179,444
Pupil transportation	1,926,151	1,926,151	1,580,797	345,354
Operation and maintenance	2,690,471	2,690,471	2,965,445	(274,974)
Facilities	8,000	8,000	527,315	(519,315)
Food service	-	-	-	-
Total education	\$ 35,860,280	\$ 35,860,280	\$ 34,496,879	\$ 1,363,401
Debt service:				
Principal retirement	\$ 1,483,235	\$ 1,483,235	\$ 1,253,603	\$ 229,632
Interest	503,367	503,367	523,417	(20,050)
Total debt service	\$ 1,986,602	\$ 1,986,602	\$ 1,777,020	\$ 209,582
Total expenditures	\$ 37,846,882	\$ 37,846,882	\$ 36,273,899	\$ 1,572,983
Excess (deficiency) of revenues over (under) expenditures	\$ 700,000	\$ 700,000	\$ 630,146	\$ (69,854)
Other financing sources (uses):				
Issuance of capital leases	\$ -	\$ -	\$ 210,364	\$ 210,364
Transfers in	-	-	-	-
Transfers (out)	(700,000)	(700,000)	(840,510)	(140,510)
Total other financing sources (uses)	\$ (700,000)	\$ (700,000)	\$ (630,146)	\$ 69,854
Change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

## Exhibit 30

School Cafeteria Fund			
Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -
-	-	473,859	473,859
-	-	13,325	13,325
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 487,184</u>	<u>\$ 487,184</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	1,448,435	(1,448,435)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,448,435</u>	<u>\$ (1,448,435)</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,448,435</u>	<u>\$ (1,448,435)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (961,251)</u>	<u>\$ (961,251)</u>
\$ -	\$ -	\$ -	\$ -
-	-	840,510	840,510
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 840,510</u>	<u>\$ 840,510</u>
\$ -	\$ -	\$ (120,741)	\$ (120,741)
-	-	153,433	153,433
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,692</u>	<u>\$ 32,692</u>

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## Supporting Schedule



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

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary government:				
General fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 14,635,137	\$ 14,635,137	\$ 15,021,164	\$ 386,027
Real and personal public service corporation taxes	485,784	485,784	528,524	42,740
Personal property taxes	4,125,374	4,125,374	4,271,177	145,803
Mobile home taxes	54,019	54,019	-	(54,019)
Machinery and tools taxes	182,469	182,469	180,789	(1,680)
Penalties	215,000	215,000	206,070	(8,930)
Interest	110,000	110,000	85,094	(24,906)
Total general property taxes	\$ 19,807,783	\$ 19,807,783	\$ 20,292,818	\$ 485,035
Other local taxes:				
Local sales and use taxes	\$ 1,910,000	\$ 1,910,000	\$ 1,937,442	\$ 27,442
Consumer utility taxes	409,000	409,000	456,546	47,546
Business license taxes	505,000	505,000	665,530	160,530
Motor vehicle licenses	440,000	440,000	456,563	16,563
Bank stock taxes	50,000	50,000	68,579	18,579
Taxes on recordation and wills	229,500	229,500	246,417	16,917
Transient lodging taxes	180,000	180,000	256,409	76,409
Meals taxes	705,000	705,000	750,222	45,222
Total other local taxes	\$ 4,428,500	\$ 4,428,500	\$ 4,837,708	\$ 409,208
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 8,500	\$ 8,500	\$ 7,456	\$ (1,044)
Other permits and licenses	235,100	235,100	263,319	28,219
Total permits, privilege fees and regulatory licenses	\$ 243,600	\$ 243,600	\$ 270,775	\$ 27,175
Fines and Forfeitures:				
Court and other fines and forfeitures	\$ 161,000	\$ 161,000	\$ 139,866	\$ (21,134)
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 78,116	\$ 78,116
Revenue from use of property	36,406	36,406	36,407	1
Total revenue from use of money and property	\$ 36,406	\$ 36,406	\$ 114,523	\$ 78,117

Governmental Funds and Discretely Presented Component Unit  
 Schedule of Revenues -- Budget and Actual  
 For the Year Ended June 30, 2018 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from local sources: (continued)				
Charges for services:				
Sheriff's fees	\$ 1,400	\$ 1,400	\$ 986	\$ (414)
Law library fees	1,400	1,400	1,781	381
Courthouse maintenance	42,500	42,500	36,897	(5,603)
Commonwealth attorney fees	1,500	1,500	1,711	211
Dog pound fees	6,500	6,500	9,003	2,503
Charges for transportation services	268,860	268,860	118,710	(150,150)
DMV stop fees	-	40,980	42,571	1,591
After school program fees	297,800	297,800	176,290	(121,510)
Parks and recreation	75,500	75,500	49,368	(26,132)
Vehicle maintenance facility	550,000	550,000	501,490	(48,510)
Charges for landfill operations	1,166,679	1,166,679	1,277,885	111,206
Revenue recovery	305,000	305,000	382,552	77,552
Charges for water/sewer	325,000	325,000	-	(325,000)
Other charges for services	420	420	186	(234)
Total charges for services	\$ 3,042,559	\$ 3,083,539	\$ 2,599,430	\$ (484,109)
Miscellaneous:				
Donations	\$ 2,000	\$ 2,000	\$ 723	\$ (1,277)
Miscellaneous	25	71,340	85,693	14,353
Total miscellaneous	\$ 2,025	\$ 73,340	\$ 86,416	\$ 13,076
Recovered costs:				
State health department reimbursement	\$ -	\$ -	\$ 9,900	\$ 9,900
Expenditure refunds	133,264	133,264	284,031	150,767
Total recovered costs	\$ 133,264	\$ 133,264	\$ 293,931	\$ 160,667
Total revenue from local sources	\$ 27,855,137	\$ 27,967,432	\$ 28,635,467	\$ 668,035
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling taxes	\$ 11,500	\$ 11,500	\$ 27,966	\$ 16,466
Auto rental tax	5,000	5,000	5,593	593
Motor vehicle titling tax	19,000	20,063	20,063	-

Governmental Funds and Discretely Presented Component Unit  
 Schedule of Revenues -- Budget and Actual  
 For the Year Ended June 30, 2018 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Noncategorical aid: (Continued)				
Tax on deeds	\$ 63,000	\$ 63,000	\$ 61,996	\$ (1,004)
Rolling stock tax	225	225	125	(100)
Contribution to State of Virginia	(40,000)	(19,275)	-	19,275
Communication sales and use taxes	470,000	470,000	450,469	(19,531)
Personal property tax relief act	2,249,911	2,249,911	2,249,911	-
Total noncategorical aid	\$ 2,778,636	\$ 2,800,424	\$ 2,816,123	\$ 15,699
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 236,363	\$ 236,363	\$ 220,704	\$ (15,659)
Sheriff	842,695	842,695	841,107	(1,588)
Commissioner of the Revenue	81,478	81,478	82,324	846
Treasurer	79,648	79,648	79,787	139
Registrar/electoral board	37,500	37,500	37,399	(101)
Clerk of the Circuit Court	188,865	188,865	195,110	6,245
Total shared expenses	\$ 1,466,549	\$ 1,466,549	\$ 1,456,431	\$ (10,118)
Other categorical aid:				
Law enforcement grants	\$ 52,305	\$ 15,150	\$ 10,110	\$ (5,040)
Litter control	6,200	6,200	6,038	(162)
Fire programs fund	57,000	60,297	60,297	-
Section 18 transportation grant	375,283	375,283	165,171	(210,112)
Juvenile Justice	7,596	7,596	7,596	-
E-911 wireless grant	47,000	47,000	50,206	3,206
Forfeited Property	-	1,985	1,985	-
Public assistance	394,233	394,233	302,272	(91,961)
Domestic violence	-	45,000	23,577	(21,423)
Children's services	1,024,000	1,024,000	722,739	(301,261)
USDA grant	25,000	25,000	22,729	(2,271)
Other categorical aid	-	31,910	7,751	(24,159)
Total other categorical aid	\$ 1,988,617	\$ 2,033,654	\$ 1,380,471	\$ (653,183)
Total categorical aid	\$ 3,455,166	\$ 3,500,203	\$ 2,836,902	\$ (663,301)
Total revenue from the Commonwealth	\$ 6,233,802	\$ 6,300,627	\$ 5,653,025	\$ (647,602)

Governmental Funds and Discretely Presented Component Unit  
 Schedule of Revenues -- Budget and Actual  
 For the Year Ended June 30, 2018 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Payments in lieu of taxes	\$ 42,680	\$ 42,680	\$ 45,846	\$ 3,166
Categorical aid:				
Welfare administration and assistance	\$ 788,466	\$ 788,466	\$ 787,699	\$ (767)
Federal portion of children's services act	-	-	3,674	3,674
Section 18 transportation grant	446,016	446,016	529,269	83,253
Bulletproof vest grant	-	3,899	-	(3,899)
Transportation safety grant	-	-	10,718	10,718
Homeland security	-	-	28,230	28,230
Forfeited property	-	500	500	-
Byrne grant	-	53,758	45,962	(7,796)
Safety grants	-	45,452	44,817	(635)
Federal disaster recovery	-	7,500	(3,366)	(10,866)
Total categorical aid	\$ 1,234,482	\$ 1,345,591	\$ 1,447,503	\$ 101,912
Total revenue from the federal government	\$ 1,277,162	\$ 1,388,271	\$ 1,493,349	\$ 105,078
Total general fund	\$ 35,366,101	\$ 35,656,330	\$ 35,781,841	\$ 125,511
Debt service fund:				
Revenue from local sources:				
Permits, privilege fees and regulatory licenses:				
Water and sewer debt service fee	\$ -	\$ -	\$ 80,214	\$ 80,214
Charges for services:				
Sewer EDU charges	\$ -	\$ -	\$ 20,000	\$ 20,000
User fees	-	-	332,740	332,740
Water EDU charges	-	-	50,000	50,000
Total charges for services	\$ -	\$ -	\$ 402,740	\$ 402,740
Total debt service fund	\$ -	\$ -	\$ 482,954	\$ 482,954
Total Primary Government	\$ 35,366,101	\$ 35,656,330	\$ 36,264,795	\$ 608,465

Governmental Funds and Discretely Presented Component Unit  
 Schedule of Revenues -- Budget and Actual  
 For the Year Ended June 30, 2018 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Component Unit -- School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property	\$ 82,500	\$ 82,500	\$ 46,315	\$ (36,185)
Charges for services:				
Charges for education	\$ 145,000	\$ 145,000	\$ 3,706	\$ (141,294)
Miscellaneous:				
Expenditure refunds	\$ 115,000	\$ 115,000	\$ 43,037	\$ (71,963)
Miscellaneous	137,500	137,500	143,309	5,809
Total miscellaneous	\$ 252,500	\$ 252,500	\$ 186,346	\$ (66,154)
Recovered costs:				
Other payments from another county or city	\$ 718,000	\$ 718,000	\$ 637,672	\$ (80,328)
Total revenue from local sources	\$ 1,198,000	\$ 1,198,000	\$ 874,039	\$ (323,961)
Intergovernmental:				
County contribution to School Board	\$ 16,014,873	\$ 16,014,873	\$ 14,731,880	\$ (1,282,993)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 3,578,645	\$ 3,578,645	\$ 3,390,554	\$ (188,091)
Basic school aid	9,344,366	9,344,366	8,994,537	(349,829)
GED	7,859	7,859	-	(7,859)
Remedial summer school	85,165	85,165	79,106	(6,059)
Remedial education - SOQ	277,907	277,907	270,543	(7,364)
Special education - SOQ	1,179,559	1,179,559	1,148,305	(31,254)
Textbook	225,990	225,990	220,002	(5,988)
Vocational standards of quality payments	201,740	201,740	196,394	(5,346)
Fringe benefits	1,871,238	1,871,238	1,821,656	(49,582)
Lottery	-	-	549,844	549,844
Regional program payments	779,036	779,036	754,674	(24,362)
Primary class size reduction	204,416	204,416	196,372	(8,044)
Technology	180,000	180,000	360,000	180,000
Other state funds	1,455,164	1,455,164	1,039,589	(415,575)
Total categorical aid	\$ 19,391,085	\$ 19,391,085	\$ 19,021,576	\$ (369,509)
Total revenue from the Commonwealth	\$ 19,391,085	\$ 19,391,085	\$ 19,021,576	\$ (369,509)

Governmental Funds and Discretely Presented Component Unit  
 Schedule of Revenues -- Budget and Actual  
 For the Year Ended June 30, 2018 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Component Unit -- School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 375,000	\$ 375,000	\$ 430,042	\$ 55,042
Title VI-B	580,000	580,000	748,835	168,835
Tech assistive	2,500	2,500	-	(2,500)
School food program grant	704,270	704,270	773,285	69,015
Pre-school SPED	23,000	23,000	22,394	(606)
Vocational education	43,154	43,154	66,286	23,132
Title III-ESL	10,000	10,000	10,990	990
ARRA - State fiscal stabilization funds	-	-	7,523	7,523
BAB subsidy	120,000	120,000	122,501	2,501
Title II part A	85,000	85,000	94,694	9,694
Total revenue from the federal government	\$ 1,942,924	\$ 1,942,924	\$ 2,276,550	\$ 333,626
Total school operating fund	\$ 38,546,882	\$ 38,546,882	\$ 36,904,045	\$ (1,642,837)
School cafeteria fund:				
Special revenue fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ -	\$ -	\$ 473,859	\$ 473,859
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 13,325	\$ 13,325
Total revenue from local sources	\$ -	\$ -	\$ 487,184	\$ 487,184
Total school cafeteria fund	\$ -	\$ -	\$ 487,184	\$ 487,184
Total Revenues -- Component Unit -- School Board	\$ 38,546,882	\$ 38,546,882	\$ 37,391,229	\$ (1,155,653)



## Statistical Information

COUNTY OF GREENE, VIRGINIA

Government-Wide Expenses by Function  
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Government Administration</u>	<u>Judicial Administration</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Health and Welfare</u>	<u>Education</u>
2008-09	\$ 2,208,969	\$ 732,824	\$ 4,964,867	\$ 2,686,808	\$ 3,545,971	\$ 10,102,951
2009-10	2,317,597	728,288	5,168,726	2,157,064	3,141,865	9,977,710
2010-11	2,413,341	750,008	5,647,390	1,619,192	3,268,889	10,645,122
2011-12	2,569,601	796,212	5,925,042	1,668,381	3,283,874	10,876,226
2012-13	2,980,297	857,949	6,446,145	1,633,036	3,359,730	13,691,015
2013-14	2,951,965	872,678	6,524,622	1,556,202	3,356,783	13,111,319
2014-15	3,073,055	802,988	7,053,193	1,823,774	3,389,971	12,645,242
2015-16	3,044,641	806,765	6,945,379	1,659,669	3,889,018	12,321,340
2016-17	2,837,682	902,271	7,588,646	1,846,387	3,377,197	12,833,070
2017-18	2,939,108	800,347	8,051,591	1,750,612	3,269,928	14,308,304

Table 1

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	Recreation and Cultural	Community Development	Interest on Long-term Obligations	Total
\$	798,049	\$ 1,554,244	\$ 2,023,856	\$ 28,618,539
	582,625	1,694,807	1,870,527	27,639,209
	586,531	1,829,783	1,777,149	28,537,405
	655,517	1,896,573	1,714,067	29,385,493
	638,132	2,003,035	1,827,823	33,437,162
	624,675	1,993,591	1,752,620	32,744,455
	613,315	2,081,033	1,976,446	33,459,017
	632,059	2,203,322	1,410,094	32,912,287
	610,767	2,226,695	1,317,618	33,540,333
	629,044	2,193,642	1,943,405	35,885,981

COUNTY OF GREENE, VIRGINIA

Government-Wide Revenues

Last Ten Fiscal Years

Fiscal Year	Program Revenues		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
2008-09	\$ 4,990,757	\$ 4,123,823	\$ -
2009-10	3,643,413	4,125,296	202,677
2010-11	4,398,744	4,795,953	-
2011-12	3,891,179	3,892,236	40,000
2012-13	4,036,847	3,947,101	-
2013-14	2,826,399	3,972,855	150,000
2014-15	3,119,888	4,387,697	-
2015-16	3,251,514	4,442,405	-
2016-17	3,057,589	4,287,452	150,000
2017-18	3,493,024	4,284,408	-

Table 2

General Revenues					
General Property Taxes	Other Local Taxes	Grants and Contributions Not Restricted to Specific Programs	Unrestricted Revenues from the Use of Money & Property	Miscellaneous	Total
\$ 15,659,705	\$ 3,554,550	\$ 2,454,781	\$ 288,843	\$ 219,967	\$ 31,292,426
16,501,906	3,789,119	2,406,313	130,067	200,312	30,999,103
16,628,031	4,099,937	2,391,655	53,854	270,759	32,638,933
16,830,631	3,799,812	2,889,095	53,042	212,158	31,608,153
16,673,523	4,144,565	2,805,709	46,711	178,807	31,833,263
17,656,127	4,017,436	2,889,702	40,988	170,215	31,723,722
17,849,568	4,226,641	2,837,638	51,582	125,203	32,598,217
18,738,446	4,612,880	2,873,049	46,928	223,848	34,189,070
19,762,722	4,656,707	2,835,103	43,079	168,015	34,960,667
20,395,914	4,837,709	2,861,968	409,716	86,852	36,369,591

COUNTY OF GREENE, VIRGINIA

General Government Expenditures by Function (1) (2) (3)  
Last Ten Fiscal Years

Fiscal Year	General Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare
2008-09	\$ 2,124,961	\$ 656,157	\$ 4,776,585	\$ 2,541,465	\$ 3,566,681
2009-10	2,194,470	651,621	5,260,704	1,836,690	3,161,649
2010-11	2,289,610	673,341	5,770,110	1,810,474	3,275,516
2011-12	2,435,313	719,545	5,706,798	1,609,678	3,288,402
2012-13	2,456,653	772,434	6,159,573	1,523,644	3,255,905
2013-14	2,328,762	832,496	6,483,005	1,448,788	3,360,846
2014-15	2,469,394	818,349	6,691,754	1,664,455	3,423,259
2015-16	2,316,270	816,009	6,696,201	1,538,917	3,940,049
2016-17	2,281,044	869,989	7,426,556	1,600,509	3,432,258
2017-18	2,305,953	825,974	7,907,182	1,683,182	3,325,385

(1) Includes current expenditures of the General Fund and Special Revenue Funds of the Primary Government and its discretely presented Component Unit School Board.

(2) The General Fund contributions to the Component Unit School Board are not included.

(3) Capital projects and debt service funds are not included.

Table 3

---

	Education		Recreation and Cultural		Community Development		Non- depart- mental		Debt Service		Total
\$	29,662,860	\$	706,843	\$	1,587,242	\$	36,260	\$	3,048,763	\$	48,707,817
	29,708,011		498,169		1,695,747		21,595		2,585,804		47,614,460
	28,886,279		505,441		1,871,410		18,776		2,590,803		47,691,760
	29,961,407		561,145		1,886,835		36,373		2,843,001		49,048,497
	31,054,835		539,347		1,848,327		91,223		2,945,886		50,647,827
	30,644,422		541,705		1,977,558		60,455		3,095,848		50,773,885
	32,704,706		536,156		2,181,858		49,655		3,194,774		53,734,360
	32,478,775		554,630		2,167,341		198,752		3,034,168		53,741,112
	34,401,639		578,896		2,200,711		125,755		2,779,862		55,697,219
	35,950,687		569,272		2,355,107		57,560		2,667,697		57,647,999

COUNTY OF GREENE, VIRGINIA

General Government Revenues by Source (1) (2) (3)

Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees & Regulatory Licenses	Fines & Forfeitures	Revenues from the Use of Money & Property
2008-09	\$ 15,625,373	\$ 3,554,550	\$ 316,414	\$ 184,505	\$ 101,049
2009-10	16,457,255	3,789,119	281,684	183,417	61,038
2010-11	16,630,394	4,099,937	305,014	168,098	44,914
2011-12	16,271,874	3,799,812	203,805	79,514	50,473
2012-13	17,202,455	4,144,565	209,061	184,442	59,382
2013-14	17,795,002	4,017,436	193,509	171,559	55,395
2014-15	18,093,338	4,226,642	284,761	136,057	122,085
2015-16	18,757,879	4,612,880	252,716	155,638	128,434
2016-17	19,725,650	4,656,707	230,840	169,249	105,905
2017-18	20,292,818	4,837,708	270,775	139,866	160,838

(1) Includes revenues of the General Fund and Special Revenue Funds of the Primary Government and its discretely presented Component Unit School Board.

(2) The General Fund contributions to the Component Unit School Board are not included.

(3) Capital projects and debt service funds are not included.



Table 4

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Charges for Services	Miscellaneous	Recovered Costs	Inter- governmental	Total
\$ 3,638,610	\$ 565,264	\$ 378,408	\$ 26,110,839	\$ 50,475,012
2,856,494	571,305	709,976	26,042,415	50,952,703
2,548,454	652,497	534,874	25,439,456	50,423,638
2,922,714	435,088	487,567	25,048,588	49,299,435
2,915,632	513,359	985,590	24,339,290	50,553,776
2,855,685	420,380	954,224	24,644,956	51,108,146
3,050,282	345,046	878,284	26,947,201	54,083,696
2,680,445	400,014	897,802	27,367,465	55,253,273
2,770,003	510,918	1,104,136	28,041,390	57,314,798
3,076,995	286,087	931,603	28,444,500	58,441,190

Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1) (2)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2008-09	\$ 17,946,941	\$ 16,947,660	94.43%	\$ 693,868	\$ 17,641,528	98.30%	\$ 1,469,758	8.19%
2009-10	18,483,392	17,711,070	95.82%	755,110	18,466,180	99.91%	1,542,094	8.34%
2010-11	18,468,863	17,905,126	96.95%	728,304	18,633,430	100.89%	1,762,188	9.54%
2011-12	18,545,899	17,525,048	94.50%	723,171	18,248,219	98.39%	1,900,921	10.25%
2012-13	18,649,051	18,076,828	96.93%	1,003,270	19,080,098	102.31%	1,767,242	9.48%
2013-14	18,795,003	18,123,626	96.43%	1,436,339	19,559,965	104.07%	1,364,252	7.26%
2014-15	19,199,591	18,939,576	98.65%	1,057,662	19,997,238	104.15%	1,217,356	6.34%
2015-16	20,160,557	20,088,020	99.64%	597,522	20,685,542	102.60%	1,188,962	5.90%
2016-17	21,016,278	20,603,979	98.04%	1,035,362	21,639,341	102.96%	1,116,143	5.31%
2017-18	21,813,843	21,348,590	97.87%	902,975	22,251,565	102.01%	1,303,455	5.98%

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.

Assessed Value of Taxable Property  
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property	Machinery and Tools (2)	Public Service Corporations	Total
2008-09	\$ 1,793,032,015	\$ 101,216,300	\$ 4,734,675	\$ 41,346,332	\$ 1,940,329,322
2009-10	1,915,379,116	98,353,196	5,467,998	54,408,605	2,073,608,915
2010-11	1,894,195,815	101,055,538	5,654,529	54,004,950	2,054,910,832
2011-12	1,870,025,214	107,394,386	3,244,434	55,160,407	2,035,824,441
2012-13	1,823,328,015	111,502,339	1,091,649	58,554,406	1,994,476,409
2013-14	1,781,327,215	110,887,337	358,716	57,338,030	1,949,911,298
2014-15	1,795,290,615	114,485,426	2,415,418	60,309,478	1,972,500,937
2015-16	1,810,957,140	118,927,060	4,017,535	72,610,650	2,006,512,385
2016-17	1,879,683,615	122,945,946	2,915,751	63,325,599	2,068,870,911
2017-18	1,953,445,115	126,820,997	2,618,226	68,323,737	2,151,208,075

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

(2) 2003-2004 Machinery and Tools assessment was assessed as a supplemental assessment.

Property Tax Rates (1)  
Last Ten Fiscal Years

Fiscal Year		Real Estate	Personal Property	Machinery and Tools
2008-09	\$	0.72/0.69	\$ 5.00/5.00	\$ 2.00/2.00
2009-10		0.69/0.69	5.00/5.00	2.00/2.50
2010-11		0.69/0.69	5.00/5.00	2.50/2.50
2011-12		0.69/0.69	5.00/5.00	2.50/2.50
2012-13		0.69/0.72	5.00/5.00	2.50/2.50
2013-14		0.72/0.72	5.00/5.00	2.50/2.50
2014-15		0.72/0.75	5.00/5.00	2.50/2.50
2015-16		0.75/0.775	5.00/5.00	2.50/2.50
2016-17		0.775/0.775	5.00/5.00	2.50/2.50
2017-18		0.775/0.775	5.00/5.00	2.50/2.50

(1) Per \$100 of assessed value, 1st and 2nd half assessments

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

Fiscal Year	Population	Assessed Value	Gross & Net Bonded Debt	Ratio of Net Debt to Assessed Value	Net Bonded Debt per Capita
	(1)	(2)	(3)		
2008-09	17,881	\$ 1,940,329,322	\$ 45,155,798	2.33%	\$ 2,525
2009-10	18,403	2,073,608,915	42,439,783	2.05%	2,306
2010-11	18,485	2,054,910,832	48,228,153	2.35%	2,609
2011-12	18,484	2,035,824,441	44,887,933	2.20%	2,428
2012-13	18,856	1,994,476,409	44,252,984	2.22%	2,347
2013-14	19,320	1,949,911,298	41,309,088	2.12%	2,138
2014-15	19,618	1,972,500,937	38,523,498	1.95%	1,964
2015-16	19,840	2,006,512,385	35,549,928	1.77%	1,792
2016-17	19,785	2,068,870,911	32,656,383	1.58%	1,651
2017-18	19,959	2,151,208,075	64,627,658	3.00%	3,238

(1) Weldon Cooper Center for Public Service at the University of Virginia

(2) From Table 6.

(3) Includes all long-term general obligation bonded debt, Literary Fund Loans, and revenue bonds; excludes capital leases, compensated absences, landfill closure/postclosure, and other postemployment benefits.

Schedule of Operating Revenues and Expenditures for Transportation Activity  
For the Year Ended June 30, 2018

Revenues:		
State aid	\$	165,171
Federal aid		529,269
Fare collections		49,833
Greene County contribution for operations		<u>293,646</u>
Total revenues	\$	<u>1,037,919</u>
Expenditures:		
Salaries and fringes	\$	755,524
Materials and other expenditures		<u>282,395</u>
Total expenditures	\$	<u>1,037,919</u>
Excess of revenues over expenditures	\$	<u><u>-</u></u>

Transportation activity for the County of Greene, Virginia is included in the general accounting system of the County.

## Compliance

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# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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## 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*

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To the Honorable Members of  
the Board of Supervisors  
County of Greene, 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, discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Greene, Virginia, as of and for the year June 30, 2018, and the related notes to the financial statements, which collectively comprise the County of Greene, Virginia's basic financial statements and have issued our report thereon dated November 27, 2018.

### Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiency (2018-01).

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Greene, 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*.

## County of Greene, Virginia's Response to Findings

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

## Purpose of this Report

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

*Robinson, Farney Cox Associates*  
Charlottesville, Virginia  
November 27, 2018

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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To the Honorable Members of  
The Board of Supervisors  
County of Greene, Virginia

### Report on Compliance for Each Major Federal Program

We have audited the County of Greene, 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 Greene, Virginia's major federal programs for the year ended June 30, 2018. County of Greene, 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 Greene, 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 Greene, 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 Greene, Virginia's compliance.

### *Opinion on Each Major Federal Program*

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

## *Report on Internal Control over Compliance*

Management of the County of Greene, 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 Greene, 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 Greene, 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

*Robinson, Farmer, Cox Associates*  
Charlottesville, Virginia  
November 27, 2018

COUNTY OF GREENE, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and  
Discretely Presented Component Units  
For The Year Ended June 30, 2018

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>PRIMARY GOVERNMENT:</b>			
<u>DEPARTMENT OF AGRICULTURE:</u>			
<u>Pass through payments:</u>			
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010117/0010118/0040118/0040117	\$ 186,581
Pilot Projects to Reduce Dependency and Increase Work Requirements and Work Effort under SNAP	10.596	0060115	14,967
Total Department of Agriculture			\$ 201,548
<u>DEPARTMENT OF TRANSPORTATION:</u>			
<u>Pass through payments:</u>			
Department of Motor Vehicles:			
Alcohol Open Container Requirements	20.607	154AL-2017-57185-6834	\$ 4,715
Highway Safety Cluster:			
State and Community Highway Safety	20.600	SC-2017-57184-6833	\$ 4,507
Alcohol Impaired Driving Countermeasures Incentives Grants I	20.601	K8-2016-56184-6384/2017-57348-6997	1,496
Subtotal Highway Safety Cluster			\$ 6,003
Department of Rail and Public Transportation:			
Formula Grants for Rural Areas	20.509	42017/42517/42018/42518	529,269
Total Department of Transportation			\$ 539,987
<u>DEPARTMENT OF JUSTICE:</u>			
<u>Direct payment:</u>			
Equitable Sharing Program	16.922	n/a	\$ 500
<u>Pass through payments:</u>			
Department of Justice:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15DJBX1062	45,962
Crime Victim Assistance	16.575	15VAGX0043	44,817
Total Department of Justice			\$ 91,279
<u>DEPARTMENT OF HOMELAND SECURITY:</u>			
<u>Pass through payments:</u>			
Department of Emergency Management:			
Homeland Security Grant Program	97.067	201707019787	\$ 20,731
Emergency Management Performance Grants	97.042	Unknown	7,499
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4262DRVAP00000001	(3,366)
Total Department of Homeland Security			\$ 24,864
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>			
<u>Pass Through Payments:</u>			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	0950118/0950118	\$ 5,123
Temporary Assistance For Needy Families	93.558	0400117/0400118	121,835
Refugee and Entrant Assistance - State Administered Programs	93.566	0500117/0500118	195
Low-Income Home Energy Assistance	93.568	0600417/0600418	12,815
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760117/0760118	16,659
Chafee Education and Training Vouchers Program (ETV)	93.599	9160117	548
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900117/0900118	295
Foster care - Title IV-E	93.658	1100117/1100118	83,076

COUNTY OF GREENE, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and  
Discretely Presented Component Units  
For The Year Ended June 30, 2018 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
PRIMARY GOVERNMENT: (CONTINUED)			
DEPARTMENT OF HEALTH AND HUMAN SERVICES: (Continued)			
<u>Pass Through Payments: (Continued)</u>			
Department of Social Services: (Continued)			
Adoption Assistance	93.659	1120117/1120118	\$ 80,726
Social Services Block Grant	93.667	1000117/1000118	68,494
Chafee Foster Care Independence Program	93.674	9150117/9150118	1,813
Children's Health Insurance Program	93.767	0540117/0540118	7,631
Medical Assistance Program	93.778	1200117/1200118	190,615
Total Department of Health and Human Services			\$ 589,825
Total Primary Government			\$ 1,447,503
COMPONENT UNIT-SCHOOL BOARD:			
DEPARTMENT OF AGRICULTURE:			
<u>Pass through payments:</u>			
Child Nutrition Cluster:			
Department of Agriculture and Consumer Services:			
Food Commodities	10.555	2017IN109941/2018IN16109941	\$ 86,435
Department of Education:			
National School Lunch Program	10.555	2017IN109941/2018IN16109941	511,776
Total food commodities and national school lunch program			\$ 598,211
School Breakfast Program	10.553	2017IN109941/2018IN16109941	175,074
Total Child Nutrition Cluster			\$ 773,285
DEPARTMENT OF EDUCATION:			
<u>Pass through payments:</u>			
Department of Education:			
Title I Grants to Local Educational Agencies	84.010	S010A150046/S010A160046/S010A170046	\$ 430,042
Special Education Cluster:			
Special Education - Grants to States	84.027	H027A160107/H027A150107/H027A170107	748,835
Special Education - Preschool Grants	84.173	H173A150112/H173A160112/H173A170112	22,394
Subtotal Special Education Cluster			\$ 771,229
Career and Technical Education - Basic Grants to States	84.048	V048A160046/V048A150046/V048A170046	66,286
Supporting Effective Instruction State Grant	84.367	S367A150044/S367A140044	94,694
Student Support and Academic Enrichment Program	84.424	APE602810000	7,523
English Language Acquisition State Grants	84.365	S365A160046	10,990
Total Department of Education			\$ 1,380,764
Total Component Unit School Board			\$ 2,154,049
Total Expenditures of Federal Awards			\$ 3,601,552

See accompanying notes to schedule of expenditures of federal awards.

## COUNTY OF GREENE, VIRGINIA

### Notes to Schedule of Expenditures of Federal Awards For The Year Ended June 30, 2018

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#### Note 1 - Basis of Presentation

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

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

#### Note 3 - Food Donation

Nonmonetary assistance in the amount of \$86,435 is reported in the Schedule at the fair market value of the commodities received and disbursed.

#### Note 4 - De Minimis Cost Rate

The County did not elect to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

#### Note 5 - Subrecipients

No awards were passed through to subrecipients.

#### Note 6 - 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	\$ 1,493,349
Less Payment in lieu of taxes	<u>(45,846)</u>
Total primary government	<u>\$ 1,447,503</u>

Component Unit School Board:

School Operating Fund	\$ 2,276,550
Less BAB subsidy	<u>(122,501)</u>
Total component unit school board	<u>\$ 2,154,049</u>

Total federal expenditures per basic financial statements	<u>\$ 3,601,552</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 3,601,552</u></u>
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COUNTY OF GREENE, VIRGINIA

Schedule of Findings and Questioned Costs  
For The Year Ended June 30, 2018

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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? Yes

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

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

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

No

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program Special Education Cluster:
84.027	Special Education - Grants to States
84.173	Special Education - Preschool Grants

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

\$750,000

Auditee qualified as low-risk auditee?

Yes

## COUNTY OF GREENE, VIRGINIA

### Schedule of Findings and Questioned Costs For The Year Ended June 30, 2018 (Continued)

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#### Section II - Financial Statement Findings

##### 2018-001 - Procurement

###### Criteria:

The County's internal controls require that significant contracts be approved by the Board of Supervisors. Additionally, all purchases of goods and services require an appropriation in accordance with the Code of Virginia.

###### Condition:

A significant contract for professional engineering services signed by a former County Executive was not approved by the Board of Supervisors. Similarly, the contract was signed without an approved appropriation.

###### Cause:

Management override of the County's internal controls.

###### Effect:

The County was not in compliance with appropriation laws. Internal controls over contract approvals were circumvented.

###### Recommendation:

The County should examine internal controls over contract approvals and appropriation to reduce the risk of management override.

###### Management Response:

The Finance office stopped the payment of an invoice under the aforementioned contract. The matter was then discussed with the Board of Supervisors and appropriate action was taken to remedy the situation. Management will evaluate procedures to prevent management override for the approval and appropriation of significant contracts.

#### Section III - Federal Award Findings and Questioned Costs

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

#### Section IV - Prior Year Audit Findings

There were no items reported in the prior year.