
GREENSVILLE COUNTY SCHOOL BOARD

(A Component Unit of the County of Greenville, Virginia)

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2014

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY CERTIFIED PUBLIC ACCOUNTANTS

CHARLOTTESVILLE □ RICHMOND □ FREDERICKSBURG □ STAUNTON □ BLACKSBURG



Greensville County School Board
(A Component Unit of the County of Greensville, Virginia)

School Board

Tony M. Conwell, Chairman

Bessie Reed-Moore, Vice-Chairman

Janey V. Bush

Rhonda Jones-Gilliam

Danny Rook

Superintendent of Schools

Dr. Philip L. Worrell

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

TO GREENSVILLE COUNTY SCHOOL BOARD
EMPORIA, VIRGINIA

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Greensville County School Board, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Greensville County School Board'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 Authorities, Boards and Commissions*, 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 and each major fund of Greensville County School Board, as of June 30, 2014, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedules of pension and OPEB funding progress on pages 3-6, 37-38, and 39 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Greenville County School Board's basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2015, on our consideration of Greenville County School Board'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 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 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 Greenville County School Board's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates
Charlottesville, Virginia
January 27, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Greenville County School Board (a component unit of the County of Greenville, Virginia), we offer this narrative overview and analysis of the financial performance and overview of the School Board's financial activities for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented herein in connection with the School Board's basic financial statements.

Financial Highlights for FY2014

The assets of the School Board exceeded its liabilities at the close of the most recent fiscal year by \$13,801,973.

The School Board's net position increased by \$406,714 for the current year.

Overview of the Financial Statements

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

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

This report also contains required and 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 School Board's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the School Board's assets and liabilities, with the difference between the two 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 School Board is improving or deteriorating.

The statement of activities presents information showing how the School Board'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.

Both of the government-wide financial statements distinguish functions of the School Board that are principally supported by intergovernmental revenues. The governmental activities of the School Board are items relating to the education of children.

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. Greenville County School Board, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The School Board has only governmental funds.

Overview of the Financial Statements (continued)

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 on Exhibit 4. The School Board has three major governmental funds - the General Fund, the Capital Projects Fund, and the School Cafeteria Fund.

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

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and pension and OPEB funding progress as well as other supplementary information for supporting schedules.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a board's financial position. Assets exceeded liabilities by \$13,801,973 at the close of the most recent fiscal year.

Financial Analysis of the School Board as a Whole

Two years of information are presented in order to provide a comparative analysis of government-wide information.

Statement of Net Position

The following table reflects the condensed Statements of Net Position:

Summary Statement of Net Position
June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Current and other assets	\$ 5,154,234	\$ 4,298,439
Capital assets	12,792,235	12,323,627
Total assets	<u>\$ 17,946,469</u>	<u>\$ 16,622,066</u>
Current liabilities	\$ 3,958,696	\$ 3,067,807
Long-term liabilities	185,800	159,000
Total liabilities	<u>\$ 4,144,496</u>	<u>\$ 3,226,807</u>
Net position:		
Investment in capital assets	\$ 12,792,235	\$ 12,323,627
Unrestricted	1,009,738	1,071,632
Total net position	<u>\$ 13,801,973</u>	<u>\$ 13,395,259</u>
Total liabilities and net position	<u>\$ 17,946,469</u>	<u>\$ 16,622,066</u>

Statement of Net Position (Continued)

The School Board's combined net position increased by \$406,714 during the year. The increase in current and other assets is attributable to increased amounts due from other governments.

At the end of the current fiscal year, the School Board is able to report positive balances in both categories of net position.

The following table shows the revenues and expenses of the School Board for the past two fiscal years:

Changes in Net Position For the Year Ended June 30, 2014 and 2013		
	Governmental Activities	
	2014	2013
Revenues:		
Program revenues:		
Charges for services	\$ 4,140,890	\$ 3,767,931
Operating grants and contributions	9,493,351	8,745,183
General revenues:		
Basic aid	8,035,468	7,974,910
State sales tax	2,370,361	2,436,506
Grants and other contributions unrestricted	2,881,672	2,955,287
Other	226,915	210,245
Total revenues	\$ 27,148,656	\$ 26,090,062
Expenses:		
Instruction	\$ 20,255,366	\$ 19,958,349
Administration, Attendance & Health	1,036,901	1,034,806
Pupil Transportation Services	1,670,675	1,714,269
Operation & Maintenance Services	2,589,755	2,399,226
School Food Service	1,189,245	1,228,702
Total expenses	\$ 26,741,942	\$ 26,335,352
Increase (decrease) in net position	\$ 406,714	\$ (245,290)
Net position - beginning	13,395,259	13,640,549
Net position - ending	\$ 13,801,973	\$ 13,395,259

For the most part, increases in expenditures closely paralleled inflation and growth in the demand for services.

Statement of Net Position (Continued)

Greensville County School Board's investment in capital assets as of June 30, 2014 and 2013 amounts to \$12,792,235 and \$12,323,627 (net of accumulated depreciation), respectively. Below is a list of the items that make up capital assets as of June 30, 2014 and 2013.

	<u>2014</u>	<u>2013</u>
Land	\$ 442,775	\$ 442,775
Buildings and improvements (net)	10,382,439	9,746,307
Machinery & equipment (net)	<u>1,967,021</u>	<u>2,134,545</u>
Total capital assets	<u>\$ 12,792,235</u>	<u>\$ 12,323,627</u>

See Note 5 for more information.

Economic Factors and Review of Operations

Greensville County School Board is an organization dedicated to educating the youth of Greensville County and the City of Emporia, Virginia. The School Board is governed by a 5 member board, appointed by the School Board of Supervisors of Greensville County, Virginia and the City Council of the City of Emporia, Virginia. Greensville County appoints three of the six members, while the City of Emporia appoints the other two.

The School Board has a cost agreement between the County of Greensville, Virginia and the City of Emporia, Virginia. The current contract was approved in December 2002 and expires in June of 2018. The agreement allocates the net local costs for each locality for education. For the year ended June 30, 2014, the School Board had local costs of \$6,682,418. The local costs were allocated based on the agreement as follows:

	<u>Local</u>
County of Greensville, Virginia	\$ 3,464,833
City of Emporia, Virginia	<u>3,217,585</u>
Total Local Costs	<u>\$ 6,682,418</u>

These amounts do not agree to the amounts reported in the financial statements due to the difference in the budgeted and actual debt payment transfers.

See Note 6 for more information.

Contacting the School Board's Financial Management

This financial report is designed to provide a general overview of the School Board's finances for all those with an interest in the School Board's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be directed to the Finance Director, Greensville County School Board, 105 Ruffin Street, Emporia, VA 23847.

BASIC FINANCIAL STATEMENTS

- *Government-wide Financial Statements* -

GREENSVILLE COUNTY SCHOOL BOARD
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

Exhibit 1

Statement of Net Position
June 30, 2014

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 2,966,725
Receivables (net of allowance for uncollectibles):	
Accounts receivable	53,425
Due from other governmental units	1,969,849
Prepaid items	164,235
Capital assets (net of accumulated depreciation):	
Land	442,775
Buildings and improvements	10,382,439
Machinery and equipment	<u>1,967,021</u>
Total assets	<u>\$ 17,946,469</u>
LIABILITIES	
Accounts payable	\$ 534,002
Accrued liabilities	1,777,621
Due to City of Emporia	224,725
Due to County of Greenville	922,348
Long-term advance	500,000
Long-term liabilities:	
Due in more than one year	<u>185,800</u>
Total liabilities	<u>\$ 4,144,496</u>
NET POSITION	
Investment in capital assets	\$ 12,792,235
Unrestricted	<u>1,009,738</u>
Total net position	<u><u>\$ 13,801,973</u></u>

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

GREENSVILLE COUNTY SCHOOL BOARD
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

Exhibit 2

Statement of Activities
For the Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction	\$ 20,255,366	\$ 3,902,919	\$ 8,583,949	\$ -	\$ (7,768,498)
Administration, attendance and health	1,036,901	-	-	-	(1,036,901)
Pupil transportation services	1,670,675	-	-	-	(1,670,675)
Operation and maintenance services	2,589,755	-	-	-	(2,589,755)
School food service	1,189,245	237,971	909,402	-	(41,872)
Total governmental activities	<u>\$ 26,741,943</u>	<u>\$ 4,140,890</u>	<u>\$ 9,493,351</u>	<u>\$ -</u>	<u>\$ (13,107,702)</u>
General revenues:					
Basic aid				\$	8,035,468
State sales tax					2,370,361
Unrestricted revenues from use of money and property					191
Miscellaneous					226,724
Payment from County of Greenville					2,881,672
Total general revenues				\$	<u>13,514,416</u>
Change in net position				\$	406,714
Net position - beginning					<u>13,395,259</u>
Net position - ending				\$	<u>13,801,973</u>

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

BASIC FINANCIAL STATEMENTS

- Fund Financial Statements -

GREENSVILLE COUNTY SCHOOL BOARD
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

Exhibit 3

Balance Sheet
Governmental Funds
June 30, 2014

	General	School Cafeteria	School Capital Projects	Total
ASSETS				
Cash and cash equivalents	\$ 2,089,491	746,602	130,632	\$ 2,966,725
Receivables (net of allowance for uncollectibles):				
Accounts receivable	53,425	-	-	53,425
Due from other funds	-	-	271,949	271,949
Due from other governmental units	1,923,494	46,355	-	1,969,849
Prepaid items	164,235	-	-	164,235
Total assets	<u>\$ 4,230,645</u>	<u>\$ 792,957</u>	<u>\$ 402,581</u>	<u>\$ 5,426,183</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 534,002	\$ -	\$ -	\$ 534,002
Accrued liabilities	1,777,621	-	-	1,777,621
Due to City of Emporia	224,725	-	-	224,725
Due to County of Greenville	922,348	-	-	922,348
Due to other funds	271,949	-	-	271,949
Long term advance	500,000	-	-	500,000
Total liabilities	<u>\$ 4,230,645</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,230,645</u>
Fund balances:				
Restricted:				
Capital projects - various projects	\$ -	\$ -	\$ 402,581	\$ 402,581
Committed to:				
School cafeteria fund	<u>-</u>	<u>792,957</u>	<u>-</u>	<u>792,957</u>
Total fund balances	<u>\$ -</u>	<u>\$ 792,957</u>	<u>\$ 402,581</u>	<u>\$ 1,195,538</u>
Total liabilities and fund balances	<u>\$ 4,230,645</u>	<u>\$ 792,957</u>	<u>\$ 402,581</u>	<u>\$ 5,426,183</u>

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

GREENSVILLE COUNTY SCHOOL BOARD
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

Exhibit 4

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2014

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	1,195,538	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The amounts reported below are net of accumulated depreciation.			
Land	\$	442,775	
Buildings and improvements		10,382,439	
Machinery and equipment		<u>1,967,021</u>	12,792,235
Other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds.			<u>(185,800)</u>
Net position of governmental activities	\$		<u><u>13,801,973</u></u>

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

GREENSVILLE COUNTY SCHOOL BOARD
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

Exhibit 5

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	<u>General</u>	<u>School Cafeteria</u>	<u>School Capital Projects</u>	<u>Total</u>
REVENUES				
Revenue from the use of				
money and property	\$ 191	\$ -	\$ -	\$ 191
Charges for services	3,902,919	237,971	-	4,140,890
Miscellaneous	226,724	-	-	226,724
Intergovernmental revenues:				
Local government	1,405,892	-	-	1,405,892
Commonwealth	16,448,228	18,503	-	16,466,731
Federal	2,541,550	890,899	-	3,432,449
Total revenues	<u>\$ 24,525,504</u>	<u>\$ 1,147,373</u>	<u>\$ -</u>	<u>\$ 25,672,877</u>
EXPENDITURES				
Current:				
Education:				
Instruction	\$ 19,359,752	\$ -	\$ -	\$ 19,359,752
Administration, attendance and health	1,035,821	-	-	1,035,821
Pupil transportation services	1,624,047	-	-	1,624,047
Operation and maintenance services	2,505,884	-	-	2,505,884
School food service	-	1,182,467	-	1,182,467
Total expenditures	<u>\$ 24,525,504</u>	<u>\$ 1,182,467</u>	<u>\$ -</u>	<u>\$ 25,707,971</u>
Excess (deficiency) of revenues over				
(under) expenditures	<u>\$ -</u>	<u>\$ (35,094)</u>	<u>\$ -</u>	<u>\$ (35,094)</u>
Net change in fund balances	\$ -	\$ (35,094)	\$ -	\$ (35,094)
Fund balances - beginning	-	828,051	402,581	1,230,632
Fund balances - ending	<u>\$ -</u>	<u>\$ 792,957</u>	<u>\$ 402,581</u>	<u>\$ 1,195,538</u>

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

GREENSVILLE COUNTY SCHOOL BOARD
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

Exhibit 6

Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2014

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

Net change in fund balances - total governmental funds	\$	(35,094)
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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 capital outlays exceeded depreciation in the current period.

Capital asset additions	\$	169,796	
Capital outlay for jointly owned assets		1,444,418	
Depreciation		<u>(1,145,606)</u>	468,608

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.

Other postemployment benefits expense		<u>(26,800)</u>
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Change in net position of governmental activities	\$	<u><u>406,714</u></u>
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The notes to financial statements are an integral part of this statement.

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements
June 30, 2014

Note 1 - Summary of Significant Accounting Policies:

Greenville County School Board (a component unit of the County of Greenville, Virginia) is governed by an appointed five member School Board. The School Board consists of three representatives from the County of Greenville, Virginia and two representatives from the City of Emporia, Virginia. The School Board is responsible for appointing the School Superintendent. The School Board provides educational services for the children of the County of Greenville, Virginia and the City of Emporia, Virginia.

The School Board is fiscally dependent upon the County because the County Board of Supervisors approves the School Board budget, levies the necessary taxes to finance operations, and approves the borrowing of money and issuance of debt. The School Board is reported as a Discretely Presented Component Unit of the County of Greenville, Virginia.

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

GREENSVILLE COUNTY SCHOOL BOARD

(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements

June 30, 2014 (Continued)

Note 1 - Summary of Significant Accounting Policies: (continued)

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The School Board has no proprietary or fiduciary funds.

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 reporting model, governments provide budgetary comparison information in their annual reports including the government's original budget and a 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 Greenville County School Board. 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. Greenville County School Board has no component units at June 30, 2014.

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements
June 30, 2014 (Continued)

Note 1 - Summary of Significant Accounting Policies: (continued)

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. 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 (instruction, school food, etc.) which are otherwise being supported by general government revenues. 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 (instruction; administration, attendance, and health; etc.).

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

In the fund financial statements, financial transactions and accounts of the School Board 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.

Governmental Funds account for the expendable financial resources, other than those accounted for in proprietary and similar trust funds. The Governmental Funds measurement focus is on determination of financial position and changes in financial position, rather than on net income determination. The individual Governmental funds, all of which are major, are:

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements
June 30, 2014 (Continued)

Note 1 - Summary of Significant Accounting Policies: (continued)

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation: (continued)

1. Governmental Funds (continued)

General Fund - The General Fund is the primary operating fund of the School Board and accounts for and reports all revenues and expenditures applicable to the general operations of the School Board which are not accounted for and reported in other funds. Revenues are derived primarily from intergovernmental grants.

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.

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

C. Budgets and Budgetary Accounting

The following procedures are used by the School Board in establishing the budgetary data reflected in the financial statements.

1. Prior to March 30, the School Board submits to the Board of Supervisors, a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating budget 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 by the Board of Supervisors of Greenville County.
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 upon request by the School Board.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the Special Revenue Funds and the Capital Projects Fund.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. All appropriations lapse on June 30, for all School Board expenditures.

D. 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.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements. The School Board has no investments at June 30, 2014.

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements
June 30, 2014 (Continued)

Note 1 - Summary of Significant Accounting Policies: (continued)

E. Receivables and Payables

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

F. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the 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 estimated fair market 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.

Property, plant and equipment of the School Board, 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
Office and computer equipment	5
Buses	10

G. Compensated Absences

In accordance with Governmental Accounting Standards Board Statement No. 16 *Accounting for Compensated Absences*, the School Board considered the liability arising from outstanding compensated absences.

Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide Statement of Net Position. In accordance with the provisions of GASB Statement No. 16, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulated sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement. According to the personnel policy of the School Board, employees are not eligible for any "terminal leave" prior to termination or retirement.

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements
June 30, 2014 (Continued)

Note 1 - Summary of Significant Accounting Policies: (continued)

H. Fund Equity

The School Board 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);
- 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 School Board's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

The School Board 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 the School Board 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).

I. Retirement Plan

Retirement plan contributions are actuarially determined and consist of current services costs and amortization of prior service cost over a 30-year period. The School Board's policy is to fund pension cost as it accrues.

J. 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.

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements
June 30, 2014 (Continued)

Note 1 - Summary of Significant Accounting Policies: (continued)

K. Prepaid Items

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

L. 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 School Board does not have any deferred outflows of resources as of June 30, 2014.

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 School Board has no items that qualify for reporting in this category.

M. 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.

N. Net Position Flow Assumption

Sometimes the School Board 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 School Board's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

O. Upcoming Pronouncements

The Governmental Accounting Standards Board has issued Statement No. 68, *Accounting and Financial Reporting for Pensions*; an amendment of GASB Statement No. 27. This Statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014. The School Board believes the implementation of Statement No. 68 will significantly impact the School Board's net position; however, no formal study or estimate of the impact of this standard has been performed.

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements
June 30, 2014 (Continued)

Note 2 - Deposits and Investments:

Deposits

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

Investments

Statutes authorize the School Board 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). The School Board has no investments at June 30, 2014.

Note 3 - Due From/Due To Other Governmental Units:

At June 30, 2014 the School Board has receivables from other governments as follows:

	<u>General</u>	<u>School Cafeteria</u>	<u>Total Governmental Activities</u>
Commonwealth of Virginia:			
State sales tax	\$ 422,551	\$ -	\$ 422,551
Federal Government:			
21st century learning	140,412	-	140,412
Title I	704,172	-	704,172
Title II	119,644	-	119,644
Title VI-B	487,909	-	487,909
Title VI Rural	42,787	-	42,787
Vocational Education	6,019	-	6,019
School food program	-	46,355	46,355
	<u>-</u>	<u>46,355</u>	<u>46,355</u>
Total due from other governments	\$ <u>1,976,919</u>	\$ <u>46,355</u>	\$ <u>2,023,274</u>

Amounts due to other governments are as follows:

Other Local Governments:	
County of Greenville	\$ 922,348
City of Emporia	<u>224,725</u>
	<u>\$ 1,147,073</u>

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements
June 30, 2014 (Continued)

Note 4 - Interfund Balances:

Interfund balances for the year ended June 30, 2014 consisted of the following:

<u>Fund</u>	<u>Due From Balance</u>	<u>Due To Balance</u>
General	\$ -	\$ 271,949
School Capital Projects	271,949	-
Total	<u>\$ 271,949</u>	<u>\$ 271,949</u>

This balance represents funds held by the general fund that will be provided for capital projects at a future date.

Note 5 - Capital Assets:

The following is a summary of changes in the capital assets during the year:

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>
Capital assets not being depreciated:				
Land	\$ 442,775	\$ -	\$ -	\$ 442,775
Total capital assets not being depreciated	<u>\$ 442,775</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 442,775</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 35,506,234	\$ -	\$ -	\$ 35,506,234
Machinery and equipment	5,143,793	169,796	-	5,313,589
Jointly owned assets	(16,805,603)	1,444,418	-	(15,361,185)
Total capital assets being depreciated	<u>\$ 23,844,424</u>	<u>\$ 1,614,214</u>	<u>\$ -</u>	<u>\$ 25,458,638</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 11,881,415	\$ 839,648	\$ -	\$ 12,721,063
Machinery and equipment	3,009,249	337,319	-	3,346,568
Jointly owned assets	(2,927,092)	343,781	375,142	(2,958,453)
Total accumulated depreciation	<u>\$ 11,963,572</u>	<u>\$ 1,520,748</u>	<u>\$ 375,142</u>	<u>\$ 13,109,178</u>
Total capital assets being depreciated, net	<u>\$ 11,880,852</u>	<u>\$ 93,466</u>	<u>\$ (375,142)</u>	<u>\$ 12,349,460</u>
Governmental activities capital assets, net	<u>\$ 12,323,627</u>	<u>\$ 93,466</u>	<u>\$ (375,142)</u>	<u>\$ 12,792,235</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
Instruction	\$ 1,219,212
Pupil transportation services	214,732
Operation and maintenance services	81,259
School food service	5,545
	<u>\$ 1,520,748</u>

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements
June 30, 2014 (Continued)

Note 6 - Local Contributions:

Due to GASB 34, school boards no longer show debt obligations. Because the School Board legally cannot issue debt, the debt is shown on the County's financial statements. Although the School Board pays annual debt service, the expenditure is reported as being made by the County. In order for this presentation, the local contribution is reduced by the expenditure of debt service as follows:

	Actual Net Contribution By Localities	Principal Payments	Interest Payments	Contributions Per Financial Statements
Greenville	\$ 3,464,833	\$ 1,545,166	\$ 513,775	\$ 1,405,892
Emporia	3,217,585	-	-	3,217,585
Total	<u>\$ 6,682,418</u>	<u>\$ 1,545,166</u>	<u>\$ 513,775</u>	<u>\$ 4,623,477</u>

Note 7 - Pension Plan:

A. Plan Description

Name of Plan: Virginia Retirement System (VRS)
Identification of Plan: Agent and Cost-Sharing Multiple-Employer Pension Plan
Administering Entity: Virginia Retirement System (System)

All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Members earn one month of service credit for each month they are employed and they and their employer are paying contributions to VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as service credit in their plan.

Within the VRS Plan, the System administers three different benefit plans for local government employees - Plan 1, Plan 2, and, Hybrid. Each plan has different eligibility and benefit structures as set out below:

VRS - PLAN 1

- Plan Overview** - VRS Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.
- Eligible Members** - Employees are in VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements
June 30, 2014 (Continued)

Note 7 - Pension Plan: (continued)

A. Plan Description: (continued)

VRS – PLAN 1 (CONTINUED)

3. **Hybrid Opt-In Election** - VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible VRS Plan 1 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and had prior service under VRS Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 1 or ORP.

4. **Retirement Contributions** - Members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.
5. **Creditable Service** - Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.
6. **Vesting** - Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.

Members are always 100% vested in the contributions that they make.

7. **Calculating the Benefit** - The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.

An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements
June 30, 2014 (Continued)

Note 7 - Pension Plan: (continued)

A. Plan Description: (continued)

VRS – PLAN 1 (CONTINUED)

8. **Average Final Compensation** - A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.
9. **Service Retirement Multiplier** - 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 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.
10. **Normal Retirement Age** - Age 65.
11. **Earliest Unreduced Retirement Eligibility** - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.

Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.
12. **Earliest Reduced Retirement Eligibility** - Members may retire with a reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.
13. **Cost-of-Living Adjustment (COLA) in Retirement** - The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.
14. **Eligibility** - For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.

For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.
15. **Exceptions to COLA Effective Dates** - The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:
 - The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
 - The member retires on disability.

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements
June 30, 2014 (Continued)

Note 7 - Pension Plan: (continued)

A. Plan Description: (continued)

VRS – PLAN 1 (CONTINUED)

15. Exceptions to COLA Effective Dates (continued)

- The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).
- The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
- The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.

16. Disability Coverage - Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.

Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

17. Purchase of Prior Service - Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.

VRS – PLAN 2

1. **Plan Overview** - VRS Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS 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.
2. **Eligible Members** - Employees are in VRS 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.

GREENSVILLE COUNTY SCHOOL BOARD
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Notes to Financial Statements
June 30, 2014 (Continued)

Note 7 - Pension Plan: (continued)

A. Plan Description: (continued)

VRS – PLAN 2 (CONTINUED)

3. **Hybrid Opt-In Election** - VRS Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible VRS Plan 2 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and have prior service under VRS Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 2 or ORP.

4. **Retirement Contributions** - Same as VRS Plan 1–Refer to Section 4.
5. **Creditable Service** - Same as VRS Plan 1– Refer to Section 5.
6. **Vesting** - Same as VRS Plan 1–Refer to Section 6.
7. **Calculating the Benefit** - Same as VRS Plan 1–Refer to Section 7.
8. **Average Final Compensation** - A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.
9. **Service Retirement Multiplier** - Same as Plan1 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.
10. **Normal Retirement Age** - Normal Social Security retirement age.
11. **Earliest Unreduced Retirement Eligibility** - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.
- Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.
12. **Earliest Reduced Retirement Eligibility** - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.
13. **Cost-of-Living Adjustment (COLA) in Retirement** - The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements
June 30, 2014 (Continued)

Note 7 - Pension Plan: (continued)

A. Plan Description: (continued)

VRS – PLAN 2 (CONTINUED)

14. Eligibility - Same as VRS Plan 1–Refer to Section 14.

15. Exceptions to COLA Effective Dates - Same as VRS Plan 1–Refer to Section 15.

16. Disability Coverage - Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.

Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

17. Purchase of Prior Service - Same as VRS Plan 1–Refer to Section 17.

HYBRID RETIREMENT PLAN

1. Plan Overview - The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during a special election window. (See “Eligible Members”)

- The defined benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula.
- The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.
- 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.

2. Eligible Members - Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:

- State employees*
- School division employees
- Political subdivision employees*

Note 7 - Pension Plan: (continued)

A. Plan Description: (continued)

HYBRID RETIREMENT PLAN (CONTINUED)

2. Eligible Members (continued)

- Judges appointed or elected to an original term on or after January 1, 2014
- Members in VRS Plan 1 or VRS 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

3. *Non-Eligible Members - Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:

- Members of the State Police Officers' Retirement System (SPORS)
- Members of the Virginia Law Officers' Retirement System (VaLORS)
- Political subdivision employees who are covered by enhanced benefits for hazardous duty employees

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 VRS Plan 1 or VRS Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select VRS Plan 1 or VRS Plan 2 (as applicable) or ORP.

4. Retirement Contributions - A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

5. Creditable Service

Defined Benefit Component - Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

Defined Contribution Component - Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

Note 7 - Pension Plan: (continued)

A. Plan Description: (continued)

HYBRID RETIREMENT PLAN (CONTINUED)

6. Vesting

Defined Benefit Component - Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. VRS Plan 1 or VRS Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.

Defined Contribution Component - Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.

Members are always 100% vested in the contributions that they make.

Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.

- After two years, a member is 50% vested and may withdraw 50% of employer contributions.
- After three years, a member is 75% vested and may withdraw 75% of employer contributions.
- After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.

Distribution is not required by law until age 70½.

7. Calculating the Benefit

Defined Benefit Component - Same as VRS Plan 1—Refer to Section 7.

Defined Contribution Component - 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.

8. Average Final Compensation - Same as VRS Plan 2—Refer to Section 8. It is used in the retirement formula for the defined benefit component of the plan.

9. Service Retirement Multiplier - The retirement multiplier is 1.0%.

For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or VRS Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements
June 30, 2014 (Continued)

Note 7 - Pension Plan: (continued)

A. Plan Description: (continued)

HYBRID RETIREMENT PLAN (CONTINUED)

10. Normal Retirement Age

Defined Benefit Component - Same as VRS Plan 2—Refer to Section 10.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

11. Earliest Unreduced Retirement Eligibility

Defined Benefit Component - Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

12. Earliest Reduced Retirement Eligibility

Defined Benefit Component - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

13. Cost-of-Living Adjustment (COLA) in Retirement

Defined Benefit Component - Same as VRS Plan 2—Refer to Section 13.

Defined Contribution Component - Not Applicable.

14. Eligibility - Same as VRS Plan 1 and VRS Plan 2—Refer to Section 14.

15. Exceptions to COLA Effective Dates - Same as VRS Plan 1 and VRS Plan 2—Refer to Section 15.

16. Disability Coverage - Eligible political subdivision and school division members (including VRS Plan 1 and VRS 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.

State employees (including VRS Plan 1 and VRS Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

Hybrid members (including VRS Plan 1 and VRS Plan 2 opt-ins) covered under VSDP or VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements
June 30, 2014 (Continued)

Note 7 - Pension Plan: (continued)

A. Plan Description: (continued)

HYBRID RETIREMENT PLAN (CONTINUED)

17. Purchase of Prior Service

Defined Benefit Component - Same as VRS Plan 1 and VRS Plan 2—Refer to Section 17.

Defined Contribution Component - Not Applicable.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2013-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be 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% member contribution. This could be phased in over a period 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. In addition, the Greenville County School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The Greenville County School Board's contribution rate for the fiscal year ended 2014 was 11.66% of annual covered payroll.

The School Board's contributions for professional employees were \$1,380,711, \$1,401,165, and \$1,330,810, to the teacher cost-sharing pool for the fiscal years ended June 30, 2014, 2013, and 2012, respectively and these contributions represented 11.66%, 11.66%, and 6.33% for 2014, 2013, and 2012, respectively, of current covered payroll.

C. Annual Pension Cost

For fiscal year 2014, School Board's annual pension cost of \$72,051 was equal to the School Board's required and actual contributions.

Three-Year Trend Information for School Board - Primary Government

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2012	55,747	100%	-
June 30, 2013	79,920	100%	-
June 30, 2014	72,051	100%	-

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements
June 30, 2014 (Continued)

Note 7 - Pension Plan: (continued)

C. Annual Pension Cost (continued)

The FY 2014 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers, and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

D. Funding Status and Progress

As of June 30, 2013, the most recent actuarial valuation date, the School Board's plan was 90.79% funded. The actuarial accrued liability for benefits was \$5,115,660, and the actuarial value of assets was \$4,644,694, resulting in an unfunded actuarial accrued liability (UAAL) of \$470,966. The covered payroll (annual payroll of active employees covered by the plan) was \$803,564 and ratio of the UAAL to the covered payroll was 58.61%.

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

Note 8 - Surety Bond Information:

Officials below were under bond in the amounts indicated:

Hartford Accident and Indemnity Company - Surety:		
Dr. Angela B. Wilson, Superintendent	\$	10,000
Marva J. Dunn, Clerk of School Board		10,000
Rick L. Pirkey, Deputy Clerk of the School Board		10,000
Romine T. Braswell, Bookkeeper		10,000
LaTina Smith, Payroll Clerk		10,000

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements
June 30, 2014 (Continued)

Note 9 - Commitments and Contingencies:

The School Board participates in a number of federal and state grants, and loan programs. These programs are subject to program compliance audits by the applicable federal or state agency or their representatives. Furthermore, the U.S. Congress passed the *Single Audit Act Amendments of 1996* which requires most governmental recipients of federal assistance to have an annual independent organization-wide financial and compliance audit. The results thereof are incorporated in the County of Greenville, Virginia's Financial Report. Complete financial statements for the County of Greenville, Virginia are available at 1781 Greenville County Circle, Emporia, Virginia, 23093.

Note 10 - Risk Management:

The School Board 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 School Board joined together with other local governments in Virginia to form the Virginia Association of Counties Risk Management Program, a public entity risk pool currently operating as a common risk management and insurance program for participating local governments. The School Board pays an annual premium to the association for its general liability insurance.

In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The School Board continues to carry workman's compensation commercial insurance for all other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 11 - Litigation:

At June 30, 2014, there were no matters of litigation involving the School Board or which would materially affect the School Board's financial position should any court decisions on pending matters not be favorable to such entities.

Note 12 - City/County School Cost Agreement:

The City of Emporia and the County of Greenville are parties to an agreement that contains provisions for cost sharing, representation and other matters relating to the Greenville County Public School System. The current agreement expires June 30, 2018.

Pursuant to an agreement between the above parties, the School Board has recorded a \$500,000 long-term advance. The amount was allocated between the County and City based upon fiscal year 2006 allocated expenditures. The allocated amounts are as follows:

County of Greenville	\$	275,000
City of Emporia		<u>225,000</u>
Total long-term advance	\$	<u><u>500,000</u></u>

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements
June 30, 2014 (Continued)

Note 13 - Other Postemployment Benefits Program:

A. Plan Description

In addition to the pension benefits described in Note 7, the School Board provides post-retirement healthcare insurance benefits for employees who are eligible for retirement benefits. Individuals who retire from School Board service with full VRS benefits (i.e. 50 years of age and 30 years of continuous service) have the ability to remain on the School Board's medical and dental insurance plans up to the age when they become eligible for Medicare (age 65). The retiree's spouse can also receive benefits under the plan.

B. Funding Policy

Individuals retiring from the School Board have the ability to remain on the School Board's medical and dental insurance plans. The School Board does not offer a subsidy towards the retiree or the retiree's spouse's premiums.

C. Annual OPEB Cost and Net OPEB Obligation

The School Board's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the School Board's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the School Board's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$	79,400
Interest on net OPEB obligation		6,400
Adjustment to annual required contribution		(6,600)
Annual OPEB cost (expense)	\$	79,200
Estimated contributions made		(52,400)
Increase in net OPEB obligation	\$	26,800
Net OPEB obligation - beginning of year	\$	159,000
Net OPEB obligation - end of year	\$	185,800

For FY2014, the School Board's cash payment of \$52,400 was \$26,800 less than the OPEB cost. The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the two preceding years are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2012	\$ 84,600	94.09%	\$ 126,400
June 30, 2013	76,900	57.61%	159,000
June 30, 2014	79,200	66.16%	185,800

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements
June 30, 2014 (Continued)

Note 13 - Other Postemployment Benefits Program: (continued)

D. Funded Status and Funding Progress

The funded status of the plan as of July 1, 2012 is as follows:

Actuarial accrued liability (AAL)	\$	668,914
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)		668,914
Funded ratio (actuarial value of plan assets/AAL)		-
Covered payroll (annual payroll of active employees covered by the plan)		10,584,982
UAAL as a percentage of covered payroll		6.32%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

E. Actuarial Methods and Assumptions

In the July 1, 2012 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employers own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9% initially, reduced by decrements to an ultimate rate of 5.0% after ten years. Both rates included a 2.5% inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2012 was 30 years.

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements
June 30, 2014 (Continued)

Note 13 - Other Postemployment Benefits Program: (continued)

F. Cost Method

The entry age normal cost method is used to determine the plan's funding liabilities and costs. Under this cost method, the actuarial present value of projected benefits of every active participant as if the plan's provisions on the valuation date had always been in effect, is determined as a level percentage of expected annual earnings for each future year of expected service. A normal cost for each year from the assumed entry date is determined by applying this level percentage of pay to the assumed earnings for that year (or if benefits are not pay related, the level amount for each year).

Under these methods, inactive participants have no normal cost, and their actuarial liability is the present value of the plan benefits to which they and their beneficiaries are entitled. The plan's total annual normal cost and actuarial liability are the sum of the individual participant amounts.

An experience gain or loss is a decrease or increase in the unfunded actuarial liability attributable to actual experience that differed from that expected by the actuarial assumptions. Such gains or losses are explicitly recognized under this method.

G. Interest Assumptions

	<u>Unfunded</u>
Investment rate of return	4.00%
Health cost trend assumption	9.00%
Payroll growth	2.50%

REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

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

GREENSVILLE COUNTY SCHOOL BOARD
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

Exhibit 7

General Fund

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

For the Year Ended June 30, 2014

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Revenue from the use of money and property	\$ 1,000	\$ 1,000	\$ 191	\$ (809)
Charges for services	3,613,513	3,613,513	3,902,919	289,406
Miscellaneous	293,643	293,643	226,724	(66,919)
Intergovernmental revenues:				
County contribution to school board	1,726,685	1,726,685	1,405,892	(320,793)
Commonwealth	16,254,817	16,254,817	16,448,228	193,411
Federal	3,089,800	3,089,800	2,541,550	(548,250)
Total revenues	\$ 24,979,458	\$ 24,979,458	\$ 24,525,504	\$ (453,954)
EXPENDITURES				
Current:				
Education:				
Instruction	\$ 19,858,971	\$ 19,858,971	\$ 19,359,752	\$ 499,219
Administration, attendance and health	1,072,537	1,072,537	1,035,821	36,716
Pupil transportation services	1,643,085	1,643,085	1,624,047	19,038
Operation and maintenance services	2,404,865	2,404,865	2,505,884	(101,019)
Total expenditures	\$ 24,979,458	\$ 24,979,458	\$ 24,525,504	\$ 453,954
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

GREENSVILLE COUNTY SCHOOL BOARD
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

Exhibit 8

School Cafeteria Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 382,000	\$ 382,000	\$ 237,971	\$ (144,029)
Intergovernmental revenues:				
Commonwealth	22,147	22,147	18,503	(3,644)
Federal	990,927	990,927	890,899	(100,028)
Total revenues	<u>\$ 1,395,074</u>	<u>\$ 1,395,074</u>	<u>\$ 1,147,373</u>	<u>\$ (247,701)</u>
EXPENDITURES				
Current:				
School food service	\$ 1,395,074	\$ 1,395,074	\$ 1,182,467	\$ 212,607
Total expenditures	<u>\$ 1,395,074</u>	<u>\$ 1,395,074</u>	<u>\$ 1,182,467</u>	<u>\$ 212,607</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (35,094)</u>	<u>\$ (35,094)</u>
Net change in fund balances	\$ -	\$ -	\$ (35,094)	\$ (35,094)
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>828,051</u>	<u>828,051</u>
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 792,957</u></u>	<u><u>\$ 792,957</u></u>

GREENSVILLE COUNTY SCHOOL BOARD
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

Exhibit 9

Schedules of Pension and OPEB Funding Progress
For the Year Ended June 30, 2014

Virginia Retirement System						
Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
	(a)	(b)	(b-a)			
06/30/13	\$ 4,644,694	\$ 5,115,660	\$ 470,966	90.79%	\$ 803,564	58.61%
06/30/12	4,658,695	5,333,521	674,826	87.35%	825,043	81.79%
06/30/11	4,760,347	5,561,225	800,878	85.60%	1,009,234	79.36%

Other Postemployment Benefits						
Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
	(a)	(b)	(b-a)			
07/01/12	\$ -	\$ 668,914	\$ 668,914	0.00%	\$ 10,584,982	6.32%
07/01/10	-	1,075,800	1,075,800	0.00%	11,020,927	9.76%
01/01/09	-	901,600	901,600	0.00%	11,020,927	8.18%

OTHER SUPPLEMENTARY INFORMATION

- *Supporting Schedules* -

GREENSVILLE COUNTY SCHOOL BOARD
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

Schedule 1

Page 1 of 3

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 191	\$ 191
Revenue from use of property	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Total revenue from use of money and property	\$ <u>1,000</u>	\$ <u>1,000</u>	\$ <u>191</u>	\$ <u>(809)</u>
Charges for services:				
Tuition - City of Emporia (Note 6)	\$ 3,372,513	\$ 3,372,513	\$ 3,217,585	\$ (154,928)
Charges to other localities	<u>241,000</u>	<u>241,000</u>	<u>685,334</u>	<u>444,334</u>
Total charges for services	\$ <u>3,613,513</u>	\$ <u>3,613,513</u>	\$ <u>3,902,919</u>	\$ <u>289,406</u>
Miscellaneous revenue:				
Miscellaneous	\$ <u>293,643</u>	\$ <u>293,643</u>	\$ <u>226,724</u>	\$ <u>(66,919)</u>
Total miscellaneous revenue	\$ <u>293,643</u>	\$ <u>293,643</u>	\$ <u>226,724</u>	\$ <u>(66,919)</u>
Total revenue from local sources	\$ <u>3,908,156</u>	\$ <u>3,908,156</u>	\$ <u>4,129,834</u>	\$ <u>221,678</u>
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Greenville, Virginia (Note 6)	\$ <u>1,726,685</u>	\$ <u>1,726,685</u>	\$ <u>1,405,892</u>	\$ <u>(320,793)</u>
Total revenues from local governments	\$ <u>1,726,685</u>	\$ <u>1,726,685</u>	\$ <u>1,405,892</u>	\$ <u>(320,793)</u>
Revenue from the Commonwealth:				
Other categorical aid:				
Share of state sales tax	\$ 2,445,758	\$ 2,445,758	\$ 2,370,361	\$ (75,397)
Basic school aid	7,851,049	7,851,049	8,035,468	184,419
Remedial education	463,437	463,437	469,613	6,176
Gifted and talented	84,474	84,474	85,605	1,131
Special education	1,078,543	1,078,543	1,092,919	14,376
Textbook payment	164,780	164,780	149,594	(15,186)
Remedial summer school	187,306	187,306	165,836	(21,470)
Vocational education	197,579	197,579	200,218	2,639
Vocational education - equipment	-	-	6,148	6,148
Group life fringe benefits	31,219	31,219	31,637	418
Social security fringe benefits	507,510	507,510	514,278	6,768
Retirement fringe benefits	847,576	847,576	858,883	11,307
State lottery payments	122,544	122,544	17,393	(105,151)
Early reading intervention	35,733	35,733	30,591	(5,142)
Homebound	52,960	52,960	113,951	60,991
Special education - regional	55,204	55,204	31,488	(23,716)
Special education - jails	11,421	11,421	2,906	(8,515)

GREENSVILLE COUNTY SCHOOL BOARD
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

Schedule 1

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Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014 (continued)

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from the Commonwealth: (Continued)				
Other categorical aid: (continued)				
Special education - foster care	\$ 8,277	8,277	\$ -	\$ (8,277)
Regional Governor's school	-	-	19,801	19,801
At risk payments	616,366	616,366	624,902	8,536
At risk payments - 4 year olds	362,637	362,637	362,637	-
Primary class size	608,210	608,210	676,052	67,842
Vocational occupational/technical education	32,932	32,932	23,982	(8,950)
Technology Initiative	154,000	154,000	-	(154,000)
Standards of Learning algebra readiness	58,583	58,583	54,323	(4,260)
Mentor teacher program	-	-	1,817	1,817
Administrative software	-	-	56,716	56,716
Retirement inflation pre k	-	-	117,438	117,438
Foster children	-	-	3,147	3,147
Other state funds	<u>276,719</u>	<u>276,719</u>	<u>330,524</u>	<u>53,805</u>
Total other categorical aid	\$ <u>16,254,817</u>	\$ <u>16,254,817</u>	\$ <u>16,448,228</u>	\$ <u>193,411</u>
Total revenue from the Commonwealth	\$ <u>16,254,817</u>	\$ <u>16,254,817</u>	\$ <u>16,448,228</u>	\$ <u>193,411</u>
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 915,986	\$ 915,986	\$ 803,248	\$ (112,738)
Title VI-B, special education flow-through	743,001	743,001	776,169	33,168
Vocational education	35,000	35,000	97,861	62,861
Title VI-B, special education pre-school	-	-	2,900	2,900
Title II-A Teacher Quality	29,622	29,622	136,984	107,362
Title VI	65,000	65,000	65,065	65
21st century learning	387,186	387,186	594,242	207,056
Immigrant and youth state grant	-	-	500	500
Other federal funds	<u>914,005</u>	<u>914,005</u>	<u>64,581</u>	<u>(849,424)</u>
Total categorical aid	\$ <u>3,089,800</u>	\$ <u>3,089,800</u>	\$ <u>2,541,550</u>	\$ <u>(548,250)</u>
Total revenue from the federal government	\$ <u>3,089,800</u>	\$ <u>3,089,800</u>	\$ <u>2,541,550</u>	\$ <u>(548,250)</u>
Total General Fund	\$ <u>24,979,458</u>	\$ <u>24,979,458</u>	\$ <u>24,525,504</u>	\$ <u>(453,954)</u>

GREENSVILLE COUNTY SCHOOL BOARD
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

Schedule 1
Page 3 of 3

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 382,000	\$ 382,000	\$ 237,971	\$ (144,029)
Total charges for services	\$ 382,000	\$ 382,000	\$ 237,971	\$ (144,029)
Total revenue from local sources	\$ 382,000	\$ 382,000	\$ 237,971	\$ (144,029)
Revenue from the Commonwealth:				
Categorical aid:				
School food	\$ 22,147	\$ 22,147	\$ 18,503	\$ (3,644)
Total categorical aid	\$ 22,147	\$ 22,147	\$ 18,503	\$ (3,644)
Total revenue from the Commonwealth	\$ 22,147	\$ 22,147	\$ 18,503	\$ (3,644)
Revenue from the federal government:				
Categorical aid:				
School food	\$ 990,927	\$ 990,927	\$ 890,899	\$ (100,028)
Total categorical aid	\$ 990,927	\$ 990,927	\$ 890,899	\$ (100,028)
Total revenue from the federal government	\$ 990,927	\$ 990,927	\$ 890,899	\$ (100,028)
Total School Cafeteria Fund	\$ 1,395,074	\$ 1,395,074	\$ 1,147,373	\$ (247,701)
Total governmental funds	\$ 26,374,532	\$ 26,374,532	\$ 25,672,877	\$ (701,655)

GREENSVILLE COUNTY SCHOOL BOARD
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

Schedule 2

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Education:				
Instruction	\$ 19,858,971	\$ 19,858,971	\$ 19,359,752	\$ 499,219
Administration, attendance and health	1,072,537	1,072,537	1,035,821	36,716
Pupil transportation services	1,643,085	1,643,085	1,624,047	19,038
Operation and maintenance	<u>2,404,865</u>	<u>2,404,865</u>	<u>2,505,884</u>	<u>(101,019)</u>
Total education	\$ <u>24,979,458</u>	\$ <u>24,979,458</u>	\$ <u>24,525,504</u>	\$ <u>453,954</u>
Total General Fund	\$ <u><u>24,979,458</u></u>	\$ <u><u>24,979,458</u></u>	\$ <u><u>24,525,504</u></u>	\$ <u><u>453,954</u></u>
School Cafeteria Fund:				
School Food Service:				
School food administration	\$ <u>1,395,074</u>	\$ <u>1,395,074</u>	\$ <u>1,182,467</u>	\$ <u>212,607</u>
Total School Cafeteria Fund	\$ <u><u>1,395,074</u></u>	\$ <u><u>1,395,074</u></u>	\$ <u><u>1,182,467</u></u>	\$ <u><u>212,607</u></u>
Total governmental funds	\$ <u><u>26,374,532</u></u>	\$ <u><u>26,374,532</u></u>	\$ <u><u>25,707,971</u></u>	\$ <u><u>666,561</u></u>

COMPLIANCE

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

TO GREENSVILLE COUNTY SCHOOL BOARD
EMPORIA, 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 Authorities, Boards and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities and each major fund of Greensville County School Board as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Greensville County School Board's basic financial statements and have issued our report thereon dated January 27, 2015.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Greenville County School Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia

January 27, 2015