GREENSVILLE-EMPORIA DEPARTMENT OF SOCIAL SERVICES (A Component Unit of Greensville County, Virginia) FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2017

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Board of Social Services

Michael W. Ferguson, Chairman

Dr. Carolyn S. Carey, Vice-Chairman

Dr. Margaret Lee

Brian S. Thrower

K. David Whittington

Officers

John Holtkamp, Director

Pamela Lifsey, District Fiscal Officer

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

To the Board of Directors Greensville-Emporia Department of Social Services Emporia, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Greensville-Emporia Department of Social Services, a component unit of Greensville County, Virginia, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Greensville-Emporia Department of Social Services' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Greensville-Emporia Department of Social Services, as of June 30, 2017, 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 and schedules related to pension and OPEB funding on pages 3-5 and 42-45 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Greensville-Emporia Department of Social Services' basic financial statements. The supporting schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supporting schedules are the responsibility of management and were derived from and relate 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supporting schedules are 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 26, 2018, on our consideration of Greensville-Emporia Department of Social Services' 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 Greensville-Emporia Department of Social Services' internal control over financial reporting and compliance.

Mobinson, farmer, Cox fasociates Charlottesville, Virginia

January 26, 2018

As management of Greensville-Emporia Department of Social Services (the Department) we offer this narrative overview and analysis of the financial performance of the Department's financial activities for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented herein in connection with the Department's basic financial statements.

Financial Highlights

The liabilities and deferred inflows of resources of the Department exceed its assets and deferred outflows of resources (net position) at the close of the most recent fiscal year by \$1,143,492.

The Department's increase in net position was \$15,510 for the current year.

The Department is run as a governmental entity. The department expenditures are offset by local monies from the County of Greensville and the City of Emporia to reduce the change in fund balance to zero each year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the department's basic financial statements. Since the Department is engaged only in governmental and fiduciary activities, its basic financial statements are comprised of four components: 1) government-wide financial statements 2) governmental fund financial statements 3) fiduciary fund financial statements and 4) notes to the financial statements.

General Fund

The General Fund accounts for and reports the operations of the social services function of the department.

Special Welfare Fund

The Special Welfare fund is money held by the department on behalf of clients. These funds are not included in the government-wide statements because they are not used to finance the operations of the department.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Financial Analysis of the Department as a Whole

Statement of Net Position

A summary of the Department's Statement of Net Position for June 30, 2017 and 2016 is presented below:

Summary of Statement of Net Position

	_	June 30, 2017	June 30, 2016
Current and other assets	\$	786,040	\$ 821,384
Capital assets	_	-	 10,726
Total assets	\$	786,040	\$ 832,110
Deferred outflow of resources	\$	299,547	\$ 157,097
Due to governmental entities	\$	498,531	\$ 533,875
Current portion of long-term liabilities		14,981	14,589
Long-term liabilities		1,658,535	1,341,506
Total liabilities	\$	2,172,047	\$ 1,889,970
Deferred inflows of resources	\$	57,032	\$ 258,239
Net position:			
Investment in capital assets	\$	-	\$ 10,726
Restricted for employee benefits		730	8,914
Unrestricted	_	(1,144,222)	 (1,178,642)
Total net position	\$	(1,143,492)	\$ (1,159,002)

The Department's net position increased by \$15,510 during the year.

A summary of the Department's revenues, expenses, and changes in net position for June 30, 2017 and 2016 is presented below:

Summary of Statement of Activities

Julillary of 3th	a			
		June 30, 2017		June 30, 2016
Revenues:	_			
Interest	\$	134	\$	154
Operating grants		2,415,648		2,308,876
Other revenue	_	3,776		2,678
Total revenues	\$	2,419,558	\$	2,311,708
Expenses:				
Administration	\$	1,990,218	\$	1,847,358
Public assistance		413,830		369,754
Total expenses	\$	2,404,048	\$	2,217,112
Increase (decrease) in net position	\$	15,510	\$	94,596
Net position, beginning of year	_	(1,159,002)	_	(1,253,598)
Net position, end of year	\$	(1,143,492)	\$	(1,159,002)

Capital Assets

The Department's investment in capital assets as of June 30, 2017 amounts to \$0 (net of accumulated depreciation). Below are items that makeup capital assets as of June 30, 2017 and 2016.

	_	June 30, 2017		June 30, 2016
Vehicles and equipment (net)	\$	-	\$	10,726

Economic Factors and Review of Operations

The Greensville-Emporia Department of Social Services is an organization dedicated to providing social services to the citizens of Greensville County and City of Emporia. The Department is governed by a Board of Directors appointed by the Board of Supervisors of Greensville County, Virginia, and the City of Emporia, Virginia.

Contacting the Department's Financial Management

This financial report is designed to provide a general overview of the Department's finances for those with an interest in the government's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be directed to the Department's Treasurer, Greensville-Emporia Department of Social Services, 1748 East Atlantic Street, Emporia, VA 23847-1136.

Basic Financial Statements

- Government-wide Financial Statements -

Statement of Net Position At June 30, 2017

	G 	overnmental Activities
ASSETS	_ .	
Cash in custody of fiscal agent	\$	265,239
Due from other governmental units		166,238
Due from participating jurisdiction - City of Emporia, Virginia - cost sharing		196,940
Due from participating jurisdiction - City of Emporia, Virginia		156,893
Restricted assets:		
Cash and cash equivalents	_	730
Total assets	\$	786,040
DEFERRED OUTFLOW OF RESOURCES		
Post measurement date employer pension contributions	\$	134,045
Net difference between projected and actual earnings on plan investments		138,829
Net difference of actual and expected pension experience	_	26,673
Total deferred outflows of resources	\$	299,547
LIABILITIES		
Due to County of Greensville - cost sharing		300,000
Due to County of Greensville		198,531
Current portion of long-term liabilities		14,981
Long-term liabilities:		
Due in more than one year	_	1,658,535
Total liabilities	\$_	2,172,047
DEFERRED INFLOWS OF RESOURCES		
Net difference of actual and expected pension experience	\$	57,032
Total deferred inflows of resources	\$	57,032
NET POSITION		
Restricted for employee benefits		730
Unrestricted	_	(1,144,222)
Total net position	\$	(1,143,492)

Statement of Activities For the Year Ended June 30, 2017

			Program Reve	nues	Net (Expense) Revenue and Changes in Net Position
					Primary
		Charges	Operating	Capital	Government
		for	Grants and	Grants and	Governmental
Functions/Programs	Expenses	Services	Contributions	Contributions	Activities
Health and welfare:					
Administration \$	1,990,218	\$ - :	\$ 1,999,821	\$ -	\$ 9,603
Public assistance	413,830		415,827		1,997
Total government activities \$	2,404,048	\$	\$ 2,415,648	\$	\$ 11,600
General revenues: Unrestricted revenues to Miscellaneous	from use of m	noney and pr	operty		\$ 134 3,776
Total general revenues					\$ 3,910
Change in net position Net position, beginning	of year				\$ 15,510 (1,159,002)
Net position, end of year	ar				\$ (1,143,492)

Basic Financial Statements

- Fund Financial Statements -

(A Component Unit of Greensville County, Virginia)

Balance Sheet At June 30, 2017

ASSETS		
Cash in custody of fiscal agent (Note 3) Due from other governmental units (Note 4) Due from participating jurisdiction - City of Emporia - per cost sharing agreement (Note 4) Due from participating jurisdiction - City of Emporia	\$	265,239 166,238 196,940 156,893
Restricted assets: Cash and cash equivalents		730
Total assets	\$	786,040
LIABILITIES	_	
Due to participating jurisdictions: County of Greensville - per cost sharing agreement (Note 4) County of Greensville	\$	300,000 198,531
Total liabilities	\$_	498,531
FUND BALANCES		
Fund Balances: Restricted:		
Public assistance Employee benefits funds	\$	286,779 730
Total fund balances	\$_	287,509
Total liabilities and fund balances	\$_	786,040

Exhibit 4

Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position
At June 30, 2017

Amounts reported for governmental activities in the statement of net position are different because:	;	
Total fund balance per Exhibit 3 - Balance Sheet - Governmental Funds	\$	287,509
Items related to the measurement of net pension liability, such as the difference between projected and actual earnings on plan investments are reported as deferred inflows and outflows on the statement of net position.		108,470
Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are note reported in the funds.		134,045
Long-term liabilities, are not due and payable in the current period and, therefore are not reported in the funds.		(1,673,516)
Net position of governmental activities	\$	(1,143,492)

(A Component Unit of Greensville County, Virginia)

Statement of Revenues, Expenditures, and Changes in Fund Balances **Governmental Funds**

For the Year Ended June 30, 2017

Revenues: Revenue from local sources: Revenue from use of money: Interest income	\$	134
Miscellaneous	\$ \$	3,776
Total revenue from local sources	\$	3,910
Intergovernmental: Contributions from participating jurisdictions: County of Greensville - regular operating (Schedule 1)	\$	185,973
City of Emporia - regular operating (Schedule 1)	-	175,324
Total intergovernmental	\$_	361,297
Revenue from the Commonwealth: Public assistance grants	\$	611,376
Total revenue from the Commonwealth	* – \$	611,376
Revenue from the federal government: Public assistance grants Cost allocation reimbursement	\$	1,399,780 43,196
Total revenue from the federal government	\$_	1,442,975
Total revenues	\$_	2,419,558
Expenditures: Health and welfare: Administration Public assistance	\$	2,005,728 413,830
Total expenditures	\$_	2,419,558
Change in fund balances	\$	-
Fund balances, beginning of year	_	287,509
Fund balances, end of year	\$_	287,509

GREENSVILLE-EMPORIA DEPARTMENT OF SOCIAL SERVICES

Exhibit 6

(A Component Unit of Greensville County, Virginia)

Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2017

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

Net change in fund balance - total governmental funds

\$

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlay in the current period:

Depreciation expense on capital assets

(10,726)

The change in deferred inflows and outflows related to the measurement of the net pension liability is not reported in governmental funds.

366,709

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:

Change in net pension liability

(313,504)

Change in deferred outflows - pension contributions subsequent to measurement date

(23,052)

Change in compensated absences

(3,917)

Change in net position of governmental activities

\$ 15,510

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

Exhibit 7

Statement of Fiduciary Net Position Fiduciary Fund At June 30, 2017

	_	Agency Fund
Special welfare fund:		
ASSETS		
Cash and cash equivalents	\$	26,933
LIABILITIES		
Amounts held for social services clients	\$	26,933

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

Notes to Financial Statements At of June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Organization and Purpose:

Greensville-Emporia Department of Social Services was organized in 1935. The Department was established as a result of the Social Security Act of 1935. The Department became a district office in 1972 after Emporia became a city and was required by the state to provide social services for its residents.

The purpose of the Department is to provide social services to the residents of Greensville County and the City of Emporia. These programs include benefit programs such as food stamps and medical and service programs such as day care and companion services.

B. Financial Reporting Entity:

The Department has determined that it is a discretely presented component unit of the County of Greensville, Virginia for financial reporting purposes. The Board of Supervisors of the County appoints a voting majority of the Department's governing body, there exists a financial benefit and burden relationship between the County and the Department, and the County is financially accountable for the Department. For these reasons, Greensville-Emporia Department of Social Services has been determined to be a component unit of the County of Greensville, Virginia.

C. Financial Statement Presentation:

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 Department'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. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Statement of Net Position:

The Statement of Net Position is designed to display the financial position of the Department. Governments will report all capital assets in the 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.

Notes to Financial Statements As of June 30, 2017 (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

C. <u>Financial Statement Presentation: (Continued)</u>

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. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:

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

Budgetary Comparison Schedules:

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

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.

Notes to Financial Statements As of June 30, 2017 (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

D. Basis of Accounting:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. 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 (administration and public assistance) which are otherwise being supported by intergovernmental revenues and grants. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions.

- Governmental Funds: Governmental Funds utilize the modified accrual basis of accounting under which revenue and related assets are recorded when measurable and available to finance operations during the year. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure.
- 2. Fiduciary Funds: Agency Funds utilize the accrual basis of accounting.

E. Cash and Cash Equivalents:

The Department's cash and cash equivalents consist of cash on hand, demand deposits, certificates of deposit and short-term investments with original maturities of three months or less from the date of acquisition.

F. Capital Assets:

Capital assets, which include property and equipment are reported in the financial statements. Capital assets are defined by the Department as assets with an initial, individual cost of more than \$2,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

Property and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Vehicles	5

Notes to Financial Statements As of June 30, 2017 (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

G. Accumulated Unpaid Annual Leave, Sick Pay, and Other Employee Benefit Amounts:

Accumulated unpaid annual leave, sick pay, and other employee benefit amounts are accrued when incurred. Upon termination of employment, the Department pays all employees their unused annual leave and 25% of unused sick leave up to a maximum of \$5,000 to employees with a minimum of 5 years of employment. At June 30, 2017, the liability amounted to \$149,810.

H. Use of Estimates:

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

I. 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.

J. Net Position Flow Assumption:

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

K. Other Postemployment Benefits:

The Department's employees may elect to participate in postemployment health benefits provided by the Commonwealth of Virginia. The former employees are liable for any costs associated with these benefits, therefore there is no financial liability to report for the Department.

L. Fund Equity:

The Department 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);

Notes to Financial Statements As of June 30, 2017 (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

L. Fund Equity: (Continued)

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

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

The 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 Director, who has been given the delegated authority to assign amounts by the Board.

M. 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 Department has two items that qualify for reporting in this category. One item is comprised of contributions to the pension plan made during the current year and subsequent to the net pension liability measurement date, which will be recognized as a reduction of the net pension liability next fiscal year. The other items is comprised of certain items related to the measurement of the net pension liability. These include differences between expected and actual experience, change in assumptions, and the net difference between projected and actual earnings on pension plan investments. For more detailed information on this item, reference the pension note.

Notes to Financial Statements As of June 30, 2017 (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Department has one item that qualifies for reporting in this category. Certain items related to the measurement of the net pension liability are reported as deferred inflows of resources. These include differences between expected and actual experience, change in assumptions, and the net difference between projected and actual earnings on pension plan investments. For more detailed information on these items, reference the pension note.

N. Pensions:

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

NOTE 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

The Department held no investments as of June 30, 2017.

NOTE 3 - FISCAL AGENT:

All of the Department's funds are in the custody of the fiscal agent, the Treasurer of the County of Greensville, Virginia.

Notes to Financial Statements As of June 30, 2017 (Continued)

NOTE 4 - DUE FROM/TO OTHER GOVERNMENTAL UNITS:

The following represent amounts due from (to) other governmental units at June 30, 2017:

Commonwealth of Virginia: Public Assistance Grants	\$	50,895
Federal Government:		
Public Assistance Grants	\$_	115,343
Total due from other governments	\$	166,238

Additionally, the following amounts are due to/from the County of Greensville and City of Emporia pursuant to the Cost Sharing Agreement.

County of Greensville:		
General	\$_	(300,000)
Total due from (to) County of Greensville (Note 6)	\$	(300,000)
City of Emporia:		
General	\$_	196,940
Total due from (to) City of Emporia (Note 6)	\$	196,940

The amount due to the County reported above (\$300,000) is payable in eight annual installment payments of \$50,000 each; due on July 31 of each year beginning on July 31, 2015 and continuing through July 31, 2022, pursuant to Section 3.2 of the Cost Sharing Agreement discussed in Note 6 below.

The amount due from the City reported above \$196,940 is based on the provisions of Section 3.4 of the Cost Sharing Agreement discussed in Note 6 below. Section 3.4.2 of the Agreement provides for the Initial Forgiveness of \$164,117 of the amount previously reported as due from the City upon the DSS making the Initial Payment to the County as provided for in the Agreement.

Section 3.4.3 of the Cost Sharing Agreement provides for the Annual Forgiveness of the remaining amount reported as due from the City upon the DSS making each Annual Payment to the County as provided for in Section 3.2.2 of the Agreement.

NOTE 5 - CAPITAL ASSETS:

Changes in capital assets for the year ended June 30, 2017 are as follows:

	Balance				Balance
	June 30, 2016	_	Additions	Subtractions	June 30, 2017
Vehicles and equipment	\$ 87,183	\$	-	\$ -	\$ 87,183
Less accumulated depreciation	(76,457)		(10,726)		(87,183)
Net capital assets	\$ 10,726	\$	(10,726)	\$ -	\$ -

Notes to Financial Statements As of June 30, 2017 (Continued)

NOTE 6 - ALLOCATION OF COSTS:

The County and the City participate in Greensville-Emporia Department of Social Services ("DSS") pursuant to Va. Code § 63.2-306, and its statutory predecessors. Va. Code § 63.2-306 authorizes localities participating in a multi-locality district to provide by agreement for the allocation of administrative costs between the participating localities. The County, the City, and the DSS are parties to the Cost Sharing Agreement for Social Services Programs Between and Among Greensville County, the City of Emporia, and the Greensville-Emporia Department of Social Services, dated as of December 15, 2014 (the "Cost Sharing Agreement").

The Cost Sharing Agreement provides for:

- 1. The resolution of amounts reported as due to the County and due from the City for DSS social services programs costs as had accumulated over several years, including the payment of certain funds to the County over a period of years.
- 2. The preparation of an Annual Financial Report for the DSS.
- 3. The participation of the DSS in the annual budget processes of the County and the City.
- 4. The maintenance of base working capital for the DSS, including appropriations by the County and the City when needed.
- 5. The County Treasurer to serve as the DSS Fiscal Officer pursuant to Va. Code § 63.2-311.
- 6. Limitations on DSS expenditures.
- 7. The allocation of Administrative Costs, Miscellaneous Expenses, Reimbursement Revenues, and Miscellaneous Revenues between the County and the City.
- 8. The allocation of Net Local Costs between the County and the City.
- 9. The annual reconciliation of any amounts due to or from the County or the City.
- 10. Planning for a new DSS facility.
- 11. The governance of the DSS by a five member district board.
- 12. The duration of the Agreement until June 30, 2022.

Schedule 2 (Schedule of Cost Sharing Allocation for the Year Ended June 30, 2017) applies the allocation provisions of the Cost Sharing Agreement.

Notes to Financial Statements As of June 30, 2017 (Continued)

NOTE 7 - PENSION PLAN:

Plan Description

All full-time, salaried permanent employees of the Department are automatically covered by a VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the <u>Code of Virginia</u>, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

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

RETIREMENT PLAN PROVISIONS				
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN		
About Plan 1 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 Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.	About Plan 2 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 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.	About the Hybrid Retirement Plan 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 Plan 1 and 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.		

Notes to Financial Statements As of June 30, 2017 (Continued)

NOTE 7 - PENSION PLAN: (Continued)

	RETIREMENT PLAN PROVISIONS (CONTINUED)				
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN			
About Plan 1 (Cont.)	About Plan 2 (Cont.)	About the Hybrid Retirement Plan (Cont.) • 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.			
Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013. 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 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.	Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013. Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible 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.	Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • Political subdivision employees* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. *Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.			

Notes to Financial Statements As of June 30, 2017 (Continued)

NOTE 7 - PENSION PLAN: (Continued)

	REMENT PLAN PROVISIONS (CONTIN	· · · · ·
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.	Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.	*Non-Eligible Members (Cont.) Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.
Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees are paying the full 5% as of 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.	Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees are paying the full 5% as of July 1, 2016.	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.

Notes to Financial Statements As of June 30, 2017 (Continued)

NOTE 7 - PENSION PLAN: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)				
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN		
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.	Creditable Service Same as Plan 1.	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 Contributions Component: Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.		

Notes to Financial Statements As of June 30, 2017 (Continued)

NOTE 7 - PENSION PLAN: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)				
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN		
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.	Vesting Same as Plan 1.	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. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component. Defined Contributions 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.		

Notes to Financial Statements As of June 30, 2017 (Continued)

NOTE 7 - PENSION PLAN: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)			
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN	
Vesting (Cont.)	Vesting (Cont.)	Vesting (Cont.) Defined Contributions Component: (Cont.) 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.	
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.	Calculating the Benefit See definition under Plan 1.	Calculating the Benefit Defined Benefit Component: See definition under Plan 1. 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.	

Notes to Financial Statements As of June 30, 2017 (Continued)

NOTE 7 - PENSION PLAN: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)			
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN	
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.	
Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%. Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.	Service Retirement Multiplier VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non- hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013. Sheriffs and regional jail superintendents: Same as Plan 1. Political subdivision hazardous duty employees: Same as Plan 1.	Service Retirement Multiplier Defined Benefit Component: VRS: The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. Sheriffs and regional jail superintendents: Not applicable. Political subdivision hazardous duty employees: Not applicable. Defined Contribution Component: Not applicable.	
Normal Retirement Age VRS: Age 65. Political subdivisions hazardous duty employees: Age 60.	Normal Retirement Age VRS: Normal Social Security retirement age. Political subdivisions hazardous duty employees: Same as Plan 1.	Normal Retirement Age <u>Defined Benefit Component:</u> VRS: Same as Plan 2. Political subdivisions hazardous duty employees: Not applicable.	

Notes to Financial Statements As of June 30, 2017 (Continued)

NOTE 7 - PENSION PLAN: (Continued)

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

Notes to Financial Statements As of June 30, 2017 (Continued)

NOTE 7 - PENSION PLAN: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)			
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN	
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%. 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	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%. Eligibility: Same as Plan 1.	Cost-of-Living Adjustment (COLA) in Retirement Defined Benefit Component: Same as Plan 2. Defined Contribution Component: Not applicable. Eligibility: Same as Plan 1 and Plan 2.	
calendar year following the unreduced retirement eligibility date. 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	Exceptions to COLA Effective Dates: Same as Plan 1.	Exceptions to COLA Effective Dates: Same as Plan 1 and Plan 2.	
years of qualifying for an unreduced retirement benefit as of January 1, 2013. The member retires on disability.			

Notes to Financial Statements As of June 30, 2017 (Continued)

NOTE 7 - PENSION PLAN: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)			
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN	
Cost-of-Living Adjustment (COLA) in Retirement (Cont.)	Cost-of-Living Adjustment (COLA) in Retirement (Cont.)	Cost-of-Living Adjustment (COLA) in Retirement (Cont.)	
 Exceptions to COLA Effective Dates: 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. 	Exceptions to COLA Effective Dates: Same as Plan 1.	Exceptions to COLA Effective Dates: Same as Plan 1 and Plan 2.	
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.	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.	Disability Coverage Employees of political subdivisions (including Plan 1 and Plan2 optins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.	

Notes to Financial Statements As of June 30, 2017 (Continued)

NOTE 7 - PENSION PLAN: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Disability Coverage (Cont.) VSDP members are subject to a	Disability Coverage (Cont.) VSDP members are subject to a	Disability Coverage (Cont.) Hybrid members (including Plan 1
one-year waiting period before becoming eligible for non-work-related disability benefits.	one-year waiting period before becoming eligible for non-work related disability benefits.	and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
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.	Purchase of Prior Service Same as Plan 1.	Purchase of Prior Service Defined Benefit Component: Same as Plan 1, with the following exceptions: • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost. Defined Contribution Component: Not applicable.

Notes to Financial Statements As of June 30, 2017 (Continued)

NOTE 7 - PENSION PLAN: (Continued)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2016 Comprehensive Annual Financial Report (CAFR). A copy of the 2016 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2016-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Employees Covered by Benefit Terms

As of the June 30, 2015 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	25
Inactive members:	
Vested inactive members	3
Non-vested inactive members	5
Inactive members active elsewhere in VRS	20
Total inactive members	28
Active members	28
Total covered employees	81

Contributions

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

The Department's contractually required contribution rate for the year ended June 30, 2017 was 12.74% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

Notes to Financial Statements As of June 30, 2017 (Continued)

NOTE 7 - PENSION PLAN: (Continued)

Contributions (Continued)

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Department were \$134,045 and \$157,097 for the years ended June 30, 2017 and June 30, 2016, respectively.

Net Pension Liability

The Department's net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2014, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the Department's Retirement Plan was based on an actuarial valuation as of June 30, 2015, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

Inflation 2.5%

Salary increases, including inflation 3.5% - 5.35%

Investment rate of return 7.0%, net of pension plan investment

expense, including inflation*

Mortality rates: 14% of deaths are assumed to be service related

Largest 10 - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

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

Notes to Financial Statements As of June 30, 2017 (Continued)

NOTE 7 - PENSION PLAN: (Continued)

Actuarial Assumptions - General Employees (Continued)

Largest 10 - Non-LEOS: (Continued)

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest) - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Notes to Financial Statements As of June 30, 2017 (Continued)

NOTE 7 - PENSION PLAN: (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	100.00%		5.83%
		Inflation	2.50%
	*Expected arithme	tic nominal return	8.33%

^{*} Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

Notes to Financial Statements As of June 30, 2017 (Continued)

NOTE 7 - PENSION PLAN: (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the Greensville-Emporia Social Services Department Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)							
		Total		Plan	Net			
		Pension		Fiduciary	Pension			
		Liability		Net Position	Liability			
	_	(a)		(b)	(a) - (b)			
Balances at June 30, 2015	\$_	6,682,007	\$_	5,471,805 \$	1,210,202			
Changes for the year:								
Service cost	\$	115,531	\$	- \$	115,531			
Interest		452,168		-	452,168			
Differences between expected								
and actual experience		39,748		-	39,748			
Contributions - employer		-		156,189	(156, 189)			
Contributions - employee		-		52,675	(52,675)			
Net investment income		-		88,614	(88,614)			
Benefit payments, including refunds								
of employee contributions		(444,919)		(444,919)	-			
Administrative expenses		-		(3,496)	3,496			
Other changes		-		(39)	39			
Net changes	\$	162,528	\$	(150,976) \$	313,504			
Balances at June 30, 2016	\$	6,844,535	\$	5,320,829 \$	1,523,706			

Notes to Financial Statements As of June 30, 2017 (Continued)

NOTE 7 - PENSION PLAN: (Continued)

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

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

	Rate						
	19	% Decrease	Curi	ent Discount	1% Increase		
	(6.00%)			(7.00%)	(8.00%)		
				·			
Greensville-Emporia Social Services							
Net Pension Liability	\$	2,347,122	\$	1,523,706	\$	837,135	

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

For the year ended June 30, 2017, the Department recognized pension expense of \$102,984. At June 30, 2016, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	_	Deferred Outflows of Resources	 Deferred Inflows of Resources
Differences between expected and actual experience	\$	26,673	\$ 57,032
Net difference between projected and actual earnings on pension plan investments		138,829	-
Employer contributions subsequent to the measurement date	-	134,045	 <u>-</u>
Total	\$	299,547	\$ 57,032

Notes to Financial Statements As of June 30, 2017 (Continued)

NOTE 7 - PENSION PLAN: (Continued)

\$134,045 reported as deferred outflows of resources related to pensions resulting from the Department's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	_	
2018	\$	(40,935)
2019		8,634
2020		83,565
2021		57,206
2022		-
Thereafter		-

NOTE 8 - LEASE AGREEMENTS:

The Department leases its office space on a year to year basis. The total rental expenditures for the office space amounted to \$70,868.

NOTE 9 - CONTINGENT LIABILITIES:

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

NOTE 10 - LONG-TERM LIABILITIES:

Changes in long-term liabilities for the year ended June 30, 2017 are as follows:

Notes to Financial Statements As of June 30, 2017 (Continued)

NOTE 11 - VRS HEALTH INSURANCE CREDIT - OTHER POSTEMPLOYMENT BENEFITS:

A. Plan Description:

The Department participates in the Health Insurance Credit Program, a plan designed to assist retirees with the cost of health insurance coverage. This program is an agent and cost sharing, multiple-employer defined benefit plan administered by the Virginia Retirement System (VRS). The Virginia General Assembly establishes the dollar amount of the health insurance credit for each year of creditable service. The credit amount and eligibility differs for state, school division, political subdivision, local officer, local social services department and general registrar retirees.

An employee of the Department, who retires under VRS with at least 15 years of total creditable service under the System and is enrolled in a health insurance plan, is eligible to receive a monthly health insurance credit of \$1.50 per year of creditable service up to a maximum monthly credit of \$45. However, such credit shall not exceed the health insurance premium for the retiree. Disabled retirees automatically receive the maximum monthly health insurance credit of \$45.

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the <u>Code of Virginia</u>. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 7.

B. Funding Policy:

As a participating local political subdivision, the Department is required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the <u>Code of Virginia</u> and the VRS Board of Trustees. The Department's contribution rate for the fiscal year ended 2017 was .45% of annual covered payroll.

C. Annual OPEB Cost and Net OPEB Obligation:

The annual cost of OPEB under Governmental Accounting Standards Board (GASB) Statement 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions, is based on the annual required contribution (ARC). The Department is required to contribute the 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.

Notes to Financial Statements As of June 30, 2017 (Continued)

NOTE 11 - VRS HEALTH INSURANCE CREDIT - OTHER POSTEMPLOYMENT BENEFITS: (Continued)

C. Annual OPEB Cost and Net OPEB Obligation: (Continued)

For 2017, the Department's contribution of \$4,811 was equal to the ARC and OPEB cost. The Department's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two preceding years are as follows:

	Annual Percentag		Percentage	Net
	OPEB		of ARC	OPEB
Fiscal Year Ending	Cost (ARC)		Contributed	Obligation
June 30, 2017	\$ 4,811		100%	\$ -
June 30, 2016	4,702		100%	-
June 30, 2015	4,471		100%	-

D. <u>Funded Status and Funding Progress:</u>

The funded status of the plan as of June 30, 2016, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$ 84,407
Actuarial value of plan assets	\$ 20,476
Unfunded actuarial accrued liability (UAAL)	\$ 63,931
Funded ratio (actuarial value of plan assets/AAL)	24.26%
Covered payroll (annual payroll of active employees covered by the plan)	\$ 1,097,545
UAAL as a percentage of covered payroll	5.82%

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 and reflect a long-term perspective. 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 revision 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. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Notes to Financial Statements As of June 30, 2017 (Continued)

NOTE 11 - VRS HEALTH INSURANCE CREDIT - OTHER POSTEMPLOYMENT BENEFITS: (Continued)

E. Actuarial Methods and Assumptions:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and 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 to that point. The actuarial methods and assumptions used included techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7.0% investment rate of return, compounded annually, including an inflation component of 2.5%, and a payroll growth rate of 3%. The UAAL is being amortized as a level percentage of payrolls on an open basis. The remaining open amortization period at June 30, 2015 was 19-28 years.

The Retiree Health Insurance Credit benefit is based on a member's employer eligibility and his or her years of service. The monthly maximum credit amount cannot exceed the member's actual health insurance premium costs. The actuarial valuation for this plan assumes the maximum credit is payable for each eligible member. Since this benefit is a flat dollar amount multiplied by years of service and the maximum benefit is assumed, no assumption relating to healthcare cost trend rates is needed or applied.



Schedule of Changes in Net Pension Liability and Related Ratios For the Years Ended June 30, 2015 through June 30, 2017

	2016	2015	2014
Total pension liability			
Service cost	\$ 115,531 \$	113,324 \$	101,980
Interest	452,168	452,747	442,385
Differences between expected and actual experience	39,748	(163,634)	-
Benefit payments, including refunds of employee contributions	 (444,919)	(376,475)	(416,205)
Net change in total pension liability	\$ 162,528 \$	25,962 \$	128,160
Total pension liability - beginning	6,682,007	6,656,045	6,527,885
Total pension liability - ending (a)	\$ 6,844,535 \$	6,682,007 \$	6,656,045
Plan fiduciary net position			
Contributions - employer	\$ 156,189 \$	149,160 \$	149,355
Contributions - employee	52,675	50,593	50,255
Net investment income	88,614	243,138	752,426
Benefit payments, including refunds of employee contributions	(444,919)	(376,475)	(416,205)
Administrative expense	(3,496)	(3,455)	(4,200)
Other	(39)	(49)	40
Net change in plan fiduciary net position	\$ (150,976) \$	62,912 \$	531,671
Plan fiduciary net position - beginning	 5,471,805	5,408,893	4,877,222
Plan fiduciary net position - ending (b)	\$ 5,320,829 \$	5,471,805 \$	5,408,893
Department's net pension liability - ending (a) - (b)	\$ 1,523,706 \$	1,210,202 \$	1,247,152
Plan fiduciary net position as a percentage of the total			
pension liability	77.74%	81.89%	81.26%
Covered-employee payroll	\$ 1,068,685 \$	1,016,142 \$	1,005,097
Department's net pension liability as a percentage of			
covered-employee payroll	142.58%	119.10%	124.08%

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

^{*} The amounts presented have a measurement date of the previous fiscal year end.

Schedule of Employer Contributions
For the Years Ended June 30, 2008 through June 30, 2017

Date	 Contractually Required Contribution (1)	 Contributions in Relation to Contractually Required Contribution (2)	_	Contribution Deficiency (Excess) (3)	-	Employer's Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
2017	\$ 134,045	\$ 134,045	\$	-	\$	1,069,098	12.54%
2016	157,097	157,097		-		1,068,685	14.70%
2015	149,373	149,373		-		1,016,142	14.70%
2014	149,357	149,357		-		1,005,097	14.86%
2013	144,745	144,745		-		974,055	14.86%
2012	84,452	84,452		-		900,338	9.38%
2011	92,647	92,647		-		987,709	9.38%
2010	61,996	61,996		-		1,067,063	5.81%
2009	59,679	59,679		-		1,027,170	5.81%
2008	74,675	74,675		-		1,042,952	7.16%

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

Notes to Required Supplementary Information For the Year Ended June 30, 2017

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this is a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2016 are not material.

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

Largest 10 - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Schedule of OPEB Funding Progress For the Years Ended June 30, 2015 through June 30, 2017

Health Insurance Credit Program Funding Progress

	Actuarial	Actuarial	Unfunded			UAAL
Actuarial	Value of	Accrued	Actuarial			as a % of
Valuation	Assets	Liability	Accrued Liability	Funded	Covered	Covered
Date	(AVA)	(AAL)	(UAAL)	Ratio	Payroll	Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
June 30, 2016 \$	20,476	\$ 84,407	\$ 63,931	24.26% \$	1,097,545	5.82%
June 30, 2015	21,989	83,333	61,344	26.39%	1,061,803	5.78%
June 30, 2014	22,653	83,179	60,526	27.23%	1,020,840	5.93%

Other Supplementary Information

- Supporting Schedules -

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2017

Devenues	_	Budget	_	Amended Budget		Actual	Variance Positive (Negative)
Revenues: Revenue from local sources:							
Revenue from use of money:							
Interest income	\$_	-	\$_	-	\$_	134 \$	134
Miscellaneous	\$	-	\$_	-	\$	3,776 \$	3,776
Total revenue from local sources	\$	-	\$	-	\$	3,910 \$	3,910
Intergovernmental: Contributions from participating jurisdictions:							
County of Greensville - regular operating	\$	243,328	\$	243,328	\$	185,973 \$	(57,355)
City of Emporia - regular operating	_	194,578		194,578	-	175,324	(19,254)
Total intergovernmental	\$_	437,906	\$_	437,906	\$_	361,297 \$	(76,609)
Revenue from the Commonwealth: Public assistance grants	\$_	606,779	\$_	606,779	\$_	611,376_\$	4,597
Total revenue from the Commonwealth	\$_	606,779	\$_	606,779	\$_	611,376 \$	4,597
Revenue from the federal government: Public assistance grants Cost allocation reimbursement	\$	1,389,255	\$	1,389,255 -	\$	1,399,780 \$ 43,196	10,525 43,196
Total revenue from the federal government	\$	1,389,255	\$	1,389,255	\$	1,442,975 \$	53,720
Total revenues	\$	2,433,940	\$	2,433,940	\$	2,419,558 \$	(14,382)
Expenditures: Health and welfare:							
Administration	\$	2,018,676	\$	2,018,676	\$	2,005,728 \$	12,948
Public assistance	_	415,264		415,264	-	413,830	1,434
Total expenditures	\$ _	2,433,940	\$_	2,433,940	\$_	2,419,558 \$	14,382
Change in fund balance	\$	-	\$	-	\$	- \$	-
Fund balance, beginning of year	_	-		-	_	287,509	287,509
Fund balance, end of year	\$	-	\$	-	\$	287,509 \$	287,509

Statement of Changes in Assets and Liabilities Agency Fund For the Year Ended June 30, 2017

	Balance Beginning of Year		_	Additions	Deletions		Balance End of Year	
Special welfare fund: ASSETS								
Cash and cash equivalents	\$_	23,358	\$_	21,055	\$ 17,480	\$	26,933	
LIABILITIES Amounts held for social services clients	\$	23,358	\$	21,055	\$ 17,480	\$	26,933	

Schedule of Amounts Due to/from Participating Jurisdictions At June 30, 2017

	_	County of Greensville	City of Emporia	Total
Balance, July 1, 2016	\$_	533,875 \$	(373,087) \$	160,788
Amounts received from jurisdictions: Regular operating	\$_	243,328 \$	194,578_\$_	437,906
Total amounts received from jurisdictions	\$_	243,328 \$	194,578 \$	437,906
Total receipts and balance	\$_	777,203 \$	(178,509) \$	598,694
Deductions: Share of net costs - VPA (Schedule 2) Cost allocation net difference in received and paid Return of equity to County of Greensville (1) Total deductions	\$ - \$_	229,168 \$ (497) 50,000 278,672 \$	175,324 \$ - - 175,324 \$	404,493 (497) 50,000 453,996
Due to (from), June 30, 2017 (2)	\$_	498,531 \$	(353,833) \$	144,698
Reconciliation of reported contribution (Exhibit 5) to actual contribution:				
Actual cash contribution Reconciling transactions:	\$	243,328 \$	194,578 \$	437,906
Return of cost allocation plan revenue per agreement Cost allocation net difference in received and paid Allocation of current year deficit (surplus)	_	(42,699) (497) (14,160)	- - (19,254)	(42,699) (497) (33,413)
Contribution per audit	\$	185,973 \$	175,324 \$	361,297

¹ The \$50,000 payment to the County was made pursuant to §3.2.1 of the December 15, 2014 Cost Sharing Agreement described in Note 6.

² The balances reported are based on the provisions of the December 15, 2014 Cost Sharing Agreement described in Note 6. The method of calculating the amounts due to the County and from the City are described in Note 4.

Schedule of Cost Sharing Allocation For the Year Ended June 30, 2017

	County of Greensville			City of Emporia		Total	
Population		8,976		5,927		14,903	
Population %	-	60.2295%	_	39.7705%	_	100.00%	
Case load	3,015			2,665		5,680	
Case load %	_	53.0810%		46.9190%	_	100.00%	
Total allocation - equal population and case load weight	=	56.66%	: =	43.34%		100.00%	
Expenditures (Schedule 3):							
Administration	\$	1,136,350	\$	869,378	\$	2,005,728	
Public assistance and services	_	234,458		179,372		413,830	
Total expenditures	\$_	1,370,808	\$_	1,048,750	\$_	2,419,558	
Less: Revenues other than from participating jurisdictions:							
Revenue from use of money	\$	76	\$	58	\$	134	
Miscellaneous		2,139		1,637		3,776	
State and federal:							
Public assistance grants	_	1,139,425	_	871,731	_	2,011,156	
Total revenues other than from participating jurisdictions	\$_	1,141,640	\$_	873,425	\$_	2,015,066	
Net costs allocated	\$	229,168	\$_	175,324	\$_	404,493	

Analysis of Expenditures by Activity Governmental Funds For the Year Ended June 30, 2017

General Fund: Health and welfare:	_	County of Greensville		City of Emporia		Totals
Administration:						
	\$	693,074	¢	530,244	¢	1,223,318
Fringe benefits	Ψ	271,464	Ψ	207,687	Ψ	479,151
Contractual services		31,222		23,887		55,109
Other charges		80,560		61,634		142,194
Capital outlay		8,487		6,493		14,980
Rentals		51,543		39,433		90,976
	ф —		- <u>-</u>		<u></u>	
Total administration	\$ _	1,136,350	· ^{>} –	869,378	- >	2,005,728
Public assistance and services:						
Auxiliary grant - aged and disabled	\$	28,768	\$	22,009	\$	50,777
AFDC - foster care		36,373		27,827		64,200
Subsidized adoption		61,396		46,972		108,368
Family preservation		2,828		2,164		4,992
Adult protective services		2,495		1,909		4,404
Child care quality initiative grant		4,249		3,251		7,500
Adult services - hb sup companion		19,734		15,097		34,831
Promoting safe and stable families		7,369		5,637		13,006
VIEW - jobs support - AFDC		9,184		7,026		16,210
VIEW - jobs purch- AFDC		62,061		47,481		109,542
Total public assistance and services	\$_	234,458	\$	179,372	\$	413,830
Total expenditures - general fund	\$_	1,370,808	\$	1,048,750	\$	2,419,558



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 the Board of Directors Greensville-Emporia Department of Social Services 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 Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Greensville-Emporia Department of Social Services as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Greensville-Emporia Department of Social Services' basic financial statements and have issued our report thereon dated January 26, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Greensville-Emporia Department of Social Services' 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-Emporia Department of Social Services' internal control. Accordingly, we do not express an opinion on the effectiveness of Greensville-Emporia Department of Social Services' 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 Greensville-Emporia Department of Social Services' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Mobinson, farmer, Cox fasociates Charlottesville, Virginia

January 26, 2018